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14 May 2020

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

**Unaudited Condensed Interim Consolidated Financial Statements for the three months ended 31 March 2020**

Atalaya Mining Plc (AIM: ATYM; TSX: AYM), is pleased to announce its unaudited quarterly results for the three months ended 31 March 2020 ("Q1 2020"), together with the unaudited, condensed, interim consolidated financial statements.

The Q1 2020 Unaudited Condensed Interim Consolidated Financial Statements are also available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on Atalaya's website at [www.atalayamining.com](http://www.atalayamining.com).

**Unaudited Financial Highlights for the Period**

Quarter ended 31 March		Q1 2020	Q1 2019	%
Revenues from operations	€k	61,189	51,712	18.3%
Operating costs	€k	(49,191)	(30,026)	63.8%
<b>EBITDA</b>	<b>€k</b>	<b>9,274</b>	19,510	(52.5%)
Profit for the period	€k	2,931	14,155	(79.3%)
Earnings per share	€ cents/share	2.3	10.3	(77.7%)
Cash flows from operating activities	€k	15,485	8,114	90.8%
Cash flows used in investing activities	€k	(5,585)	(17,138)	(67.4%)
Cash flows from financing activities	€k	24,046	-	-
Working capital surplus	€k	7,878	9,010	(12.6%)
<b>Average realised copper price</b>	<b>US\$/lb</b>	<b>2.58</b>	2.80	(7.9%)
Cu concentrate produced	(tonnes)	60,003	43,441	38.1%
Cu production	(tonnes)	13,229	10,219	29.5%
<b>Cash costs</b>	<b>US\$/lb payable</b>	<b>1.99</b>	1.89	5.3%
<b>All-In Sustaining Costs</b>	<b>US\$/lb payable</b>	<b>2.27</b>	2.18	4.1%

- Q1 2020 revenues of €61.2 million (Q1 2019: €51.7 million) due to higher concentrate sales as a result of increased production following the completion of the Proyecto Riotinto plant expansion.
- Q1 2020 operating costs of €49.2 million (Q1 2019: €30.0 million). Higher expenses are mainly related to the higher production volume as well as the one-off increased electricity consumption during January to fulfil the SAG mill, consumables and maintenance costs required to support the nameplate processing capacity during the initial weeks of the year.
- Q1 2020 EBITDA of €9.3 million (Q1 2019: €19.5 million). The decrease in EBITDA was driven by lower realised copper prices and higher operating costs during Q1 2020.
- Q1 2020 profit after tax of €2.9 million or 2.3 cents basic earnings per share (Q1 2019: €14.2 million or 10.3 cents basic earnings per share).
- Q1 2020 average realised copper prices, including QPs, of US\$2.58/lb (Q1 2019: US\$2.80/lb) with significant variances between the January average realised copper price of US\$2.78/lb and the March average realised copper price of US\$2.35/lb.

- Q1 2020 cash costs of US\$1.99/lb payable copper (Q4 2019: US\$1.70/lb payable copper) (Q1 2019: US\$1.89/lb payable copper) due to higher processing and maintenance costs. All-in Sustaining Costs (“AISC”) during Q1 2020 amounted to US\$2.27/lb of payable copper compared with US\$2.18/lb of payable copper during Q4 2019 and Q1 2019 (US\$2.18/lb). The increased AISC is due to a one-off sustaining capex project at the tailings dams.
- Inventories of concentrate at 31 March 2020 amounted to €4.4 million (€11.0 million at 31 December 2019).
- At the end of Q1 2020, working capital was €7.9 million, a €4.3 million increase from €3.6 million at the end of Q4 2019.
- €24.0 million drawn down from existing unsecured credit facilities with annual average interest rates below 2% to ensure sufficient liquidity during the COVID-19 pandemic. Unrestricted cash as at 31 March 2020 was €42.0 million.
- Cash flow from operating activities before changes in working capital of €10.0 million (Q1 2019: €20.3 million).
- Net cash flow from operating activities after changes in working capital of €15.5 million (Q1 2019: €8.1 million).

### **Operating Highlights**

#### *Proyecto Riotinto*

- Copper production during Q1 2020 was 13,229 tonnes, an increase of 29.5% compared with 10,219 tonnes produced during Q1 2019.
- Ore processed during Q1 2020 was 3,427,148 tonnes, an increase of 40.1% on Q1 2019 when ore processed amounted to 2,445,977 tonnes.
- Q1 2020 copper recovery of 82.62% (Q1 2019: 90.26%). Lower recoveries were due to a combination of treating lower grade surface stockpiles resulting from partial flooding of the pit floor during December 2019, several plant stoppages for scheduled maintenance and the COVID-19 shutdown order.
- The 15Mtpa Expansion Project was completed with the processing plant fully commissioned and operating at an increased annualised rate of 15Mtpa since January 2020.
- As announced on 30 March 2020, the Royal Decree issued by the Spanish government resulted in the Company stopping operations at Proyecto Riotinto for four full days until clarification was provided on 3 April 2020 and operations restarted. Proyecto Riotinto continues to operate in compliance with the government’s specific requirements and recommendations, to prevent exposure to COVID-19 and the spread of the virus.

#### *Proyecto Touro*

- On 13 April 2020, the Company was formally notified that the Environment Department of the Xunta de Galicia had issued a negative Impact Declaration (“DIA”) required to restart copper production at Proyecto Touro.
- The restart proposal for Proyecto Touro, a former open pit mine, included managing past environmental liabilities and using transfer mining techniques with zero water discharge. Flotation tailings were to be stored in a plastic-lined impoundment built with compacted rock walls using techniques similar to those used in water dam construction.
- The Company, together with its advisers, is assessing its options to progress Proyecto Touro. These may include several types of appeal or modified project proposals to address the concerns of the Xunta de Galicia.



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## Outlook 2020

- Annual guidance range of US\$1.95/lb-US\$2.05/lb and US\$2.20/lb-US\$2.30/lb for cash costs and AISC, respectively, is currently being maintained.
- Production guidance remains at 55k to 58k tonnes of contained copper.

Management continues to monitor the impact of COVID-19 on the operations and the ongoing cost structure and will update the market with any potential changes in expectations.

## Legal updates

On 7 May 2020, the Company announced the Junta de Andalucía had issued a favourable resolution (the “Resolution”) which validates the Unified Environmental Authorisation (the “AAU”) of Proyecto Riotinto. The Resolution ends the legal process announced by the Company on 26 September 2018 in relation to the judgement made by the Tribunal Superior de Justicia de Andalucía (“TSJA”) in connection with the AAU.

## Alberto Lavandeira, CEO commented:

*“We are very pleased to have obtained a favourable conclusion to the legal process in relation to the AAU of Proyecto Riotinto, which has been resolved with no impact to our operation. Notwithstanding the successful commissioning of our 15Mtpa expansion and the consequent increase in production, higher operating costs relating to the integration of the expanded plant, together with a significant reduction in the copper price during the period, have impacted our financial results. We remain confident that our guidance numbers on production and costs for the remainder of the year will be achievable. However, the Company is aware that the COVID-19 pandemic may still further impact how the Company manages its operations and is accordingly keeping its guidance under regular review.”*

*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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## About Atalaya Mining Plc

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. 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. For further information, visit [www.atalayamining.com](http://www.atalayamining.com)

# Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## ATALAYA MINING PLC MANAGEMENT'S REVIEW AND UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 31 March 2020 (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 2019 and 31 March 2020 and results of operations for the three months ended 31 March 2020 and 2019.

