22 November 2018

Atalaya Mining Plc.
("Atalaya" and/or the "Group")

Interim Financial Statements for the three and nine month period ended 30 September 2018

Unaudited, Condensed, Interim, Consolidated Financial Statements

Atalaya Mining Plc (AIM: ATYM; TSX: AYM), the European mining and development company, is pleased to announce its unaudited quarterly results for the three and nine months ended 30 September 2018, together with the unaudited, condensed, interim consolidated financial statements.

In particular, the Group has increased its 2018 guidance due to the operating improvements delivered during the nine months ended 30 September 2018, outlined in detail below.

Contained copper production is expected to be between 39,000 tonnes and 41,000 tonnes (previous guidance of 37,000 to 40,000 tonnes) owing to a combination of improved recoveries, ore grade and throughput. Cash costs and All-in sustaining costs ("AISC") are also revised and are now expected to be within \$1.95-\$2.10 and \$2.25-\$2.40 per pound of copper, respectively (previously estimated to be in the range of \$2.50/lb - \$2.60/lb).

Operating Highlights

Proyecto Riotinto

- Copper production during the three months ended 30 September 2018 ("Q3 2018") was 11,055 tonnes, 4% higher than the 10,679 tonnes produced during the three months ended 30 September 2017 ("Q3 2017"). Copper production at Proyecto Riotinto during Q3 2018 replaces Q2 2018 as the highest quarterly production on record. During the nine month period ended 30 September 2018 copper production was 30,942 tonnes compared with 28,542 tonnes during the same period in 2017, an 8% increase.
- Ore processed during Q3 2018 was 2,491,403 tonnes compared with 2,173,826 tonnes in Q3 2017. During the nine month period ended 30 September 2018 ore processed was 7,188,747 tonnes compared with 6,525,032 tonnes processed in the same period last year.
- Copper recovery during the Q3 2018 was 88.40% (Q3 2017: 85.95%). Copper recovery for the nine month period ended 30 September 2018 averaged 88.06% representing an improvement over 85.22% during the same period in 2017.

Expansion to 15Mtpa at Proyecto Riotinto

- The 15Mtpa expansion project is progressing according to schedule with engineering essentially complete and site construction activities picking up. Overall progress completion at the end of the reporting quarter was 65%. Procurement has progressed to 64% completed. Earthworks are almost completed with only minor final activities pending. Civil engineering works are progressing with main activities now concentrated on completion of the new SAG area and the crusher and coarse stockpile buildings. Structural steel works are well advanced in the flotation area. Piping is also close to completion in the concentrate handling area with electrical installation commencing. Installation of mechanical equipment is progressing in the concentrate handling area. The milling area is the critical path to completion. The expansion project is scheduled for mechanical completion at the end of Q2 2019.

Proyecto Touro

- At the end of the reporting quarter, additional studies and detailed reports addressing certain project improvements and recommendations from the public hearing process were formally submitted to the authorities. This is the last step to complete the public hearing process initiated in August 2017.

Financial Highlights

- Revenues of €42.8 million for Q3 2018 compared with €35.7 million in Q3 2017 on higher sales volumes owing to timing of sales plus higher realised prices. Revenues for the nine month period ended 30 September 2018 increased significantly to €144.4 million compared with €114.8 million for the same period in 2017, as a result of increased volumes sold and higher copper prices. Realised copper price for Q3 2018 was $2.89/lb compared with $2.66/lb in Q3 2017.
- Cash costs during Q3 2018 were the same as the previous quarter at US$1.88/lb of payable copper, slightly higher than Q3 2017 (US$1.84/lb). AISC during Q3 2018 amounted to US$2.13/lb of payable copper representing a lower cost than US$2.34/lb of payable copper during Q2 2018. Lower costs per pound were mainly the result of the effect of higher payable copper production, together with lower sustaining capex during Q3 2018.
- Cash costs for the nine month period ended 30 September 2018 were US$2.00/lb payable copper versus US$1.80/lb payable copper during the same period last year. AISC amounted to US$2.35/lb payable copper during the nine month period ended 30 September 2018 compared with US$2.12/lb payable copper for the nine month period ended 30 September 2017.
- EBITDA of €7.7 million in Q3 2018 compared with €9.3 million delivered in Q3 2017. The decrease in EBITDA was mainly the result of higher operating costs over sales volumes. On an accumulative basis, EBITDA during the nine month period ended 30 September 2018 was €42.0 million compared with €33.8 million in the same period last year.
- Year-on-year increase in profit after tax in Q3 2018 to €3.1 million (Q3 2017: €2.7 million). Profits after tax for the nine months ended 30 September 2018 were significantly higher at €27.6 million compared with €14.5 million during the same period in 2017.
- Fully diluted earnings per share ("EPS") for Q3 2018 of 2.2 cents per share compared with 2.3 cents per share in Q3 2017. Fully diluted earnings per share for the nine month period ended 30 September 2018 were 20.2 cents per share compared with 12.3 cents for the same period last year.
- Inventories of concentrate at 30 September 2018 amounted to €2.0 million (€4.8 million at 31 December 2017).
- Working capital surplus has decreased during Q3 2018 as a result of capital expenditures mainly related to the expansion project. At the end of Q3 2018, working capital was €19.1 million, representing a €13.6 million decrease from Q2 2018 (€32.7 million). Unrestricted cash balances as at 30 September 2018 amounted to €45.6 million.
- Cash flow from operating activities before changes in working capital was €7.7 million for Q3 2018 compared with €8.0 million during Q3 2017. Cash flows from operating activities before changes in working capital during the nine month period ended 30 September 2018 were €43.3 million compared with €32.0 million during the same period last year.
- Net cash flow from operating activities after changes in working capital was €14.9 million for Q3 2018 compared with €12.9 million during Q3 2017. Net cash flows from operating activities after changes in working capital were €44.2 million for the nine month period ended 30 September 2018 compared with €22.9 million during the same period in 2017.

Commenting on 2018's Q3 and year to date results, Alberto Lavandeira, CEO said:

"We are pleased to have increased our production guidance for 2018 following a very positive nine months of 2018. We have achieved record production and recovery levels, operating costs within our stated guidance during a period where copper prices have also been robust. The Riotinto plant is operating well and our expansion plans are well on track. Once complete, we will see an improvement in operational efficiencies and a reduction in maintenance requirements and operating cash costs."

About Atalaya Mining Plc

Atalaya is an AIM and TSX listed mining and development group. It produces copper concentrates and silver by-product at its fully owned Proyecto Riotinto site in southwest Spain, which is also undergoing a brownfield expansion. In addition, the Group has a phased, earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in the northwest of Spain which is currently at the permitting stage. For further information, visit www.atalayamining.com

This announcement contains information which, prior to its publication constituted inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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Management's review

(All amounts in Euro thousands unless otherwise stated)
For the three and nine months to 30 September 2018 and 2017 - (Unaudited)

ATALAYA MINING PLC
MANAGEMENT'S REVIEW AND
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
30 September 2018
(UNAUDITED)

Notice to Reader

The accompanying unaudited, condensed, interim consolidated financial statements of Atalaya Mining Plc have been prepared by and are the responsibility of Atalaya Mining Plc's management. The unaudited, condensed, interim consolidated financial statements have not been reviewed by Atalaya's auditors.

Introduction

This report provides an overview and analysis of the financial results of operations of Atalaya Mining Plc and its subsidiaries ("Atalaya" and/or "Group"), to enable the reader to assess material changes in the financial position between 31 December 2017 and 30 September 2018 and results of operations for the three and nine months ended 30 September 2018 and 2017.

This report has been prepared as of 21 November 2018. The analysis, hereby included, is intended to supplement and complement the unaudited, condensed, interim consolidated financial statements and notes thereto ("Financial Statements") as at and for the three and nine months ended 30 September 2018. The reader should review the Financial Statements in conjunction with the review of this report and with the audited, consolidated financial statements for the year ended 31 December 2017, and the unaudited, condensed interim consolidated financial statements for the three and nine months ended 30 September 2017. These documents can be found on Atalaya's website at www.atalayamining.com.

Atalaya prepares its Financial Statements in accordance with International Financial Reporting Standards ("IFRSs"). The currency referred to in this document is the Euro, unless otherwise specified.

Forward-looking statements

This report may include certain "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Assumptions upon which such forward-looking statements are based include that all required third party regulatory and governmental approvals will be obtained. Many of these assumptions are based on factors and events that are not within the control of Atalaya and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in this report and other documents filed with the applicable securities regulatory authorities. Although Atalaya has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Atalaya undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

1. Description of the business

Atalaya is a Cyprus based copper producer with mining interests in Spain. The Company is listed on the AIM market of the London Stock Exchange ("AIM") and on the Toronto Stock Exchange ("TSX").

Proyecto Riotinto, wholly owned by the Company's subsidiary Atalaya Riotinto Minera, S.L.U., is located in Huelva, Spain. The Group operates the Cerro Colorado open-pit mine and its associated processing plant of 9.5Mtpa where copper in concentrate and silver by-product are produced. In December 2017, the Board of the Company approved and announced a project to expand Proyecto Riotinto's throughput capacity to 15Mtpa. The expansion is currently under construction and it is expected to be finalised during 2019.