This report has been prepared as of 13 May 2020. 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 months ended 31 March 2020. 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 2019, and the unaudited, condensed, interim consolidated financial statements for the three months ended 31 March 2019. These documents can be found on Atalaya's website at [www.atalayamining.com](http://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.

# Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## 1. Description of the Business

Atalaya is a European mining and development company domiciled in Cyprus. 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 where copper in concentrate and silver by-product is produced. A brownfield expansion of the plant was completed in 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.

In November 2019, Atalaya executed the option to acquire 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves, which will add to the potential to the Proyecto Touro.

## 2. Overview of Operational Results

### Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three months ended 31 March 2020 and 2019 and the three months ended 31 December 2019.

Units expressed in accordance with the international system of units (SI)	Unit	Three months ended	Three months ended	Three months ended
		31 Mar 2020	31 Mar 2019	31 Dec 2019
Ore mined	t	3,029,362	2,549,985	2,331,614
Ore processed	t	3,427,148	2,445,977	2,877,986
Copper ore grade	%	0.47	0.46	0.55
Copper concentrate grade	%	22.05	23.52	22.86
Copper recovery rate	%	82.62	90.26	83.16
Copper concentrate	t	60,003	43,441	57,797
Copper contained in concentrate	t	13,229	10,219	13,211
Payable copper contained in concentrate	t	12,629	9,785	12,633
Cash cost*	US\$/lb payable	1.99	1.89	1.70
All-in sustaining cost*	US\$/lb payable	2.27	2.18	2.18

(\*) Refer to Section 5 of this Management's Review

Note: There may be slight differences between the numbers in the above table due to rounding.

### *Three months operational review*

During Q1 2020, 3,427,148 tonnes of ore processed with an average copper head grade of 0.47% and a recovery rate of 82.62%. Compared with Q1 2019, throughput increased 40.1% while recoveries decreased 8.5%. Compared with Q4 2019, copper production was similar as a result of a 17% higher throughput offsetting the lower grade and recoveries.

Lower than planned plant recoveries were owing to a combination of treating lower grade surface stockpiles as a result of partial flooding of the pit floor during December 2019, several plant stoppages for scheduled maintenance and the COVID-19 shutdown order.

In February 2020, major scheduled maintenance was undertaken, during which time the plant was not running. These upgrades led to a new production record being achieved in March 2020 with 5,375 tonnes of copper produced from the processing of 1.35 million tonnes of ore with a recovery of 84.6%.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

### 2. Overview of Operational Results (cont.)

*Three months operational review (cont.)*

Heavy rains in December 2019 meant mining operations concentrated on ore from the higher levels of the pit. The new equipment mobilised to site by the contractor has successfully been adapted to the increased volumes as a result of the plant expansion. On a combined basis, ore, waste and marginal ore amounted to 2.9 million m<sup>3</sup> in Q1 2020 versus 3.0 million m<sup>3</sup> in Q4 2019.

On-site concentrate inventories at the end of the quarter were approximately 6,071 tonnes.

Copper prices decreased, with an average realised price per pound of copper payable, including the QPs closed in the period, of US\$2.58/lb compared with US\$2.65/lb in Q4 2019. The average copper spot price during the quarter was US\$2.56/lb. The realised price during the quarter, excluding QPs, was approximately US\$2.54/lb.

As announced on 30 March 2020, the Royal Decree issued by the Spanish Government resulted in the Company stopping operations at Proyecto Riotinto for four full days until clarification was provided on 3 April 2020 and operations restarted. Proyecto Riotinto continues to operate in compliance with the specific requirements and recommendations of the Spanish government to prevent COVID-19 exposure and the spread of the virus.

Exploration at Proyecto Riotinto concentrated on the massive sulphides and stockwork mineralisation under the Atalaya pit as well as potential resource increases at the Cerro Colorado pit. In early March 2020, as a result of the sharp copper price decrease, non-essential drilling activities were put on hold.

### 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.*

#### Operational guidance

The Company is aware that the COVID-19 pandemic may still further impact how the Company manages its operations and is accordingly keeping its guidance under regular review.

Proyecto Riotinto operational guidance for 2020 remains unchanged. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

	Unit	Guidance 2020
Ore processed	million tonnes	14.0 – 15.0
Contained copper	tonnes	55,000 - 58,000

Copper head grade for 2020 is estimated to average 0.45% Cu, with a recovery rate of approximately 84% to 86%. Cash operating costs for 2020 are expected to be in the range of US\$1.95/lb – US\$2.05/lb, and AISC is estimated to be in the range of US\$2.20/lb – US\$2.30/lb Cu payable.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

### 4. Overview of the Financial Results

The following table presents summarised consolidated income statements for the three months ended 31 March 2020, with comparatives for the three months ended 31 March 2019.

(Euro 000's)	Three months ended 31 Mar 2020	Three months ended 31 Mar 2019
<b>Revenue</b>	<b>61,189</b>	51,712
Total operating costs	(49,191)	(30,026)
Administrative and other expenses	(1,708)	(1,917)
Exploration expenses	(902)	(201)
Care and maintenance expenditure	(114)	(5)
<b>EBITDA</b>	<b>9,274</b>	19,510
Depreciation/amortisation	(6,666)	(3,426)
Impairment loss on other receivables	(45)	-
Net foreign exchange gain	445	713
Net finance cost	(11)	(31)
Tax	(66)	(2,611)
<b>Profit for the period</b>	<b>2,931</b>	14,155

#### Three months financial review

Revenues for the three month period ended 31 March 2020 amounted to €61.2 million (Q1 2019: €51.7 million). Higher revenues, compared with the same quarter in the previous year, were mainly driven by higher concentrate sold offset by lower copper prices and US Dollar average rates against Euro.

Realised prices of US\$2.58/lb copper during Q1 2020 compared with US\$2.80/lb copper in Q1 2019.

Operating costs for the three month period ended 31 March 2020 amounted to €49.2 million, compared with €30.1 million in Q1 2019. Higher expenses were mainly due to the higher production volume as well as an increase of power consumption, consumables and maintenance costs.

Cash costs of US\$1.99/lb payable copper during Q1 2020 compared with US\$1.89lb payable copper in the same period last year. The increase against Q1 2019 was mainly the result of higher processing and maintenance costs. Capitalised stripping costs during Q1 2020 amounted to €0.8 million as well as in Q1 2019. All-In Sustaining Costs in the reporting quarter were US\$2.27/lb payable copper compared with US\$2.18/lb payable copper in Q1 2019. The increase in AISC is due to a sustaining capex project at the tailing dams compared with Q1 2019.

Sustaining capex for Q1 2020 amounted to €3.3 million compared with €1.7 million in Q1 2019. Sustaining capex mainly related to the development of the tailing dams and continuous enhancements in the processing systems of the plant.

Administrative and other expenses amounted to €1.7 million (Q1 2019: €1.9 million) and include non-operating costs of the Cyprus office, corporate legal and consultancy costs, on-going listing costs, officers and directors' emoluments, and salaries and related costs of the corporate office.

Exploration costs at Proyecto Riotinto for the three month period ended 31 March 2020 amounted to €0.9 million, higher than Q1 2019 (€0.2 million).

EBITDA for the three months ended 31 March 2020 amounted to €9.3 million compared with Q1 2019 of €19.5 million.

The main item below the EBITDA line is depreciation and amortisation of €6.7 million (Q1 2019: €3.4 million). Higher depreciation mainly due to the increase of plant assets as result of the completion of the Expansion Project. Net financing costs for Q1 2020 amounted to €11k compared with €31k in Q1 2019.



## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

### 4. Overview of the Financial Results (cont.)

#### Copper prices

The average realised copper price decreased 7.9% from US\$2.80 per pound in Q1 2019 to US\$2.58 per pound in Q1 2020.

The average prices of copper for the three months ended 31 March 2020 and 2019 are summarised below:

(USD)	Three months ended 31 Mar 2020	Three months ended 31 Mar 2019
Realised copper price per lb	2.58	2.80
Market copper price per lb	2.56	2.82

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. Higher realised prices than market copper prices are mainly due to the final settlement of invoices where the QP was fixed in the previous quarter due to a short open period when copper prices were higher. The realised price of shipments during the quarter excluding QP was approximately US\$2.54/lb.

### 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, capitalised stripping costs, exploration and geology costs, corporate costs and sustaining capital expenditures.

Realised price per pound of payable copper is the value of the copper payable included in the concentrate produced including the discounts 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 31 March 2020 and 31 December 2019.

#### Liquidity information

(Euro 000's)	31 March 2020	31 December 2019
Unrestricted cash and cash equivalents at Group level	9,236	1,730
Unrestricted cash and cash equivalents at Operation level	32,787	6,347
Working capital surplus	7,878	3,598



## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

### 6. Liquidity and Capital Resources (cont.)

Unrestricted cash and cash equivalents as at 31 March 2020 increased to €42.0 million from €8.1 million at 31 December 2019. The increase in cash balances is the result of net cash flow incurred in the period and draw down of credit facilities. Cash balances are unrestricted and include balances at the operational and corporate levels.

As of 31 March 2020, Atalaya reported a working capital surplus of €7.9 million, compared with a working capital surplus of €3.6 million at 31 December 2019. The main liability of the working capital is trade payables related to Proyecto Riotinto contractors and, to a lesser extent, short-term loans following the drawdown of credit facilities. The increase in working capital resulted from higher cash collected from the operations.

#### Overview of the Group's cash flows

(Euro 000's)	Three months ended 31 Mar 2020	Three months ended 31 Mar 2019
Cash flows from operating activities	15,485	8,114
Cash flows used in investing activities	(5,585)	(17,138)
Cash flows from financing activities	24,046	-
Net (decrease)/increase in cash and cash equivalents	33,946	(9,024)

#### Three months cash flows review

Cash and cash equivalents increased by €33.9 million during the three months ended 31 March 2020. This was due to the net results of cash from operating activities amounting to €15.5 million, the cash used in investing activities amounting to €5.6 million and the cash from financing activities totalling €24.1 million.

Cash generated from operating activities before working capital changes was €10.0 million. Atalaya increased its trade receivables in the period by €2.2 million, decreased its inventory levels by €5.2 million and increased its trade payables by €3.9 million.

Investing activities during the quarter consumed €5.6 million, relating mainly to a tailings dams project and continuous enhancements in the processing systems of the plant.

Financing activities during the quarter increased by €24.1 million driven by the use of existing unsecured credit facilities.

#### 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 mainly 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 months ended 31 March 2020, Atalaya recognised a foreign exchange profit of €0.5 million. Foreign exchange losses mainly related to change in the period end 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 31 Mar 2020	Three months ended 31 Mar 2019
<b>Average rates for the periods</b>		
GBP – EUR	0.8493	0.8725
USD – EUR	1.1100	1.1358
<b>Spot rates as at</b>		
GBP – EUR	0.8864	0.8583
USD – EUR	1.0956	1.1235

## Management's review

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### 7. 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 a deferred consideration of €43.9 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). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing is due to take place on 22 May 2020. As and when a substantive hearing takes place, the Company expects to have clarity on the definition of Excess Cash and the payment schedule of the Deferred Consideration and the Loan Assignment.

As at 31 March 2020, no consideration has been paid.

The amount of the liability recognised by the Group is €53 million. The effect of discounting remains insignificant, in line with 2019 assessment, and therefore the Group has measured the liability for the Astor deferred consideration on an undiscounted basis.

### 8. Corporate Social Responsibility

During the quarter, Atalaya continued with its social responsibility activities through Fundación Atalaya Riotinto, with several initiatives.

In this regard, the Foundation has agreed to start new collaboration programmes with two additional nearby towns, Zalamea La Real and La Granada de Riotinto. The agreements will provide funds in order to execute actions to cover various areas of improvement: heritage, infrastructure, social aids, training and education, environment and others.

Continuing its work in education and entrepreneurship, the Company has renewed the Language School Program in cooperation with the City Council of Nerva and has restarted the school visits program of the mining region to Atalaya's facilities. It has also provided sponsoring to various cultural associations to support their activities and events, as well as some sporting competitions to which our Foundation has provided sponsorship, with a double objective which are in line with its core values: promoting a healthy lifestyle and attract visitors to the area.

### 9. Health and Safety

The results of the first quarter of 2020 show improvements: 2.32 for the Frequency Index and 0.05 for the Severity Index, reporting only a single minor accident.

The year began with the preparation of training for the Emergency Brigade, training in field leadership, presentation of annual safety reports, presentation of the results of the survey of psychosocial factors carried out in the previous year to the department directors and the preparation of legal audits of prevention management among others.

The presence of the COVID-19 virus and the State of Emergency in Spain has necessitated the establishment of multiple extraordinary measures to prevent the spread throughout the mining facilities and to adapt to all the changes demanded by Health Authorities and the Spanish government. The most significant measures were: a strong information campaign, a protocol for action in different scenarios, the establishment of a monitoring committee to regularly inform workers' representatives, setting special hygiene measures including testing the temperature of employees both at the entrance and at the way out of the facility and the design of an exhaustive disinfection programme as well as the reorganisation of cleaning in all areas to obtain greater efficiency of resources.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

### 10. Environment

During the first quarter of 2020, Atalaya continued carrying out the regular activities of environmental monitoring, quality management of the natural environment and the historical heritage, although the declaration of the State of Alarm in March 2020 brought important changes in the regular work trend such as:

- The archaeological excavation work in Cortalago site was interrupted to prevent a possible spread of COVID-19. Minimum services were kept including four assistants and two archaeologists in the field (in addition to two archaeologists working from home).

The 2019 annual declarations of hazardous and non-hazardous waste were presented in February 2020. The waste ratio was lower than the average of previous years and the percentage of waste destined for recovery was in line with 2018.

The development of pollution on the surroundings of Proyecto Riotinto was analysed and the results were mainly: a 85% reduction in the pollutant load compared to the beginning of the mining operation as a result of the water management actions carried out such as the water reuse system and restoration actions.

The quality certificate of OHSAS system was received in January 2020.

### 11. 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 the 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 2019.

### 12. 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 2019.

### 13. COVID-19 impact

The Company issued COVID-19 updates on 17 March 2020, 30 March 2020 and 6 April 2020. As announced on 30 March 2020, a Royal Decree of 29 March 2020 excluded mining from essential industries resulting in the halting of operations at Proyecto Riotinto from 30 March 2020. As announced on 6 April 2020, further clarifications were received on the Royal Decree on 3 April 2020 which reinstated mining on the list of permitted activities and accordingly, operations at Proyecto Riotinto were authorized to recommence.