The Group has an initial 10% stake in Cobre San Rafael, S.L., the owner of Proyecto Touro, as part of an earn-in agreement which will enable the Group to acquire up to 80% of the copper project. Proyecto Touro is located in Galicia, north-west Spain.

2. Overview of operating results

Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three and nine months ended 30 September 2018 and 2017.

Units expressed in accordance with the international system of units (SI)	**Unit**	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017
Ore mined	t	**2,787,406**	2,366,142	**7,938,961**	7,685,419
Ore processed	t	**2,491,403**	2,173,826	**7,188,747**	6,525,032
Copper ore grade	%	**0.50**	0.58	**0.49**	0.52
Copper concentrate grade	%	**24.81**	22.57	**23.07**	22.54
Copper recovery rate	%	**88.40**	85.95	**88.06**	85.22
Copper concentrate	t	**44,562**	47,328	**134,130**	127,281

Copper contained in concentrate	t	**11,055**	10,679	**30,942**	28,542
Payable copper contained in concentrate	t	**10,609**	10,206	**29,600**	27,269
Cash cost*	$/lb payable	**1.88**	1.84	**2.00**	1.80
All-in sustaining cost*	$/lb payable	**2.13**	2.13	**2.35**	2.12

(*) Refer to Section 5 of this Management's Review
Note: The numbers in the above table may slightly differ among them due to rounding.

Three months operating review

Copper production at Proyecto Riotinto for Q3 2018 increased to 11,055 tonnes from 10,679 tonnes reported in Q3 2017, and 10,446 tonnes in Q2 2018, representing an increase of 3.5% and 5.8%, respectively.

In terms of ore milled, 2.5 million tonnes were processed in the quarter, reporting a consistent quarterly throughput. Copper head grade was slightly above plan. The increase in copper production during the quarter is mainly attributable to slightly higher than budgeted head grade, ore milled and better metallurgical recoveries, which averaged 88.40% during the quarter.

The Company is pleased to increase its 2018 production guidance from 37,000 - 40,000 tonnes to 39,000 - 41,000 tonnes of copper, as previously announced.

Mining operations are progressing to plan and at similar levels to previous quarters. On a combined basis, ore, waste and marginal ore amounted to 2.2 million m^3 in Q3 2018 versus 2.6 million m^3 in Q2 2018. Additional mining equipment is available on site in anticipation of the increase in production in 2019.

As part of the Company's continuous improvements programme, an additional secondary cone crusher, installed during the previous quarter, is now fully operational. Crushing capacity is no longer a bottleneck in the production process. A detailed analysis of the current screening section is now under way. Construction of the dome to cover the coarse ore stockpile has been put on hold due to re-engineering activities.

During the first week of August a wildfire broke out in close proximity to the north of Proyecto Riotinto which affected 1,600 ha of pine trees and eucalyptus. Although there was some damage to water pipelines at Proyecto Riotinto, production was minimally affected.

On-site concentrate inventories at the end of the quarter were approximately 2,724 tonnes. All concentrate in stock at the beginning of the quarter and produced during the quarter was delivered to the port at Huelva.

Exploration is underway at the Atalaya pit where massive sulphides and stockwork mineralisation are targeted. The first 1,500 m of a 19,000 m drilling campaign have already been drilled with positive preliminary results received. Drilling around the high grade underground workings in Filon Sur is also ongoing.

2. Overview of operational results (continued)

Nine months operating review

Production of copper contained in concentrate during the nine month period ended 30 September 2018 was 30,942 tonnes, compared with 28,542 tonnes in the same period of 2017. During the nine month period ended 30 September 2018, payable copper in concentrates was 29,600 tonnes compared with 27,269 tonnes of payable copper in the nine month period ended 30 September 2017.

Ore mined in the nine month period ended 30 September 2018 was 7,938,961 tonnes compared with 7,685,419 tonnes during the same period in 2017. During the nine month period ended 30 September 2018, ore processed was 7,188,747 tonnes versus 6,525,032 tonnes in 2017.

Ore grade during the nine month period ended 30 September 2018 was 0.49% Cu compared with 0.52% Cu in the nine month period ended 30 September 2017. In the nine month period ended 30 September 2018, copper recovery was 88.09% versus 85.22% in 2017. Concentrate production amounted to 134,130 tonnes in the nine month period ended 30 September 2018, higher than the production of 127,281 tonnes achieved during the same period in 2017.

Expansion to 15Mtpa at Proyecto Riotinto

The 15Mtpa expansion project is progressing according to schedule with engineering essentially complete and site construction activities picking up. Overall progress completion at the end of the reporting quarter was 65%. Procurement has progressed to 64% completed. Earthworks are almost completed with only minor final activities pending. Civil engineering works are progressing with main activities now concentrated on completion of the new SAG area and the crusher and coarse stockpile buildings. Structural steel works are well advanced in the flotation area. Piping is also close to completion in the concentrate handling area with electrical installation commencing. Installation of mechanical equipment is progressing in the concentrate handling area. The milling area is the critical path to completion. The expansion project is scheduled for mechanical completion at the end of Q2 2019.

Financing to initiate the expansion was raised through a placing of new shares amounting to £31.0 million in December 2017. The Company is evaluating a variety of options for the balance of funding, which is expected to be finalised when required during 2019.

Receipt of ruling of claim made by an environmental group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ruling in favour of certain claims made by environmental group Ecologistas en Accion ("EeA") against the government of Andalucía ("Junta de Andalucía" or "JdA") and Atalaya, as co-defendant in the case.

In July 2014, EeA had filed a legal claim to JdA with a request to declare null the Unified Environmental Declaration (in Spanish, Authorization Ambiental Unificada, or "AAU") granted to Atalaya Riotinto Minera, S.L.U. dated 27 March 2014, which was required in order to secure the required mining permits for Proyecto Riotinto. The judgment, in spite of annulling the AAU on procedural grounds, made very clear that the AAU was correct and therefore, rejected the issues raised by EeA and confirmed the decision of JdA not to suspend the AAU.

The JdA has confirmed its intention to launch an appeal process. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant and believes it could be successfully appealed to the Supreme Court in Spain.

Atalaya continues running the mine normally and it is confident the ruling will not impact its operations at Proyecto Riotinto.

Proyecto Touro

As of the date of this report, additional studies and detailed reports addressing certain project improvements and recommendations from the public hearing process were formally submitted to the authorities. This is the last step required to complete the public hearing process initiated in August 2017.

An environmental monitoring programme similar to the programme carried out in Riotinto is fully implemented at Touro.

3. Outlook

The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the cautionary statement on forward-looking statements included in the introduction note of this report.

Operating guidance

Proyecto Riotinto operating guidance for 2018 has been increased to the following:

	Unit	Range 2018
Ore processed	million tonnes	9.7
Contained copper	tonnes	39,000 - 41,000

Copper head grade for 2018 is now expected to average between 0.48% and 0.49% Cu, with a recovery rate which is now expected to be approximately 87.0% to 88.0%. Cash operating cost guidance for 2018 has been reduced to US$1.95/lb - US$2.10/lb (from US$2.15/lb - US$2.30/lb previously), and AISC guidance has been reduced to US$2.25/lb - US$2.40/lb (from US$2.50/lb - US$2.60/lb previously).

4. Overview of the financial results

The following table presents summarised consolidated income statements for the three and nine months ended 30 September 2018, with comparatives for the three and nine months ended 30 September 2017.

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 *restated	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 *restated
Sales	**42,811**	35,734	**144,354**	114,808
Total operating costs	**(33,592)**	(24,344)	**(98,004)**	(76,866)
Corporate expenses	**(1,249)**	(1,881)	**(3,302)**	(3,509)
Exploration expenses	**(405)**	(228)	**(818)**	(674)
Care and maintenance expenditure	**94**	-	**(187)**	-
Other income	**-**	-	**-**	5
EBITDA	**7,659**	9,281	**42,043**	33,764
Depreciation/amortisation	**(3,484)**	(4,158)	**(9,794)**	(12,373)
Net foreign exchange (loss)/gain	**(10)**	(1,134)	**1,092**	(1,919)
Net finance cost	**(77)**	(119)	**(196)**	(609)
Tax charge	**(955)**	(1,188)	**(5,520)**	(4,367)
	3,133	2,682	**27,625**	14,496

(*) Refer to Note 2.1. (c)

Three months financial review

Revenues for the three month period ended 30 September 2018 amounted to €42.8 million (Q3 2017: €35.7 million). Higher revenues, compared with the same quarter in the previous year, were driven by increased volumes of concentrate sold in addition to improved realised prices.

During Q3 2018 the Company sold 43,927 tonnes of copper concentrate versus 40,989 tonnes in the same quarter last year. Realised prices of US$2.89/lb copper during Q3 2018 compared with US$2.66/lb copper in Q3 2017.

All concentrates were sold under offtake agreements.