It is Atalaya's priority to protect its workforce and the local communities surrounding both Proyecto Riotinto and Proyecto Touro. Atalaya is following the requirements and recommendations issued by the Government of Spain and the regional and local health authorities to reduce the risk of COVID-19 exposure and avoid the spread of the virus.

In order to mitigate the potential operational and financial impact of COVID-19 the Company has increased its cash balance from €8.1 million as at 31 December 2019 to €42.0 million as at 31 March 2020 by drawing down on existing credit facilities.

### 14. Other Information

Additional information about Atalaya Mining Plc. is available at [www.atalayamining.com](http://www.atalayamining.com)

## Interim Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)

For the three months to 31 March 2020 and 2019 - (Unaudited)

(Euro 000's)	Notes	Three months ended 31 March 2020	Three months ended 31 March 2019
Revenue	4	61,189	51,712
Operating costs and mine site administrative expenses		(49,030)	(30,026)
Mine site depreciation and amortization		(6,666)	(3,426)
<b>Gross profit</b>		<b>5,493</b>	<b>18,260</b>
Administration and other expenses		(1,708)	(1,917)
Share-based benefits	12	(161)	(53)
Impairment loss on other receivables		(45)	-
Care and maintenance expenditure		(114)	(5)
Exploration expenses		(902)	(201)
<b>Operating profit</b>		<b>2,563</b>	<b>16,084</b>
Net foreign exchange gain		445	713
Net finance costs	5	(11)	(31)
<b>Profit before tax</b>		<b>2,997</b>	<b>16,766</b>
Tax		(66)	(2,611)
<b>Profit for the period</b>		<b>2,931</b>	<b>14,155</b>
<b>Profit for the period attributable to:</b>			
- Owners of the parent		3,175	14,161
- Non-controlling interests		(244)	(6)
		<b>2,931</b>	<b>14,155</b>
<b>Earnings per share from operations attributable to equity holders of the parent during the period:</b>			
Basic earnings per share (EUR cents per share)	6	2.3	10.3
Fully diluted earnings per share (EUR cents per share)	6	2.3	10.2
<b>Profit for the period</b>			
<b>Other comprehensive income:</b>		<b>2,931</b>	<b>14,155</b>
Change in fair value of financial assets through other comprehensive income 'OCI'		(19)	5
<b>Total comprehensive profit for the period</b>		<b>2,912</b>	<b>14,160</b>
<b>Total comprehensive profit for the period attributable to:</b>			
- Owners of the parent		3,156	14,166
- Non-controlling interests		(244)	(6)
		<b>2,912</b>	<b>14,160</b>

The notes on pages 13 to 30 are an integral part of these unaudited condensed interim consolidated financial statements.

# Interim Consolidated Balance Sheet

(All amounts in Euro thousands unless otherwise stated)  
As at 31 March 2020 and 31 December 2019 - (Unaudited)

(Euro 000's)	Note	31 March 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	307,879	307,815
Intangible assets	8	61,942	63,085
Trade and other receivables	10	499	500
Non-current financial assets		1,101	1,101
Deferred tax asset		6,509	6,576
		<b>377,930</b>	<b>379,077</b>
<b>Current assets</b>			
Inventories	9	16,158	21,330
Trade and other receivables	10	36,204	32,857
Tax refundable		843	1,924
Other financial assets		23	42
Cash and cash equivalents		42,023	8,077
		<b>95,251</b>	<b>64,230</b>
<b>Total assets</b>		<b>473,181</b>	<b>443,307</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	11	13,372	13,372
Share premium	11	314,319	314,319
Other reserves	12	33,175	22,836
Accumulated losses		(37,664)	(30,669)
		<b>323,202</b>	<b>319,858</b>
Non-controlling interests		(2,646)	(2,402)
<b>Total equity</b>		<b>320,556</b>	<b>317,456</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	13	13
Provisions	14	6,974	6,941
Leases	16	5,265	5,265
Deferred consideration	17	53,000	53,000
		<b>65,252</b>	<b>65,219</b>
<b>Current liabilities</b>			
Trade and other payables	13	61,407	57,537
Leases	16	441	588
Borrowings	15	24,197	-
Current tax liabilities		1,328	2,507
		<b>87,373</b>	<b>60,632</b>
<b>Total liabilities</b>		<b>152,625</b>	<b>125,851</b>
<b>Total equity and liabilities</b>		<b>473,181</b>	<b>443,307</b>

The notes on pages 13 to 30 are an integral part of these unaudited condensed interim consolidated financial statements

## Interim Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)

For the three months to 31 March 2020 and 2019 - (Unaudited)

(Euro 000's)	Note	Share capital	Share premium <sup>(1)</sup>	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
<b>At 1 January 2019</b>		<b>13,372</b>	<b>314,319</b>	<b>12,791</b>	<b>(58,308)</b>	<b>282,174</b>	<b>4,200</b>	<b>286,374</b>
Profit for the period		-	-	-	14,161	14,161	(6)	14,155
Change in fair value of financial assets through OCI		-	-	5	-	5	-	5
Total comprehensive income		<b>13,372</b>	<b>314,319</b>	<b>12,796</b>	<b>(44,147)</b>	<b>296,340</b>	<b>4,194</b>	<b>300,534</b>
Transactions with owners								
Recognition of share-based payments	12	-	-	53	-	53	-	53
Recognition of depletion factor	12	-	-	5,378	(5,378)	-	-	-
Recognition of non-distributable reserve	12	-	-	1,984	(1,984)	-	-	-
Recognition of distributable reserve	12	-	-	1,844	(1,844)	-	-	-
<b>At 31 March 2019</b>		<b>13,372</b>	<b>314,319</b>	<b>22,055</b>	<b>(53,353)</b>	<b>296,393</b>	<b>4,194</b>	<b>300,587</b>
Profit for the period		-	-	-	23,162	23,162	(6,596)	16,566
Change in fair value of financial assets through OCI		-	-	(34)	-	(34)	-	(34)
Total comprehensive income		<b>13,372</b>	<b>314,319</b>	<b>22,021</b>	<b>(30,191)</b>	<b>319,521</b>	<b>(2,402)</b>	<b>317,119</b>
Transactions with owners								
Recognition of share-based payments	12	-	-	566	-	566	-	566
Other changes in equity				249	(478)	(229)	-	(229)
<b>At 31 December 2019/1 January 2020</b>		<b>13,372</b>	<b>314,319</b>	<b>22,836</b>	<b>(30,669)</b>	<b>319,858</b>	<b>(2,402)</b>	<b>317,456</b>
Profit for the period		-	-	-	3,175	3,175	(244)	2,931
Change in fair value of financial assets through OCI		-	-	(19)	-	(19)	-	(19)
Total comprehensive income		<b>13,372</b>	<b>314,319</b>	<b>22,817</b>	<b>(27,494)</b>	<b>323,014</b>	<b>(2,646)</b>	<b>320,368</b>
Transactions with owners								
Recognition of share-based payments	12	-	-	161	-	161	-	161
Recognition of depletion factor	12	-	-	8,000	(8,000)	-	-	-
Recognition of non-distributable reserve	12	-	-	2,198	(2,198)	-	-	-
Other changes in equity		-	-	(1)	28	27	-	26
<b>At 31 March 2020</b>		<b>13,372</b>	<b>314,319</b>	<b>33,175</b>	<b>(37,664)</b>	<b>323,202</b>	<b>(2,646)</b>	<b>320,556</b>

<sup>(1)</sup> The share premium reserve is not available for distribution

The notes on pages 13 to 30 are an integral part of these unaudited condensed interim consolidated financial statements.

## Interim Consolidated Statements of Cash Flows

(All amounts in Euro thousands unless otherwise stated)

For the three months to 31 March 2020 and 2019 - (Unaudited)

(Euro 000's)	Note:	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>2,997</b>	16,766
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	7	5,523	2,604
Amortisation of intangibles	8	1,143	822
Recognition of share-based payments	12	161	53
Interest income	5	(2)	(3)
Interest expense	5	8	4
Unwinding of discounting	5	-	30
Legal provisions	14	33	2
Impairment loss on other receivables		45	-
Loss in disposal of property, plant and equipment	7	-	2
Unrealised foreign exchange loss on financing activities		62	(1)
<b>Cash inflows from operating activities before working capital changes</b>		<b>9,970</b>	20,279
<b>Changes in working capital:</b>			
Inventories	9	5,172	744
Trade and other receivables	10	(2,237)	(11,861)
Trade and other payables	13	3,871	(1,044)
<b>Cash flows from operations</b>		<b>16,776</b>	8,118
Interest expense on lease liabilities	5	(4)	-
Interest paid	5	(8)	(4)
Tax paid		(1,279)	-
<b>Net cash from operating activities</b>		<b>15,485</b>	8,114
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(5,587)	(16,698)
Purchase of intangible assets	8	-	(443)
Interest received	5	2	3
<b>Net cash used in investing activities</b>		<b>(5,585)</b>	(17,138)
<b>Cash flows from financing activities</b>			
Lease payments	16	(151)	-
Proceeds from borrowings	15	24,197	-
<b>Net cash flows from financing activities</b>		<b>24,046</b>	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>28,946</b>	(9,024)
<b>Cash and cash equivalents:</b>			
At beginning of the period		8,077	33,070
At end of the period		42,023	24,046

The notes on pages 13 to 30 are an integral part of these unaudited condensed interim consolidated financial statements.



# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (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 31 March 2020.

Additional information about Atalaya Mining Plc is available at [www.atalayamining.com](http://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.

### Principal activities

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 was completed in 2019.

In addition, the Company has a phased earn-in agreement to up 80% ownership of "Proyecto Touro", a brownfield copper project in northwest Spain.

In November 2019, Atalaya executed the option to acquire 12.5% of Explotaciones Gallegas del Cobre, S.L. the exploration property around Touro, with known additional reserves, which will provide high potential to the Proyecto Touro. The Company's and its subsidiaries' business is to explore for and develop metals production operations in Europe, with an initial focus on copper.

The strategy is to evaluate and prioritise metal production opportunities in several jurisdictions throughout the well-known belts of base and precious metal mineralisation in Spain and the Eastern European region.

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

These unaudited 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 2019. 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 2019 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements for the year ended 31 December 2019.

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## 2. Basis of Preparation and Accounting Policies (cont.)

### 2.1 Basis of preparation (cont.)

#### (b) Going concern

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

The crisis and the actions taken by governments have resulted in significant disruption to business operations, consumption patterns worldwide, equity markets and significant volatility in commodities prices, including copper, which prices declined below Company's AISC level during March 2020. Furthermore, in Spain, where the Company has its single producing asset, the Government issued a Royal Decree on 14 March 2020 to declare the nationwide lockdown to reduce the impact of the COVID-19 pandemic. On 29 March 2020, the Spanish government issued a new Royal Decree implementing enhanced measures to protect the people from the virus. The new Decree stipulated that only employees from a short list of essential industries are allowed to continue working from 30 March 2020. Mining was excluded as an essential industry and consequently the Proyecto Riotinto site was required to halt its operations for a short period until 3 April 2020 when mining operations were permitted to restart.

The significant impact on copper prices and the stoppage of Proyecto Riotinto as a result of the Royal Decree has partially impacted the revenues for the three months period ended 31 March 2020. Uncertainty remains on future copper prices and if Proyecto Riotinto will be required to be halted again for a longer period. The uncertainty makes difficult to determine and quantify the operational and financial impact there may be on the business going forward.

The Directors considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Discussion on the potential impact of the Pandemic continues at Director level, and include scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities.

The Company has increased its cash balance from €8.1 million as at 31 December 2019 to €42.0 million as at 31 March 2020 by drawing down on existing credit facilities.

The Directors, after reviewing these scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group's operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, 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 and the Company will realise its assets and discharge its liabilities in the normal course of business.

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have a material impact on the unaudited condensed interim consolidated financial statements of the Group.

#### Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## 2. Basis of Preparation and Accounting Policies (cont.)

### 2.2 New standards, interpretations and amendments adopted by the Group (cont.)

#### Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

#### Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

### 2.3 Fair value estimation

The fair values of the Group'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 other financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group 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 group 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.

#### 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).

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## 2. Basis of Preparation and Accounting Policies (cont.)

### 2.3 Fair value estimation (cont.)

Financial assets (Euro 000's)	Level 1	Level 2	Level 3	Total
<b>31 March 2019</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	23	-	-	23
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	20,458	-	20,458
<b>Total</b>	<b>23</b>	<b>20,458</b>	<b>-</b>	<b>20,481</b>
<b>31 December 2019</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	42	-	-	42
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	17,716	-	17,716
<b>Total</b>	<b>42</b>	<b>17,716</b>	<b>-</b>	<b>17,758</b>

### 2.4 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the unaudited condensed interim consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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.

A full analysis of critical accounting estimates and judgements is set out in Note 3.4 of the 2019 audited consolidated financial statements.

## 3. Business and Geographical Segments

### Business segments

The Group has only one distinct business segment, being that of mining operations, which include mineral exploration and development.

Copper concentrates produced by the Group are sold to three off-takers as per the relevant offtake agreement (Note 19.3)

### Geographical segments

The Group's mining activities are located in Spain. The commercialisation of the copper concentrates produced in Spain is carried out through Cyprus. Sales transactions to related parties are on an arm's length basis in a similar manner to transactions with third parties. Accounting policies used by the Group in different locations are the same as those contained in Note 2.

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the three months to 31 March 2020 and 2019 - (Unaudited)