Operating costs for the three month period ended 30 September 2018 amounted to €33.6 million, compared with €24.3 million in Q3 2017. Higher costs during 2018 related to (i) reduction of €5.8 million cost of sales in Q3 2017 as the inventory increased by 6,339 dmt during the quarter; and (ii) a €3.0 million deferred mining cost capitalisation adjustment in Q3 2018 as per the updated strip ratio of 1:1.43.

4. Overview of the financial results (continued)

Cash costs were US$1.88/lb payable copper during Q3 2018 compared with US$1.84/lb payable copper in Q3 2017. All-in sustaining costs in the reporting quarter were US$2.13/lb payable copper compared with US$2.13/lb payable copper in Q3 2017.

Sustaining capex for Q3 2018 amounted to €1.9 million compared with €1.4 million in Q3 2017 and relates to the enhancement of processing systems and the installation of the cone crusher.

Corporate expenses amounting to €1.2 million (Q3 2017: €1.9 million) include non-operating costs of the Cyprus office, corporate legal and consultancy costs, on-going listing costs, directors' emoluments, and salaries and related costs of the corporate office.

Exploration costs at Proyecto Riotinto for the three month period ended 30 September 2018 amounted to €0.4 million compared with €0.2 million in Q3 2017. All exploration costs amounting to €0.2 million during the quarter at Proyecto Touro are capitalised.

Care and maintenance expenditures relate to the non-capitalised administration costs of Proyecto Touro.

EBITDA for the three months ended 30 September 2018 amounted to €7.7 million as compared to Q3 2017 of €9.3 million.

The main item below the EBITDA line is depreciation and amortisation of €3.5 million (Q3 2017: €4.2 million). Net financing costs for Q3 2018 amounted to €0.1 million similar to €0.1 million in Q3 2017.

Nine months financial review

Revenues for the nine-month period ended 30 September 2018 amounted to €144.4 million (nine month period ended 30 September 2017: €114.8 million).

Copper concentrate production during the nine month period ending 30 September 2018 was 134,130 tonnes (nine month period ended 30 September 2017: 127,281 tonnes), 138,781 tonnes of copper concentrates were sold in the same period (nine month period ended 30 September 2017: 118,666 tonnes). Inventories of concentrates as at 30 September 2018 were 2,724 tonnes (31 Dec 2017: 4,797 tonnes).

Realised copper prices for the nine month period ended 30 September 2018 were US$3.02./lb copper compared with US$2.58/lb copper in the nine month period ended 30 September 2017. Concentrates were sold under offtake agreements in place. The Company did not enter into any hedging agreements in 2018.

Operating costs for the nine month period ended 30 September 2018 amounted to €98.0 million, compared with €76.9 million in nine month period ended 30 September 2017. Higher costs in 2018 were directly attributable to higher copper production.

Cash costs of US$2.00/lb payable copper during the nine month period ended 30 September 2018 compares with $1.80/lb payable copper in the same period last year. Higher costs were due to (i) €1.9 million lower capitalisation of deferred mining costs in the nine month period ended 30 September 2018; and (ii) higher mining, maintenance and technical services costs. All-in sustaining costs in the nine month period ended 30 September 2018 were US$2.35/lb payable copper compared with US$2.12/lb payable copper in the nine month period ended 30 September 2017. The higher AISC compared with the nine month period ended 30 September 2017 results from increased cash costs together with higher sustaining capex.

Sustaining capex for the nine month period ended 30 September 2018 amounted to €7.1 million, compared with €4.2 million in the nine month period ended 30 September 2017. Sustaining capex was attributed to the installation of continuous development programmes on the perimetric channel at the tailings storage facilities, optimisation of the flotation circuit and other processing systems.

Corporate costs for the nine month period ended 30 September 2018 were €3.3 million, compared with €3.5 million in the same period in 2017. Corporate costs mainly include Company overhead expenses.

Exploration costs related to Proyecto Riotinto for the nine month period ended 30 September 2018 amounted to €0.8 million, compared with €0.7 million in the same period in 2017.

EBITDA for the nine month period ended 30 September 2018 amounted to €42.0 million, compared with €33.8 million in the nine month period ended 30 September 2017.

Depreciation and amortisation amounted to €9.8 million in the nine month period ended 30 September 2018 (nine month period ended 30 September 2017: €12.4 million). Lower depreciation was mainly driven by an extension of the life of mine as per the updated reserves and resources report.

Net finance costs for the nine month period ended 30 September 2018 amounted to €0.2 million (nine month period ended 30 September 2017 €0.6 million).

4. Overview of the financial results (continued)

Realised copper prices

The average prices of copper for the three and nine months ended 30 September 2018 and 2017 are summarised below:

(USD)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017
Realised copper price per lb	**2.89**	2.66	**3.02**	2.58
Market copper price per lb (period average)	**2.77**	2.88	**3.14**	2.72

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices and final settlements of quotation periods ("QPs") together. Lower realised prices than market averages during the nine months ended 30 September 2018, are mainly due to the final settlement of invoices whose QP were fixed in the previous quarter due to a short open period when copper prices were lower. The realised price of shipments during the quarter excluding QP was approximately $2.75/lb.

The Group had no hedges during the nine month period ended 30 September 2018.

5. Non-GAAP Measures

Atalaya has included certain non-IFRS measures including "EBITDA", "Cash Cost per pound of payable copper", "All In Sustaining Costs" ("AISC") and "realised prices" in this report. Non-IFRS measures do not have any standardised meaning prescribed under IFRS, and therefore they may not be comparable to similar measures presented by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for indicators prepared in accordance with IFRS.

EBITDA includes gross sales net of penalties and discounts and all operating costs, excluding finance, tax, impairment, depreciation and amortisation expenses.

Cash Cost per pound of payable copper includes cash operating costs, including treatment and refining charges ("TC/RC"), freight and distribution costs net of by-product credits. Cash Cost per pound of payable copper is consistent with the widely accepted industry standard established by Wood Mackenzie and is also known as the C1 cash cost.

AISC per pound of payable copper includes C1 Cash Costs plus royalties and agency fees, expenditures on rehabilitation, stripping costs, exploration and geology costs, corporate costs and sustaining capital expenditures.

During the final quarter of 2017, Atalaya carried out an exhaustive analysis of the methodology applied to the C1 cash cost and AISC. As a result of the analysis, management changed the methodology used when calculating C1 and AISC in the first three quarters of 2017. A full reconciliation including each quarter to Q3 2017 is included in section iii of the performance review in the 2017 Annual Report.

Realised price per pound of payable copper is the value of the copper payable included in the concentrate produced including the penalties, discounts, credits and other features governed by the offtake agreements of the Group and all discounts or premiums provided in commodity hedge agreements with financial institutions, expressed in USD per pound of payable copper. Realised price is consistent with the widely accepted industry standard definition.

6. Liquidity and capital resources

Atalaya monitors factors that could impact its liquidity as part of Atalaya's overall capital management strategy. Factors that are monitored include, but are not limited to, the market price of copper, foreign currency rates, production levels, operating costs, capital and administrative costs.

The following is a summary of Atalaya's cash position and cash flows as at 30 September 2018 and 31 December 2017.

Liquidity information

(Euro 000's)	**30 September 2018**	31 December 2017
Unrestricted cash and cash equivalents	**45,646**	42,606
Restricted cash	**250**	250
Working capital surplus	**19,080**	22,137

Unrestricted cash and cash equivalents as at 30 September 2018 increased to €45.6 million from €42.6 million at 31 December 2017. The increase in cash balances is the result of net cash flow incurred in the period. Cash balances are unrestricted and include balances at operational and corporate level, including the proceeds of the capital raise in Q4 2017.

Restricted cash remains at €0.3 million as at 30 September 2018 and mainly relates to deposit bond guarantees.

As of 30 September 2018, Atalaya reported a working capital surplus of €19.1 million, compared with a working capital surplus of €22.1 million at 31 December 2017. The surplus results from the equity raised in Q4 2017 and the cash generated by Proyecto Riotinto. The principal trade payable account relates to the mining contractor where the Group has reached certain agreements to reduce the balance progressively during 2018.

In June 2017, the Group completed repayment of €16.9 million to the Social Security's General Treasury in Spain. The debt liability was incurred by the former owners of the assets. Repayment was completed according to the agreed repayment schedule.

In 2016, the Group entered into a US$14.0 million copper concentrate prepayment agreement with Transamine Trading, S.A. an independent and privately owned commodity trading company based in Geneva. The duration of the prepayment was from 1 January 2017 to 31 December 2018 with terms at market conditions and the settlement was agreed to be paid through deductions from payments received for each shipment. On 15 September 2017, the Group fully settled the prepayment ahead of schedule. During December 2017, the Group decided not to extend the contract on the same terms during 2018 as permitted under the original agreement.

Overview of the Group's cash flows

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 *restated	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 *restated
Cash flows from operating activities	**14,937**	12,886	**44,151**	22,876
Cash flows used in investing activities	**(20,414)**	(5,378)	**(41,704)**	(14,622)
Cash flows from financing activities	**-**	-	**593**	-
Net (decrease)/increase in cash and cash equivalents	**(5,477)**	7,508	**3,040**	8,254

Three month cash flows review

Cash and cash equivalents decreased by €5.5 million during the three months ended 30 September 2018. This was due to the net results of cash from operating activities amounting to €14.9 million and cash used in investing activities amounting to €20.4 million.