## 5. Business and Geographical Segments (cont.)

	Cyprus	Spain	Other	Total
<b>(Euro 000's)</b>				
<b>Three months ended 31 March 2020</b>				
<b>Revenue</b>	<b>4,126</b>	<b>57,063</b>	<b>-</b>	<b>61,189</b>
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,074	7,233	(33)	9,274
Depreciation/amortisation charge	-	(6,666)	-	(6,666)
Net foreign exchange (loss) / gain	202	244	(2)	444
Impairment of other receivables	(45)	-	-	(45)
Finance income	-	2	-	2
Finance cost	-	(12)	-	(12)
Profit/(loss) before tax	2,231	801	(35)	2,997
Tax	-	(66)	-	(66)
<b>Profit for the period</b>	<b>2,231</b>	<b>735</b>	<b>(35)</b>	<b>2,931</b>
<b>Total assets</b>	<b>29,924</b>	<b>437,094</b>	<b>1,163</b>	<b>468,181</b>
<b>Total liabilities</b>	<b>(12,946)</b>	<b>(134,437)</b>	<b>(242)</b>	<b>(147,625)</b>
<b>Depreciation of property, plant and equipment</b>	<b>-</b>	<b>5,523</b>	<b>-</b>	<b>5,523</b>
<b>Amortisation of intangible assets</b>	<b>-</b>	<b>1,143</b>	<b>-</b>	<b>1,143</b>
<b>Total additions of non-current assets</b>	<b>-</b>	<b>12,007</b>	<b>-</b>	<b>12,007</b>
<b>Three months ended 31 March 2019</b>				
Revenue	3,325	48,387	-	51,712
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,703	17,900	(93)	19,510
Depreciation/amortisation charge	-	(3,426)	-	(3,426)
Net foreign exchange gain	447	226	-	713
Finance income	-	3	-	3
Finance cost	-	(34)	-	(34)
Profit/(loss) before tax	2,150	14,709	(93)	16,766
Tax	-	-	-	(2,611)
<b>Profit for the period</b>	<b>-</b>	<b>14,709</b>	<b>(93)</b>	<b>14,155</b>
<b>Total assets</b>	<b>38,835</b>	<b>380,338</b>	<b>654</b>	<b>419,827</b>
<b>Total liabilities</b>	<b>(14,552)</b>	<b>(104,531)</b>	<b>(157)</b>	<b>(119,240)</b>
<b>Depreciation of property, plant and equipment</b>	<b>-</b>	<b>2,604</b>	<b>-</b>	<b>2,604</b>
<b>Amortisation of intangible assets</b>	<b>-</b>	<b>822</b>	<b>-</b>	<b>822</b>
<b>Total additions of non-current assets</b>	<b>-</b>	<b>17,256</b>	<b>-</b>	<b>17,256</b>

## 4. Revenues

	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>(Euro 000's)</b>		
Revenue from contracts with customers <sup>(1)</sup>	64,161	48,218
Fair value gains/(losses) relating to provisional pricing within sales <sup>(2)</sup>	(2,972)	3,494
<b>Total revenue</b>	<b>61,189</b>	<b>51,712</b>

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## 4. Revenues (cont.)

All revenue from copper concentrate is recognised at a point in time when the control is transferred. Revenue from freight services is recognised over time as the services are provided.

- (1) Included within Q1 2020 revenue, there is a transaction price of €0.9 million (€nil in Q1 2019) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.
- (2) Provisional pricing impact represented the change in fair value of the embedded derivative arising on sales of concentrate.

## 5. Net Finance Costs

	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>(Euro 000's)</b>		
Interest expense :		
Other interest	(8)	4
Interest expense on lease liabilities	(4)	-
Unwinding of discount on mine rehabilitation provision (Note 14)	-	30
Interest income <sup>(1)</sup>	2	(3)
	<b>(10)</b>	<b>31</b>

<sup>(1)</sup> Interest income relates to interest received on bank balances

## 6. Earnings per share

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

	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>(Euro 000's)</b>		
Parent company	(621)	(904)
Subsidiaries	3,796	15,065
Profit attributable to equity holders of the parent	<b>3,175</b>	<b>14,161</b>
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	<b>137,339</b>	137,339
Basic profit per share (EUR cents/share)	<b>2.3</b>	10.3
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	<b>139,844</b>	138,306
Fully diluted profit per share (EUR cents/share)	<b>2.3</b>	10.2

At 31 March 2020, there are nil warrants (Note 11) and 2,505,250 options (Note 12) (2019: nil warrants and 913,000 options) which have been included when calculating the weighted average number of shares for 2020.

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## 7. Property, Plant and Equipment

(Euro 000's)	Land and buildings	Right of use assets <sup>(4)</sup>	Plant and machinery	Assets under construction <sup>(3)</sup>	Deferred mining costs <sup>(2)</sup>	Other assets <sup>(1)</sup>	Total
<b>Cost</b>							
At 1 January 2019	45,853	6,144	152,820	62,010	27,537	785	295,149
Additions	166	69	413	15,486	754	-	16,888
Disposals	-	-	-	-	-	(5)	(5)
Reclassifications	-	-	183	(183)	-	-	-
<b>At 31 March 2019</b>	<b>46,019</b>	<b>6,213</b>	<b>153,416</b>	<b>77,313</b>	<b>28,291</b>	<b>780</b>	<b>312,032</b>
Additions	44	208	758	33,251	5,722	1	39,984
Reclassifications	-	-	94,047	(94,047)	-	-	-
<b>At 31 December 2019</b>	<b>46,063</b>	<b>6,421</b>	<b>248,221</b>	<b>16,517</b>	<b>34,013</b>	<b>781</b>	<b>352,016</b>
Additions	17	-	10	4,332	1,288	-	5,587
Reclassifications	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>46,080</b>	<b>6,421</b>	<b>248,231</b>	<b>20,849</b>	<b>35,241</b>	<b>781</b>	<b>357,603</b>
<b>Depreciation</b>							
At 1 January 2019	6,072	-	20,315	-	4,681	561	31,629
Charge for the period	512	98	1,757	-	319	16	2,702
<b>At 31 March 2019</b>	<b>6,584</b>	<b>98</b>	<b>22,072</b>	<b>-</b>	<b>5,000</b>	<b>571</b>	<b>34,325</b>
Charge for the period	1,673	293	6,800	-	1,061	49	9,876
<b>At 31 December 2019</b>	<b>8,257</b>	<b>391</b>	<b>28,872</b>	<b>-</b>	<b>6,061</b>	<b>620</b>	<b>44,201</b>
Charge for the period	712	125	4,176	-	496	14	5,523
<b>At 31 March 2020</b>	<b>8,969</b>	<b>516</b>	<b>33,048</b>	<b>-</b>	<b>6,557</b>	<b>634</b>	<b>49,724</b>
<b>Net book value</b>							
<b>At 31 March 2020</b>	<b>37,711</b>	<b>5,905</b>	<b>215,183</b>	<b>20,849</b>	<b>28,684</b>	<b>147</b>	<b>307,879</b>
At 31 December 2019	37,806	6,030	219,349	16,517	27,952	161	307,815

<sup>(1)</sup> Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

<sup>(2)</sup> Stripping costs

<sup>(3)</sup> Assets under construction at 31 March 2020 were €33.3 million (2019: €77.3 million) which include sustaining capital expenditures.

<sup>(4)</sup> See lease in Note 16.

The above fixed assets are mostly located in Spain.



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## 8. Intangible Assets

(Euro 000's)	Permits <sup>(1)</sup>	Licences, R&D and software	Total
<b>Cost</b>			
At 1 January 2019	76,538	6,026	82,564
Additions	-	443	443
<b>At 31 March 2019</b>	<b>76,538</b>	<b>6,469</b>	<b>83,007</b>
Additions	-	5,006	2,012
Disposals	-	(3,865)	(3,865)
<b>At 31 December 2019</b>	<b>76,538</b>	<b>7,610</b>	<b>84,148</b>
Additions	-	-	-
<b>At 31 March 2020</b>	<b>76,538</b>	<b>6,469</b>	<b>84,148</b>
<b>Amortisation</b>			
On 1 January 2019	10,370	243	10,163
Charge for the period	806	16	822
<b>At 31 March 2019</b>	<b>11,176</b>	<b>259</b>	<b>11,435</b>
Charge for the period	2,632	6,996	9,628
<b>At 31 December 2019</b>	<b>13,808</b>	<b>7,255</b>	<b>21,063</b>
Charge for the period	1,129	14	1,143
<b>At 31 March 2019</b>	<b>14,937</b>	<b>7,769</b>	<b>22,206</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>61,601</b>	<b>341</b>	<b>61,942</b>
At 31 December 2019	62,730	355	63,085

(1) Permits include an amount of €5.0 million related to Proyecto Touro mining rights.