Cash generated from operating activities before working capital changes was €7.7 million. Atalaya decreased its trade receivables in the period by €10.7 million, as well as its trade payables by €2.2 million and increased its inventory levels by €0.2 million.

Investing activities during the quarter consumed €20.4 million, relating mainly to the expansion project Capex the Rumbo Royalty Buyout and the capitalisation of deferred mining costs.

6. Liquidity and capital resources (continued)

Nine months cash flows review

Cash and cash equivalents increased by €3.0 million during the nine months ended 30 September 2018. This was due to cash from operating activities amounting to €44.2 million, cash used in investing activities amounting to €41.7 million and cash from financing activities amounting to €0.6 million.

Cash generated from operating activities before working capital changes was €43.3 million. Atalaya decreased its trade payables in the period by €10.9 million, its trade receivable balances by €10.3 million, as well as its inventory levels by €4.2 million.

Investing activities during the nine-month period amounted to €41.7 million, relating mainly to the deferred mining costs, expansion project Capex and Rumbo Royalty Buyout.

Foreign exchange

Foreign exchange rate movements can have a significant effect on Atalaya's operations, financial position and results. Atalaya's sales are denominated in U.S. Dollars ("USD"), while Atalaya's operating expenses, income taxes and other expenses are denominated in Euros ("EUR"), and to a much lesser extent in British Pounds ("GBP").

Accordingly, fluctuations in the exchange rates can potentially impact the results of operations and carrying value of assets and liabilities on the balance sheet.

During the three and nine months ended 30 September 2018, Atalaya recognised a foreign exchange loss of €0.01 million and a foreign exchange profit of €1.1 million respectively. Foreign exchange losses mainly related to a change in the period end of EUR and USD conversion rates, as all sales are cashed and occasionally held in USD.

The following table summarises the movement in key currencies versus the EUR:

	Three months ended 30 Sept 2018	Three months ended 30 Sept 2017	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017
Average rates for the periods				
GBP - EUR	**0.8924**	0.8978	**0.8841**	0.8732
USD - EUR	**1.1629**	1.1746	**1.1942**	1.1140
Spot rates as at				
GBP - EUR	**0.8908**	0.8818	**0.8908**	0.8818
USD - EUR	**1.1606**	1.1806	**1.1606**	1.1806

In February 2017, the Group entered into certain foreign exchange hedging contracts to offset the agreements in force as at 31 December 2016. During the nine month period 2018, Atalaya did not have any currency hedging agreements.

Further information on the hedging agreements is disclosed in the unaudited, condensed interim consolidated financial statements that follow (Note 15).

7. Rumbo royalty and Deferred consideration

Rumbo royalty

In July 2012, Atalaya Riotinto Minera, S.L. signed a royalty agreement with Rumbo 5 Cero, S.L. ("Rumbo"), at which Rumbo was entitled to receive a royalty payment of up to US$0.25 million per quarter if the average copper sales price or LME price for the period is equal to or above US$2.60/lb for ten years up to a maximum amount of US$10.0 million. As the average copper price for the third and fourth quarter of 2017 was above US$2.60/lb, the company was obligated to pay a royalty amounting to US$0.5 million to Rumbo. On 8 February 2018, the companies agreed to satisfy this payment through an issuance of 192,540 new ordinary shares at Stg £0.075.

On 5 April 2018, the Company signed a contract with Rumbo to purchase the remaining royalty agreement for a total consideration of US$4.75 million to be paid through the issuance of 1,600,907 new ordinary shares of Stg £0.075.

7. Rumbo royalty and Deferred consideration (continued)

Deferred Consideration to Astor

In September 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included a deferred consideration of €43.8 million (the "Deferred Consideration") payable as consideration in respect of the acquisition. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). While the cash sweep provisions of the Master Agreement require ARM to repay the Loan Assignment early, the Credit Assignment Agreement (concerning the Loan Assignment) is governed by Spanish Law and is not governed by the Master Agreement. Therefore there is no clarity on whether the Conditions have been met in respect of payment of the Loan Assignment and there remains significant doubt concerning the legal obligation to pay the Loan Assignment pursuant to the terms of the Credit Assignment Agreement.

As at 30 September 2018, the Group has not generated any excess cash and, consequently, no consideration has been paid.

8. Risk factors

Due to the nature of Atalaya's business in the mining industry, the Group is subject to various risks that could materially impact its future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Atalaya. Readers are encouraged to read and consider the risk factors detailed in Atalaya's audited, consolidated financial statements for the year ended 31 December 2017.

9. Critical accounting policies, estimates and accounting changes

The preparation of Atalaya's Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting policies in the audited consolidated financial statements for the year ended 31 December 2017.

10. Other information

Additional information about Atalaya Mining Plc. is available at www.atalayamining.com

Condensed interim consolidated income statements

(All amounts in Euro thousands unless otherwise stated)
For the three and nine months to 30 September 2018 and 2017 - (Unaudited)

(Euro 000's)	Notes	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 restated*	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 restated*
Gross sales		**42,811**	35,734	**144,354**	114,808
Realised gains on derivative financial instruments held for trading		**-**	-	**-**	-
Sales		**42,811**	35,734	**144,354**	114,808
Operating costs and mine site administrative expenses		**(33,515)**	(24,291)	**(97,860)**	(76,783)
Mine site depreciation and amortization		**(3,484)**	(4,158)	**(9,794)**	(12,370)
Gross income		**5,812**	7,285	**36,700**	25,655
Corporate expenses		**(1,240)**	(1,869)	**(3,284)**	(3,482)
Corporate depreciation		**-**	-	**-**	(3)
Share based benefits		**(86)**	(65)	**(162)**	(110)
Exploration expenses		**(405)**	(228)	**(818)**	(674)
Care and maintenance costs		**94**	-	**(187)**	-
Operating profit		**4,175**	5,123	**32,249**	21,386
Other income		**-**	-	**-**	5
Net foreign exchange (loss)/gain		**(10)**	(1,134)	**1,092**	(1,919)
Net finance costs	4	**(77)**	(119)	**(196)**	(609)
Profit before tax		**4,088**	3,870	**33,145**	18,863
Tax charge		**(955)**	(1,188)	**(5,520)**	(4,367)
Profit for the period		**3,133**	2,682	**27,625**	14,496
Profit for the period attributable to:					
- Owners of the parent		**3,049**	2,697	**27,807**	14,511
- Non-controlling interests		**84**	(15)	**(182)**	(15)
		3,133	2,682	**27,625**	14,496
Earnings per share from operations attributable to equity holders of the parent during the period :					
Basic earnings per share (expressed in cents per share)	5	**2.2**	2.3	**20.4**	12.4
Fully diluted earnings per share (expressed in cents per share)	5	**2.2**	2.3	**20.2**	12.3

Profit for the period	**3,133**	2,682	**27,625**	14,496
Other comprehensive income:				
Change in value of available-for-sale investments	**(15)**	(11)	**(30)**	(51)
Total comprehensive profit for the period	**3,118**	2,671	**27,595**	14,445
Total comprehensive profit for the period attributable to:				
- Owners of the parent	**3,034**	2,686	**27,777**	14,460
- Non-controlling interests	**84**	(15)	**(182)**	(15)
	3,118	2,671	**27,595**	14,445

** Refer to Note 2.1 (c)*

The notes on pages 14 to 29 are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed interim consolidated statements of financial position

(All amounts in Euro thousands unless otherwise stated)
As at 30 September 2018 and 31 December 2017 - (Unaudited)

(Euro 000's)	Note	**30 September 2018**	31 December 2017
Assets			
Non-current assets			
Property, plant and equipment	6	**237,435**	199,458
Intangible assets	7	**72,518**	73,700
Trade and other receivables	9	**228**	212
Deferred tax asset		**9,974**	10,130
		320,155	283,500
Current assets			
Inventories	8	**9,519**	13,674
Trade and other receivables	9	**22,227**	34,213
Available-for-sale investments		**99**	129
Cash and cash equivalents		**45,896**	42,856
		77,741	90,872
Total assets		**397,896**	374,372
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	10	**13,372**	13,192
Share premium	10	**314,319**	309,577
Other reserves	11	**12,765**	6,137
Accumulated losses		**(65,216)**	(86,527)
		275,240	242,379
Non-controlling interests		**4,292**	4,474
Total equity		**279,532**	246,853
Liabilities			
Non-current liabilities			
Trade and other payables	12	**52**	74
Provisions	13	**6,651**	5,727
Deferred consideration	14	**53,000**	52,983
		59,703	58,784
Current liabilities			
Trade and other payables	12	**56,666**	67,983
Current tax liabilities		**1,995**	752
		58,661	68,735

Total liabilities	**118,364**	127,519
Total equity and liabilities	**397,896**	374,372

The notes on pages 14 to 29 are an integral part of these unaudited condensed interim consolidated financial statements

Condensed interim consolidated statements of changes in equity

(All amounts in Euro thousands unless otherwise stated)
For the three and nine months to 30 September 2018 and 2017 - (Unaudited)

(Euro 000's)	Share capital	Share premium	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
At 1 January 2017 restated*	11,632	277,238	5,667	(104,316)	190,221	-	190,221
Addition	-	-	-	-	-	4,502	4,502
Profit for the period restated*	-	-	-	14,511	14,511	(15)	14,496
Change in value of available-for-sale investment	-	-	(51)	-	(51)	-	(51)
Depletion factor	-	-	450	(450)	-	-	-
Recognition of share based payments	-	-	110	-	110	-	110
At 30 September 2017 restated*	11,632	277,238	6,176	(90,255)	204,791	4,487	209,278
Profit for the period restated*	-	-	-	3,728	3,728	(13)	3,715
Issue of share capital	1,560	33,182	-	-	34,742	-	34,742
Share issue costs	-	(843)	-	-	(843)	-	(843)
Change in value of available-for-sale investment	-	-	(81)	-	(81)	-	(81)
Recognition of share based payments	-	-	42	-	42	-	42
At 31 December 2017/1 January 2018	**13,192**	**309,577**	**6,137**	**(86,527)**	**242,379**	**4,474**	**246,853**
Profit for the period	**-**	**-**	**-**	**27,807**	**27,807**	**(182)**	**27,625**
Issue of share capital	**180**	**4,747**	**-**	**-**	**4,927**	**-**	**4,927**
Share issue costs	**-**	**(5)**	**-**	**-**	**(5)**	**-**	**(5)**
Change in value of available-for-sale investment	**-**	**-**	**(30)**	**-**	**(30)**	**-**	**(30)**
Depletion factor	**-**	**-**	**5,050**	**(5,050)**	**-**	**-**	**-**
Recognition of share based payments	**-**	**-**	**162**	**-**	**162**	**-**	**162**
Recognition of non-distributable reserve	**-**	**-**	**1,446**	**(1,446)**	**-**	**-**	**-**
At 30 September 2018	**13,372**	**314,319**	**12,765**	**(65,216)**	**275,240**	**4,292**	**279,532**

** Refer to Note 2.1 (c)*

The notes on pages 14 to 29 are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed interim consolidated statements of cash flows

(All amounts in Euro thousands unless otherwise stated)
For the three and nine months to 30 September 2018 and 2017 - (Unaudited)

(Euro 000's)	Notes	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 restated*	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 restated*
Cash flows from operating activities					
Profit before tax	2.1(c)	**4,088**	3,870	**33,145**	18,863
Adjustments for:					
Depreciation of property, plant and equipment	6	**2,650**	2,910	**7,386**	9,311
Amortisation of intangibles	7	**834**	1,248	**2,408**	3,062
Recognition of share-based payments	11	**86**	65	**162**	110
Hedging income	4	**-**	-	**-**	(205)
Interest income	4	**(19)**	-	**(58)**	(19)
Interest expense	4	**65**	94	**170**	759
Rehabilitation cost	4	**31**	25	**84**	74
Gain on disposal of a subsidiary		**(115)**	-	**(115)**	-
Unrealised foreign exchange (profit)/loss on financing activities		**127**	(204)	**131**	56
Cash inflows from operating activities before working capital changes		**7,747**	8,008	**43,313**	32,011
Changes in working capital:					
Inventories	8	**(189)**	(5,733)	**4,155**	(9,566)
Trade and other receivables	9	**10,715**	7,496	**10,254**	2,821
Trade and other payables	12	**(2,174)**	3,557	**(10,934)**	(1,228)
Derivative instrument		**-**	-	**-**	(215)
Deferred consideration		**-**	-	**17**	-
Provisions		**-**	(25)	**-**	(74)
Cash flows from operations		**16,099**	13,303	**46,805**	23,749
Interest paid		**(65)**	(303)	**(170)**	(759)
Tax paid		**(1,097)**	(114)	**(2,484)**	(114)
Net cash from operating activities		**14,937**	12,886	**44,151**	22,876
Cash flows used in investing activities					
Purchase of property, plant and equipment		**(20,052)**	(4,879)	**(40,536)**	(12,551)
Purchase of intangible assets	7	**(381)**	(499)	**(1,226)**	(2,100)
Proceeds from sale of property, plant and equipment		**-**	-	**-**	10
Interest received		**19**	-	**58**	19
Net cash used in investing activities		**(20,414)**	(5,378)	**(41,704)**	(14,622)
Cash flows from financing activities					
Proceeds from issue of shares		**-**	-	**598**	-
Issuance costs		**-**	-	**(5)**	-
Net cash flows from financing activities		**-**	-	**593**	-
Net (decrease)/increase in cash and cash equivalents		**(5,477)**	7,508	**3,040**	8,254
Cash and cash equivalents:					
At beginning of the period		**51,373**	1,881	**42,856**	1,135
At end of the period		**45,896**	9,389	**45,896**	9,389

** Refer to Note 2.1 (c)*

The notes on pages 14 to 29 are an integral part of these unaudited condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements

(All amounts in Euro thousands unless otherwise stated)
For the three and nine months to 30 September 2018 and 2017 - (Unaudited)

1. Incorporation and summary of business

Country of incorporation

Atalaya Mining Plc (the "Company") was incorporated in Cyprus on 17 September 2004 as a private company with limited liability under the Companies Law, Cap. 113 and was converted to a public limited liability company on 26 January 2005. Its registered office is at 1 Lampousa Street, Nicosia, Cyprus.

The Company was listed on AIM of the London Stock Exchange in May 2005 under the symbol ATYM and on the TSX on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 30 June 2018.

Additional information about Atalaya Mining Plc is available at www.atalayamining.com as per requirement of AIM rule 26.

Change of name and share consolidation

Following the Company's Extraordinary General Meeting ("EGM") on 13 October 2015, the change of name from EMED Mining Public Limited to Atalaya Mining Plc became effective on 21 October 2015. On the same day, the consolidation of ordinary shares came into effect, whereby all shareholders received one new ordinary share of nominal value Stg £0.075 for every 30 existing ordinary shares of nominal value Stg £0.0025.

Summary of business

The Company owns and operates through a wholly-owned subsidiary, Proyecto Riotinto, an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville. A brownfield expansion of this mine is in progress.

In addition, the Company has a phased earn-in agreement to acquire up to 80% ownership of Proyecto Touro, a brownfield copper project in northwest Spain, which is currently at the permitting stage.

The Company's and its subsidiaries' business is focused on exploring for and developing metals production operations in Europe, with an initial focus on copper.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

(a) Overview

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS comprises the standards issued by the International Accounting Standard Board ("IASB"), and IFRS Interpretations Committee ("IFRICs") as issued by the IASB. Additionally, the unaudited condensed consolidated financial statements have also been prepared in accordance with IFRS as adopted by the European Union (EU), using the historical cost convention.

These condensed interim consolidated financial statements are unaudited and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the consolidated financial statements of the Company and the Group for the year ended 31 December 2017. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the consolidated financial statements and other information set out in the Company's 31 December 2017 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements.

The Directors have formed a judgment at the time of approving the unaudited condensed interim consolidated financial statements that there is a reasonable expectation that the Company and the Group have adequate available resources to continue in operational existence for the foreseeable future.

2. Basis of preparation and accounting policies (continued)

(b) Going concern

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group will realise its assets and discharge its liabilities in the normal course of business. Management has carried out an assessment of the going concern assumption and has concluded that the Group will generate sufficient cash and cash equivalents to continue operating for the next twelve months.

(c) 2016 Restatement

Deferred consideration (Note 14)

At the end of 2017 the discount rate used to value the liability for the deferred consideration was re-assessed to apply a risk free rate as required by IAS 37. The discounted amount, when applying this discount rate, was not considered significant and the Group has measured the liability for the deferred consideration on an undiscounted basis. The value of the liability is in line with the court ruling issued on 6 March 2017. Full details of the restatement to 2016 full year comparatives are set out in the audited, consolidated financial statements for the year ended 31 December 2017 available from the Atalaya website at www.atalayamining.com.

The three and nine months 2017 comparatives have been restated in line with this re-assessment as follows:

(Euro 000's)	3 months ended 30 Sept 2017 as reported	Adjustments	**3 months ended 30 Sept 2017 as restated**	9 months ended 30 Sept 2017 as reported	Adjustments	**9 months ended 30 Sept 2017 as restated**
Income statement						
Mine site depreciation and amortization	(3,760)	(398) [1]	**(4,158)**	(11,892)	(478)[1]	**(12,370)**
Gross margin	7,683		**7,285**	26,133		**25,655**
Operating profit	5,521		**5,123**	21,864		**21,386**
Finance costs	(733)	614[1]	**(119)**	(2,412)	1,803[1]	**(609)**
Profit before tax	3,654		**3,870**	17,538		**18,863**
Tax charge	(1,141)	(47) [1]	**(1,188)**	(4,108)	(259) [1]	**(4,367)**
Basic earnings per share	2.1		**2.3**	11.5		**12.4**
Fully diluted earnings per share	2.1		**2.3**	11.4		**12.3**

(1) The discount rate was re-assessed considering a risk free rate for the relevant periods as required by IAS 37. Discounting the provision using the risk free rate would not result in a significant impact to the financial statements and the Group has measured the liability on an undiscounted basis. The amount of the provision is in line with the court ruling. Finance costs have been revised to exclude the unwinding of discounts and amortisation charges based on the restated carrying amount of Intangible assets.