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 the 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 31 March 2020 and thus no impairment has been recognised.

## 9. Inventories

(Euro 000's)	31 Mar 2020	31 Dec 2019
Finished products	4,431	11,024
Materials and supplies	10,774	9,266
Work in progress	953	1,040
	<b>16,158</b>	<b>21,330</b>

As of 31 March 2020, copper concentrate produced and not sold amounted to 6,071 tonnes (31 Dec 2019: 14,201 tonnes). Accordingly, the inventory for copper concentrate was €4.4 million (31 Dec 2019: €11 million).

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.

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## 10. Trade and Other Receivables

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Non-current</b>		
Deposits	499	250
	<b>499</b>	<b>250</b>
<b>Current</b>		
Trade receivables at fair value – <i>subject to provisional pricing</i>	15,317	6,628
Trade receivables from shareholders at fair value – <i>subject to provisional pricing</i> (Note 19.3)	5,141	8,846
Other receivables from related parties at amortised cost (Note 19.3)	56	56
Deposits	28	29
VAT receivable	14,661	15,189
Tax advances	7	-
Prepayments	944	2,082
Other current assets	50	1,510
	<b>36,204</b>	<b>34,340</b>
Allowance for expected credit losses	-	-
<b>Total current trade and other receivables</b>	<b>36,204</b>	<b>34,340</b>

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 book values.

## 11. Share Capital and Share Premium

	Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
<b>Authorised</b>				
Ordinary shares of Stg £0.075 each*	200,000	15,000	-	15,000
<b>Issued and fully paid</b>				
	000's	Euro 000's	Euro 000's	Euro 000's
Balance at 31 December 2018/1 January 2019	137,340	13,372	314,319	327,691
Balance at 31 March 2019	137,340	13,372	314,319	327,691
Balance at 31 December 2019/31 March 2020	137,340	13,372	314,319	327,691

### Authorised capital

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

### Issued capital

There were no changes in share capital during the three months ended 31 March 2020 and 2019.

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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## 11. Share Capital and Share Premium (cont.)

### Warrants

As at 31 March 2020 and 2019, there were no warrants.

## 12. Other Reserves

(Euro 000's)	Share option	Bonus share	Depletion factor <sup>(1)</sup>	Fair value reserve of financial assets at FVOCI <sup>(2)</sup>	Non-Distributable reserve <sup>(3)</sup>	Distributable reserve <sup>(4)</sup>	Total
At 1 January 2019	6,752	208	5,500	(1,115)	1,446	-	12,791
Recognition of depletion factor	-	-	5,378	-	-	-	5,378
Recognition of non-distributable reserve	-	-	-	-	1,984	-	1,984
Recognition of distributable reserve	-	-	-	-	-	1,844	1,844
Recognition of share based payments	53	-	-	-	-	-	53
Change in fair value of financial assets at fair value through OCI	-	-	-	5	-	-	5
<b>At 31 March 2019</b>	<b>6,805</b>	<b>208</b>	<b>10,878</b>	<b>(1,110)</b>	<b>3,430</b>	<b>1,844</b>	<b>22,055</b>
Recognition of share based payments	566	-	-	-	-	-	566
Change in fair value of financial assets at fair value through OCI	-	-	-	(34)	-	-	(34)
Other changes in reserves	-	-	-	-	-	249	249
<b>At 31 December 2019</b>	<b>7,371</b>	<b>208</b>	<b>10,878</b>	<b>(1,144)</b>	<b>3,430</b>	<b>2,093</b>	<b>22,836</b>
Recognition of share based payments	161	-	-	-	-	-	161
Recognition of depletion factor	-	-	8,000	-	-	-	8,000
Recognition of non-distributable reserve	-	-	-	-	2,198	-	2,198
Change in fair value of financial assets at fair value through OCI	-	-	-	(19)	-	-	(19)
Other changes in reserves	-	-	-	-	-	(1)	(1)
<b>At 31 March 2020</b>	<b>7,532</b>	<b>208</b>	<b>18,878</b>	<b>(1,163)</b>	<b>5,628</b>	<b>2,094</b>	<b>33,175</b>

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## 12. Other Reserves (cont.)

- (1) Depletion factor reserve  
At 31 March 2020, the Group has disposed €8.0million as a depletion factor reserve in order to fulfil with the Spanish Corporate Tax Act.
- (2) Fair value reserve of financial assets at FVOCI  
The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in (1) above. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- (3) Non-distributable reserve  
To comply with Spanish Law, the Group needed to record a reserve when profit generated equal to a 10% of profit/(loss) for the year until 20% of share capital is reached.
- (4) Distributable reserve  
The Group reclassified 10% of the profit of 2019 to distributable reserves.

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 31 March 2020:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	813,000
29 May 2019	28-May-2024	2.015	1,292,250
8 July 2019	7 July 2024	2.045	400,000
<b>Total</b>			<b><u>2,505,250</u></b>

  

	Weighted average exercise price £	Share options
At 1 January 2020	2.08	<u>2,505,250</u>
31 March 2020	2.08	<b><u>2,505,250</u></b>

## 13. Trade and Other Payables

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Non-current</b>		
Government grant	<u>13</u>	<u>13</u>
	<b>13</b>	<b>13</b>
<b>Current</b>		
Trade payables	56,729	52,395
Land options and mortgage	271	282
Accruals	4,343	4,860
VAT payable	<u>51</u>	<u>-</u>
	<b><u>61,394</u></b>	<b><u>57,537</u></b>

Trade payables are mainly for the acquisition of materials, supplies and other services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values. Trade payables are non-interest-bearing and are normally settled on 60-day terms.

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## 14. Provisions

(Euro 000's)	Legal costs	Rehabilitation costs	Total costs
<b>1 January 2019</b>	<b>127</b>	<b>6,392</b>	<b>6,519</b>
Additions	5	121	126
Revision of provision	(3)	-	(3)
Finance cost	-	30	30
<b>At 31 March 2019</b>	<b>129</b>	<b>6,543</b>	<b>6,672</b>
Additions	279	17	296
Revision of provision	(20)	(18)	(38)
Finance cost	-	11	11
<b>At 31 December 2019</b>	<b>388</b>	<b>6,553</b>	<b>6,941</b>
Additions	33	-	33
<b>At 31 March 2020</b>	<b>421</b>	<b>6,553</b>	<b>6,974</b>

(Euro 000's)	31 Mar 2020	31 Dec 2019
Non-current	<b>6,974</b>	6,672
<b>Total</b>	<b>6,974</b>	6,672

### 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 31 March 2020 was 1.87%, which is the 15-year Spain Government Bond rate (31 December 2019: 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 31 March 2020. Management has individually reviewed each case and made a provision of €33 thousand for these claims, which has been reflected in these unaudited condensed interim consolidated financial statements.

## 15. Borrowings

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Current borrowings</b>		
Credit facilities	<b>24,197</b>	-
	<b>24,197</b>	-

The Group has uncommitted credit facilities totalling €40.7 million. During the quarter, Atalaya has drawn down some of its existing credit facilities to strengthen the cash position of the Company to provide additional liquidity in view of any potential impacts of the COVID-19 pandemic. The average interest rate on the facilities is 1.35%. The maximum term of the facilities is one year. All borrowings are unsecured.