2.2 Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date. The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

2. Basis of preparation and accounting policies (continued)

2.2 Fair value estimation (continued)

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets

(Euro 000's)	Level 1	Level 2	Level 3	Total
30 September 2018				
Available-for-sale financial assets	**99**	**-**	**-**	**99**
Total	**99**	**-**	**-**	**99**
31 December 2017				
Available-for-sale financial assets	129	-	-	129
Total	129	-	-	129

2.3 Use and revision of accounting estimates

The preparation of the unaudited condensed interim consolidated financial statements requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Adoption of new and revised International Financial Reporting Standards (IFRSs)

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IASs) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2018. The adoption of these Standards did not have a material effect on the condensed interim consolidated financial statements.

- IFRS 15 - Revenue from Contracts with Customers and Clarifications to IFRS 15 - Revenue from Contracts with Customers. New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31). The Company has adopted IFRS 15 as of January 1, 2018.

- IFRS 9 - Financial Instruments and subsequent amendments. This standard replaces the classification, measurement, recognition and de-recognition in accounts of financial assets and liabilities, hedge accounting, and impairment set out in IAS 39 Financial instruments: Recognition and Measurement. The Company has adopted IFRS 9 as of January 1, 2018.

- IFRS 16 - Leases. The new standard on leases that replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. Effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing it right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessor continue to classify leases as finance or operating leases. The Company will adopt IFRS 16 as of 1 January 2019.

2. Basis of preparation and accounting policies (continued)

2.5 Critical accounting estimates and judgements

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are unchanged from those disclosed in the annual consolidated financial statements.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Business and geographical segments

Business segments

The Group has only one distinct business segment, being that of mining operations, mineral exploration and development. Copper concentrates produced by the Group are sold to three off takers as per the relevant offtake agreement (Note 17.3).

Geographical segments

The Group's mining activities are located in Spain. The commercialisation of the copper concentrates produced in Spain is carried out in Cyprus. Corporate costs and administration costs are based in Cyprus. Intercompany transactions within the Group are on arm's length basis in a manner similar to transaction with third parties.

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 30 September 2018				
Sales	**42,811**	**-**	**-**	**42,811**
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**40,982**	**(33,239)**	**(84)**	**7,659**
Depreciation/amortisation charge	**-**	**(3,484)**	**-**	**(3,484)**
Finance income	**15**	**4**	**-**	**19**
Finance cost	**(1)**	**(95)**	**-**	**(96)**
Foreign exchange gain	**(106)**	**96**	**-**	**(10)**
Profit/(loss) for the period before taxation	**40,890**	**(36,718)**	**(84)**	**4,088**
Tax charge				**(955)**
Net profit for the period				**3,133**
Nine months ended 30 September 2018				
Sales	**144,354**	**-**	**-**	**144,354**
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**137,472**	**(95,351)**	**(78)**	**42,043**
Depreciation/amortisation charge	**-**	**(9,794)**	**-**	**(9,794)**
Finance income	**54**	**4**	**-**	**58**
Finance cost	**(2)**	**(252)**	**-**	**(254)**
Foreign exchange gain	**781**	**311**	**-**	**1,092**
Profit/(loss) for the period before taxation	**138,305**	**(105,082)**	**(78)**	**33,145**
Tax charge				**(5,520)**
Net profit for the period				**27,625**

3. Business and geographical segments (continued)

Geographical segments (continued)

(Euro 000's)	Cyprus	Spain	Other	Total
30 September 2018				
Total assets	**46,441**	**351,029**	**426**	**397,896**
Total liabilities	**(10,644)**	**(107,662)**	**(58)**	**(118,364)**
Depreciation of property, plant and equipment	**-**	**7,386**	**-**	**7,386**
Amortisation of intangible assets	**-**	**2,408**	**-**	**2,408**
Total net additions of non-current assets	**-**	**46,452**	**-**	**46,452**
Three months ended 30 September 2017 restated*				
Sales	35,734	-	-	35,734
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	34,845	(25,544)	(20)	9,281
Depreciation/amortisation charge	-	(4,158)	-	(4,158)
Finance income	-	-	-	-
Finance cost	(44)	(75)	-	(119)
Foreign exchange loss	(1,000)	(134)	-	(1,134)
Profit/(loss) for the period before taxation	33,801	(29,911)	(20)	3,870
Tax charge				(1,188)
Net profit for the period				2,682
Nine months ended 30 September 2017 restated*				
Sales	114,808	-	-	114,808
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	109,419	(75,629)	(26)	33,764
Depreciation/amortisation charge	(3)	(12,370)	-	(12,373)
Finance income	-	19	-	19
Finance cost	(366)	(262)	-	(628)
Foreign exchange loss	(1,411)	(508)	-	(1,919)
Profit/(loss) for the period before taxation	107,639	(88,750)	(26)	18,863
Tax charge				(4,367)
Net profit for the period				14,496
Total assets	13,818	319,794	275	333,887
Total liabilities*	(9,180)	(115,336)	(93)	(124,609)
Depreciation of property, plant and equipment	3	9,308	-	9,311
Amortisation of intangible assets*	-	3,062	-	3,062
Total net additions of non-current assets	-	20,093	-	20,093

* *Refer to Note 2.1 (c)*

4. Net finance cost

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 restated*	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 restated*
Interest expense :				
Debt to department of social security and other interest	**65**	50	**170**	393
Interest on copper concentrate prepayment[1]	**-**	4	**-**	110

Interest on early payment	**-**	40	**-**	256
Unwinding of discount on mine rehabilitation provision (Note 13)	**31**	25	**84**	74
Interest income	**(19)**	-	**(58)**	(19)
Hedging - net foreign exchange	**-**	-	**-**	(205)
	77	119	**196**	609

** Refer to Note 2.1 (c)*

(1) Interest rate US$ 3 months LIBOR + 2.75%

5. Earnings per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017 restated*	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017 restated*
Parent company	**(194)**	(370)	**(1,516)**	(1,547)
Subsidiaries	**3,243**	3,067	**29,323**	16,058
Profit attributable to equity holders of the parent	**3,049**	2,697	**27,807**	14,511
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	**137,340**	116,679	**136,558**	116,679
Basic profit per share (cents)	**2.2**	2.3	**20.4**	12.4
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	**138,652**	118,342	**137,910**	118,342
Fully diluted profit per share (cents)	**2.2**	2.3	**20.2**	12.3

** Refer to Note 2.1 (c)*

At 30 September 2018 there are 1,313,000 options (Note 11) and nil warrants (Note 10) (2017: 1,400,000 options and 262,569 warrants) which have been included when calculating the weighted average number of shares for 2018.

6. Property, plant and equipment

(Euro 000's)	Land and buildings	Plant and machinery	Assets under construction(2)	Deferred mining costs(3)	Other assets(4)	Total
Cost						
At 1 January 2017	40,188	144,930	566	13,848	838	200,370
Additions	335(1)	-	6,370	6,115	-	12,820
Reclassifications	400	472	(872)	-	-	-
Disposals	-	-	-	-	(53)	(53)
At 30 September 2017	40,923	145,402	6,064	19,963	785	213,137
Additions	72(1)	-	5,381	2,354	-	7,807
At 31 December 2017	**40,995**	**145,402**	**11,445**	**22,317**	**785**	**220,944**
Additions	**4,853(1)**	**1,978**	**34,178**	**4,354**	**-**	**45,363**
Reclassifications	**-**	**1,579**	**(1,579)**	**-**	**-**	**-**
At 30 September 2018	**45,848**	**148,959**	**44,044**	**26,671**	**785**	**266,307**
Depreciation						
At 1 January 2017	1,736	5,073	-	1,758	423	8,990
Charge for the period	1,714	6,148	-	1,378	71	9,311

Disposals	-	-	-	-	(43)	(43)
At 30 September 2017	3,450	11,221	-	3,136	451	18,258
Charge for the period	626	2,244	-	333	26	3,229
Disposals	-	-	-	-	(1)	(1)
At 31 December 2017	**4,076**	**13,465**	**-**	**3,469**	**476**	**21,486**
Charge for the period	**1,446**	**4,819**	**-**	**873**	**248**	**7,386**
At 30 September 2018	**5,522**	**18,284**	**-**	**4,342**	**724**	**28,872**
Net book value						
At 30 September 2018	**40,326**	**130,675**	**44,044**	**22,329**	**61**	**237,435**
At 31 December 2017	36,919	131,937	11,445	18,848	309	199,458

(1) Mine rehabilitation asset (Note 13). In 2018, it also includes the capitalisation of the remaining Rumbo royalty fee amounting to US$4,750,000 (ie. €4,025,000) paid through shares issue.

(2) Net of pre-commissioning sales

(3) Stripping costs

(4) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

The above fixed assets are located mainly in Spain.

7. Intangible assets

(Euro 000's)	Permits of Rio Tinto Project (1)	Licences, R&D and software	Goodwill	Total
Cost				
At 1 January 2017 restated*	71,521	1,685	9,333	82,539
Additions	-	2,100	-	2,100
Additions from acquisition of subsidiary	5,000	55	-	5,055
At 30 September 2017	76,521	3,840	9,333	89,694
Additions	-	665	-	665
At 31 December 2017	**76,521**	**4,505**	**9,333**	**90,359**
Additions	**17**	**1,209**	**-**	**1,226**
At 30 September 2018	**76,538**	**5,714**	**9,333**	**91,585**
Amortisation				
On 1 January 2017 restated*	3,072	123	9,333	12,528
Charge for the period restated*	3,019	43	-	3,062
At 30 September 2017	6,091	166	9,333	15,590
Charge for the period restated*	1,054	15	-	1,069
At 31 December 2017	**7,145**	**181**	**9,333**	**16,659**
Charge for the period	**2,363**	**45**	**-**	**2,408**
At 30 September 2018	**9,508**	**226**	**9,333**	**19,067**
Net book value				
At 30 September 2018	**67,030**	**5,488**	**-**	**72,518**
At 31 December 2017	69,376	4,324	-	73,700

(1) Permits include an amount of €5.0 million that relates to the Touro Project mining rights.

** Refer to Note 2.1 (c)*

The useful life of the intangible assets is estimated to be not less than fourteen years from the start of production (the revised Reserves and Resources statement which was announced in July 2016 increased the life of mine to 16 ½ years). In July 2018, the Company announced an updated technical report on the mineral resources and reserves of the Rio Tinto

Copper Project. The Report increases the open pit mineral reserves by 29% and stated the life of mine as 13.8 years, considering the on-going expansion of the processing plant.

The ultimate recovery of balances carried forward in relation to areas of interest or all such assets including intangibles is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas.

The Group conducts impairment testing on an annual basis unless indicators of impairment are not present at the reporting date. In considering the carrying value of the assets at Proyecto Riotinto, including the intangible assets and any impairment thereof, the Group assessed that no indicators were present as at 30 September 2018 and thus no impairment has been recognised.

Goodwill of €9,333,000 arose on the acquisition of the remaining 49% of the issued share capital of Atalaya Riotinto Minera S.L.U. ("ARM") back in September 2008. This amount was fully impaired on acquisition, in the absence of the mining licence back in 2008.

8. Inventories

(Euro 000's)	**30 Sept 2018**	31 Dec 2017
Finished products	**1,972**	4,797
Materials and supplies	**6,704**	8,003
Work in progress	**843**	874
	9,519	13,674

8. Inventories (continued)

Materials and supplies relate mainly to machinery spare parts. Work in progress represents ore stockpiles, which is ore that has been extracted and is available for further processing.

As of 30 September 2018, copper concentrate produced and not sold amounted to 2,724 tonnes. Accordingly, the inventory for copper concentrate was €2.0 million (31 Dec 2017: €4.8 million).

9. Trade and other receivables

(Euro 000's)	**30 Sept 2018**	31 Dec 2017
Non-current		
Deposits	**228**	212
	228	212
Current		
Trade receivables	**6,317**	12,113
Receivables from related parties (Note 17.3 ii))	**-**	56
Receivables from shareholders (Note 17.3 iii))	**319**	1,556
Deposits and prepayments	**424**	221
VAT	**13,971**	17,804
Tax advances	**-**	1,716
Other receivables	**1,196**	747
	22,227	34,213

Trade receivables are shown net of any interest applied to prepayments. Payment terms are aligned with offtake agreements and market standards and generally are 7 days on 90% of the invoice and the remaining 10% at the settlement date which can vary between 1 to 5 months.

The fair values of trade and other receivables approximate to their carrying amounts as presented above.

10. Share capital and share premium

	Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
Authorised				
Ordinary shares of Stg £0.075 each*	200,000	15,000	-	15,000
Issued and fully paid	000's	Euro 000's	Euro 000's	Euro 000's
Balance at 1 January 2017 and 30 September 2017	116,679	11,632	277,238	288,870
7 Dec 2017 Share placement at Stg £1.67	18,575	1,560	33,182	34,742
Share issue costs	-	-	(843)	(843)
Balance at 31 December 2017	**135,254**	**13,192**	**309,577**	**322,769**
13 Feb 2018 Shares issued to Rumbo at Stg £1.87	**193**	**16**	**410**	**426**
13 Feb 2018 Exercised share options at Stg £1.44	**29**	**3**	**45**	**48**
13 April 2018 Rumbo buyout at Stg £2.118	**1,601**	**139**	**3,887**	**4,026**
1 June 2018 Exercised warrants at Stg £1.425	**263**	**22**	**405**	**427**
Share issue costs	**-**	**-**	**(5)**	**(5)**
Balance at 30 September 2018	**137,340**	**13,372**	**314,319**	**327,691**

10. Share capital and share premium (continued)

Authorised capital

The Company's authorised share capital is 200,000,000 ordinary shares of Stg £0.075 each.

Issued capital

2018

a) On 13 February 2018, the Company issued 192,540 new ordinary shares of Stg £0.075 to Rumbo at a price of Stg £1.867, thus creating a share premium of €410,146.

b) On 13 February 2018, the Company was notified that certain employees exercised options over 29,000 ordinary shares of Stg £0.075 at a price of Stg £1.44, thus creating a share premium of €44,576.

c) On 5 April 2018, the Company signed with Rumbo a contract to purchase the whole royalty agreement for a total consideration of US$4,750,000 to be paid through the issuance of 1,600,907 new ordinary shares of Stg £0.075. After this transaction the share premium increased by €3,887,128. On 13 April 2018, the new ordinary shares were issued to Rumbo.

d) On 1 June 2018, 262,569 warrants were exercised at Stg £1.425 per ordinary share. Hence, 262,569 ordinary shares of Stg £0.075 were issued, thus creating a share premium of €405,087.

Warrants

The Company has issued warrants to advisers to the Group. Warrants expire three years after the grant date and have exercise price Stg £1.425.

Details of share warrants outstanding as at 30 September 2018:

	Number of warrants
Outstanding options at 1 January 2018	**262,569**
- Exercised during the reporting period	**(262,569)**
Outstanding options at 30 September 2018	**-**

On 1 June 2018, the Company has received notification for the exercise of warrants over 262,569 ordinary shares of Stg £0.075 in the Company at an exercise price of Stg £1.425 per share. As a result, the Company has received proceeds of Stg £374,160.83 (Note 10 d)).

11. Other reserves

(Euro 000's)	Share option	Bonus share	Depletion factor	Available-for-sale investment	Non-distributable reserve	Total
At 1 January 2017	6,384	208	-	(925)	-	5,667
Change in value of available-for-sale investment	-	-	-	(51)	-	(51)
Recognition of share based payments	110	-	-	-	-	110
Recognition of the Depletion factor	-	-	450	-	-	450
At 30 September 2017	6,494	208	450	(976)	-	6,176
Change in value of available-for-sale investment	-	-	-	(81)	-	(81)
Recognition of share based payments	42	-	-	-	-	42
At 31 December 2017	**6,536**	**208**	**450**	**(1,057)**	**-**	**6,137**
Change in value of available-for-sale investments	**-**	**-**	**-**	**(30)**	**-**	**(30)**
Recognition of share based payments	**162**	**-**	**-**	**-**	**-**	**162**
Recognition of non-distributable reserve	**-**	**-**	**-**	**-**	**1,446**	**1,446**
Recognition of the Depletion factor	**-**	**-**	**5,050**	**-**	**-**	**5,050**
At 30 September 2018	**6,698**	**208**	**5,500**	**(1,087)**	**1,446**	**12,765**

11. Other reserves (continued)

Share options

During the nine month period there were no options granted to either employees or directors.

In general, option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of ordinary shares.

Details of share options outstanding as at 30 September 2018:

	Number of share options 000's
Outstanding options at 1 January 2018	**1,400**
- Exercised during the reporting period	**(29)**
- Cancelled during the reporting period	**(58)**
Outstanding options at 30 September 2018	**1,313**

12. Trade and other payables

(Euro 000's)	30 Sept 2018	31 Dec 2017
Non-current		
Land options	**43**	74
Other	**9**	-
	52	74
Current		
Trade payables	**53,074**	64,234

Land options and mortgage	**787**	791
Accruals	**2,784**	2,660
VAT payable	**-**	7
Other	**21**	291
	56,666	67,983

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

13. Provisions

(Euro 000's)	Legal costs	Rehabilitation costs	Total costs
1 January 2017	-	5,092	5,092
Additions	213	269	482
Finance cost	-	74	74
At 30 September 2017	213	5,435	5,648
Additions	-	138	138
Revision of discount rate	-	(98)	(98)
Finance cost	-	39	39
At 31 December 2017	**213**	**5,514**	**5,727**
Additions	**6**	**953**	**959**
Revision of provision	**(35)**	**-**	**(35)**
At 30 September 2018	**184**	**6,467**	**6,651**

13. Provisions (continued)

(Euro 000's)	30 Sept 2018	31 Dec 2017
Non-current	**6,651**	5,727
Current	**-**	-
Total	**6,651**	5,727

Rehabilitation provision

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally over the project's life.

The discount rate used in the calculation of the net present value of the provision as at 30 September 2018 was 1.87%, which is the 15-year Spain Government Bond rate (31 December 2017: 1.87%, which is the 15-year Spain Government Bond rate). An inflation rate of 1.5% is applied on annual basis.

Legal provision

The Group has been named a defendant in several legal actions in Spain, the outcome of which is not determinable as at 30 September 2018. Management has reviewed individually each case and made a provision of €193 thousand for these claims, which has been reflected in these unaudited condensed interim consolidated financial statements.

14. Deferred consideration

In September 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included deferred consideration of €43.8 million (the "Deferred Consideration") payable as consideration in respect of the acquisition. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). While the cash sweep provisions of the Master Agreement require ARM to repay the Loan Assignment early, the Credit Assignment Agreement (concerning the Loan Assignment) is governed by Spanish Law and is not governed by the Master Agreement. Therefore there is no clarity on whether the Conditions have been met in respect of payment of the Loan Assignment and there remains significant doubt concerning the legal obligation to pay the Loan Assignment pursuant to the terms of the Credit Assignment Agreement.

As at 30 September 2018, the Group has not generated any excess cash and, consequently, no consideration has been paid.

The nominal amount of the liability recognised is €53.0 million. In 2017 the discount rate used to measure the liability for the deferred consideration was re-assessed to apply a risk free rate for the relevant periods, as required by IAS 37. The effect of discounting, when applying this risk free rate, was considered insignificant and the Group has measured the liability for the deferred consideration on an undiscounted basis.

For details on the restatement of the deferred consideration liability as at 31 December 2017, refer to 2017 Annual Report Note 2.1(c).

15. Derivative instruments

15.1. Foreign exchange contract

As at 31 December 2016, Atalaya had certain short-term foreign exchange contracts which are as follows:

Foreign exchange contracts - Euro/USD

Period	Contract type	Amount in USD	Contract rate	Strike
June 2016 - March 2017	FX Forward - Put	5,000,000	1.0955	n/a
	FX Forward - Call	10,000,000	1.0955	1.0450

The counter parties of the foreign exchange agreements are third parties.

In February 2017, the Group entered into certain foreign exchange hedging contracts to offset the agreements noted above before its expiration date. The contracts were signed with the same financial institution and resulted in a loss of €9,000 which was recorded as financial expense during the quarter.

During the nine months ended 30 September 2018, the Group did not enter into any foreign exchange hedging contract.

15.2. Commodity contract

During the nine months ended 30 September 2018, the Group had not entered into any hedging contract.

16. Acquisition, incorporation and disposal of subsidiaries

On 14 February 2018, Atalaya Servicios Mineros, S.L. was incorporated. Atalaya Minasderiotinto Project (UK) Limited is its sole shareholder.

On 18 May 2018, the Company signed the disposal of the wholly-owned subsidiary Georgian Minerals Development Company, Ltd. a company incorporated and existing under the laws of Georgia. Following the disposal, the Group has no presence in Georgia.

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Compensation of key management personnel

The total remuneration and fees of Directors (including Executive Directors) and other key management personnel was as follows:

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017
Directors' remuneration and fees	**193**	190	**593**	549
Share option-based benefits to directors	**26**	11	**39**	17
Bonus	**-**	398	**68**	398
Key management personnel remuneration	**106**	1,126	**313**	1,339
Share option-based and other benefits to key management personnel	**39**	16	**81**	38
	364	1,741	**1,094**	2,341

17.2 Share-based benefits

The directors and key management personnel have not been granted any options during the nine month period ended 30 September 2018 (2017: 900,000 options were granted).

17.3 Transactions with related parties/shareholders

i) Transaction with shareholders

(Euro 000's)	**Three months ended 30 Sept 2018**	Three months ended 30 Sept 2017	**Nine months ended 30 Sept 2018**	Nine months ended 30 Sept 2017
Trafigura- Sales of goods	**5,929**	9,154	**23,641**	22,162
Orion Mine Finance (Master) Fund I LP ("Orion") - Sales of goods	**-**	-	**-**	(4)
	5,929	9,154	**26,641**	22,158

XGC was granted an offtake over 49.12% of life of mine reserves as per the NI 43-101 report issued in September 2016. Similarly, Orion was granted an offtake over 31.54% and Trafigura 19.34% respectively of life of mine reserves as per the same NI 43-101 report.

In November 2016, the Group was notified and consented the novation of the Orion offtake agreement as Orion reached an agreement with a third party to transfer the rights over the concentrates. Similarly, in December 2017, XGC notified to the Group the novation of the offtake agreements with a third party.

ii) Period-end balances with related parties

(Euro 000's)	30 Sept 2018	31 Dec 2017
Receivables from related parties:		
Recursos Cuenca Minera S.L.	-	56
Total (Note 9)	-	56

The above balances bear no interest and are repayable on demand.

iii) Period-end balances with shareholders

(Euro 000's)	30 Sept 2018	31 Dec 2017
Trafigura - Debtor balance	**319**	1,556
Total (Note 9)	**319**	1,556

The above debtor balance arising from sales of goods and other balances bear no interest and is repayable on demand.

18. Contingent liabilities

Judicial and administrative cases

In the normal course of business, the Group may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Group accrues for adverse outcomes as they become probable and estimable.

The Junta de Andalucía notified the Group of another disciplinary proceeding for unauthorised discharge in 2014. The Group submitted the relevant defence arguments on 10 March 2015 but has had no response or feedback from the Junta de Andalucía since the submissions. Based on the time that has lapsed without a response, it is expected that the outcome of this proceedings will also be favourable for the Group. Once the necessary time has lapsed, the Group will ask for the Administrative File to be dismissed.

Receipt of ruling of claim made by an environmental group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ruling in favour of certain claims made by environmental group Ecologistas en Accion ("EeA") against the government of Andalucía ("Junta de Andalucía" or "JdA") and Atalaya, as co-defendant in the case.

In July 2014, EeA had filed a legal claim to JdA with a request to declare null the Unified Environmental Declaration (in Spanish, Authorization Ambiental Unificada, or "AAU") granted to Atalaya Riotinto Minera, S.L.U. dated 27 March 2014, which was required in order to secure the required mining permits for Proyecto Riotinto. The judgment, in spite of annulling the AAU on procedural grounds, made very clear that the AAU was correct and therefore, rejected the issues raised by EeA and confirmed the decision of JdA not to suspends the AAU.

The JdA confirmed its intention to launch an appeal process. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant and believes it could be successfully appealed to the Supreme Court in Spain.

Atalaya continues running the mine normally and it is confident the ruling will not impact its operations at Proyecto Riotinto.

19. Commitments

There are no minimum exploration requirements at Proyecto Riotinto. However, the Group is obliged to pay municipal land taxes which currently are approximately €235,000 per year in Spain and the Group is required to maintain the Riotinto site in compliance with all applicable regulatory requirements.

Expansion Capex commitments at 30 September 2018 amounted to €56.0 million. Commitments relate to the on-going expansion of the Proyecto Riotinto processing plant.

20. Significant events

Buyout of Rumbo Royalty

Following the statement on 13 February 2018, Atalaya Mining Plc ("The Company") announced the issuance of new ordinary shares to satisfy the first two instalments due under the Rumbo Royalty Agreement. The Company agreed with Rumbo to buy the Royalty Agreement for a total consideration of US$4,750,000 to be paid through the issuance of 1,600,907 new ordinary shares of Stg £0.075 in the Company ("Rumbo Shares"). The shares were issued at the 30-day volume weighted average price (the "Calculation Period") of Stg £2.118 per share and using the average USD to GBP exchange rate for the Calculation Period of 1.4008. Atalaya Riotinto Minera, S.L. ("ARM") also agreed to pay the VAT associated with the transaction through a cash payment of US$997,500 to Rumbo, which is recoverable by ARM upon an ordinary course application for a VAT reclaim from the Spanish tax authorities.

20. Significant events (continued)

Exercise of Warrants and Issue of Equity

In May, the Company received notification for the exercise of options over 262,569 ordinary shares of Stg £0.075 at an exercise price of Stg $1.425 per share. As a result, the Company received proceeds of Stg £374,160.83.

Application was made for the 262,569 shares ("New Ordinary Shares") to be admitted to trading on AIM and the dealings in the New Ordinary Shares commenced on 7 June 2018.

Following the issue of the New Ordinary Shares, the total number of Ordinary Shares in issue is 137,339,126.

21. Events after the reporting period

On 1 November 2018, the Court of Appeal confirmed the 2017 decision of the High Court regarding the Deferred Consideration in the Astor Case. Further details are given in Note 14.