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## 16. Leases

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Non-current</b>		
Leases	5,265	5,265
	<b>5,265</b>	<b>5,265</b>
<b>Current</b>		
Leases	441	588
	<b>441</b>	<b>588</b>

### Finance leases

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Depreciation expense regarding leases amounts to €0.1 million (2019: €0.4) for the three month period ended 31 March 2020. The duration of the land lease is for a period of thirteen years. Payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 March 2020, the remaining term of this lease is twelve years.

The duration of the motor vehicle and laboratory equipment lease is for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 March 2020, the remaining term of this motor vehicle and laboratory equipment lease is three years and three and half years respectively.

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Minimum lease payments due:</b>		
- Within one year	442	588
- Two to five years	2,134	2,134
- Over five years	3,130	3,131
Present value of minimum lease payments due	<b>5,706</b>	<b>5,853</b>

(Euro 000's)	Lease liability
<b>Balance 1 January 2020</b>	<b>5,853</b>
Additions	-
Interest expense	4
Lease payments	(151)
<b>Balance at 31 March 2020</b>	<b>5,706</b>
<b>Balance at 31 March 2020</b>	
- Non-current liabilities	5,265
- Current liabilities	441
	<b>5,706</b>

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## 17. 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 a deferred consideration of €43.9 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). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing is due to take place on 22 May 2020. As and when a substantive hearing takes place, the Company expects to have clarity on the definition of Excess Cash and the payment schedule of the Deferred Consideration and the Loan Assignment.

As at 31 March 2020, no consideration has been paid.

The amount of the liability recognised by the Group is €53 million. The effect of discounting remains insignificant, in line with prior year's assessment, and therefore the Group has measured the liability for the Deferred Consideration on an undiscounted basis.

## 18. Acquisition, Incorporation and Disposal of Subsidiaries

### 2020

#### Acquisition and incorporation of subsidiaries

There were no acquisition or incorporation of subsidiaries during the three months period ended 31 March 2020.

#### Disposals of subsidiaries

There were no disposals of subsidiaries during the three months period ended 31 March 2020.

#### Wind-up of subsidiaries

There were no operations wound-up during the three months period ended 31 March 2020.

### 2019

#### Acquisition and incorporation of subsidiaries

There were no acquisition nor incorporation of subsidiaries during the three months period ended 31 March 2019.

#### Disposals of subsidiaries

There were no disposals of subsidiaries during the three months period ended 31 March 2019.

#### Wind-up of subsidiaries

There were no operations wound-up during the three months period ended 31 March 2019.



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## 19. Related Party Transactions

The following transactions were carried out with related parties:

### 19.1 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 31 Mar 2020	Three months ended 31 Mar 2019
Directors' remuneration and fees	265	244
Share option-based benefits to directors	56	11
Key management personnel fees	124	114
Share option-based and other benefits to key management personnel	79	25
	<b>524</b>	<b>394</b>

### 19.2 Share-based benefits

The directors and key management personnel have not been granted any options during the three month period ended 31 March 2020 (Q1 2019: nil).

### 19.3 Transactions with related parties/shareholders

#### i) Transaction with shareholders

(Euro 000's)	Three months ended 31 Mar 2020	Three months ended 31 Mar 2019
Trafigura– Revenue from contracts	8,393	11,677
Freight services	-	-
	<b>8,393</b>	<b>11,677</b>
Gain / (losses) relating provisional pricing within sales	(405)	771
	<b>7,988</b>	<b>12,448</b>

#### ii) Period-end balances with related parties

(Euro 000's)	31 Mar 2020	31 Dec 2019
<b>Receivables from related parties:</b>		
Recursos Cuenca Minera S.L.	56	56
<b>Total (Note10)</b>	<b>56</b>	<b>56</b>

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

#### iii) Period-end balances with shareholders

(Euro 000's)	31 Mar 2020	31 Dec 2019
Trafigura – Debtor balance- subject to provisional pricing	5,141	8,918
<b>Total (Note 10)</b>	<b>5,141</b>	<b>8,918</b>

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

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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## 20. 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.

### Receipt of rulings of claims made by an environmental group

On 26 September 2018, Atalaya received notice from the Tribunal Superior de Justicia de Andalucía ("TSJA") 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 filed for appeal to the Supreme Court. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant to ask for permission to appeal to the Supreme Court in Spain.

On 29 March 2019, Atalaya announced the receipt of notification from the Supreme Court in Spain stating that it does not have jurisdiction over the appeal made by the Junta de Andalucía and the Company, which voluntary joined the appeal as co-defendant.

On 7 May 2020, the Company announced the JdA has issued a favourable resolution (the "Resolution") which validates the AAU and ends the legal process. (Refer to Note 22)

In addition to the legal procedure described above, on 26 April 2019, the Company announced a judgment related to the Mining Permits to operate Proyecto Riotinto (the "Mining Permits") was handed down by the TSJA. The TSJA declared the Mining Permits are linked to the Environmental Permits, ruled by the same tribunal on September 2018. The new ruling on the Mining Permits is based on the requirement to have an AAU before issuing mining permits and therefore invalidates the existing Mining Permits. The TSJA has not accepted the requests by EeA for the cessation of activities at the mine and an increase in the scope of the environmental plan.

# Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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## 21. Commitments

There are no minimum exploration requirements at Proyecto Riotinto. However, the Group is obliged to pay local 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.

In 2012, ARM entered into a 50/50 joint venture with Rumbo to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at Proyecto Riotinto (mainly residual gold and silver in the old gossan tailings). Under the joint venture agreement, ARM will be the operator of the joint venture, will reimburse Rumbo for the costs associated with the application for classification of the Class B resources and will fund the initial expenditure of a feasibility study up to a maximum of €2.0 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests.

## 22. Significant Events

### COVID-19 outbreak

On 11 March 2020, the World Health Organization raised the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. The rapid national and international developments represent an unprecedented health crisis, which will impact the macroeconomic environment and business developments. To address this situation, among other measures, the Spanish government declared a state of emergency by publishing Royal Decree 463/2020 of 14 March and approved a series of extraordinary urgent measures to address the economic and social impact of COVID-19 by Royal Decree Law 8/2020 of 17 March. On 17 March 2020, the Company released an update on the measures taken to manage and respond to the pandemic to protect its workforce and local communities surrounding its projects.

In addition, a new Royal Decree was released on 29 March 2020 (the "Royal Decree") implementing enhanced measures to protect the people from the virus. The Royal Decree stipulated that only employees from a short list of essential industries were allowed to continue working from 30 March 2020. Mining was excluded as an essential industry and consequently the Company's Proyecto Riotinto site was required to halt its operations for a period until 3 April 2020 when mining operations were permitted to restart.

The Directors continue monitoring the business and taking appropriate steps to address the situation and reduce its operational and financial impact. After reviewing alternative scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses on alternative commodities prices and considering the associated uncertainties to the Group's operations, the Directors have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, the unaudited condensed interim consolidated financial statements continue to be prepared on a going concern basis.

The Company continues carrying out several measures and implemented an exceptional plan developed for the purpose of protecting its workforce and the people of the surrounding communities to manage the crisis. The main key risk, its impact and the response plans to protect its workforce are: Spread of COVID-19 at the mine site may cause disruption in the production and additional costs. The Group continues the implementation of emergency response plans. Only critical employees for the operation are allowed to enter on site. There are severe distance and hygienical mandatory rules, mandatory body temperature controls, and facilitate systems and tools to work from home for all remaining employees.

Additionally, the Group, up to the date of approval of these unaudited condensed interim financial statements, re-assessed the existence of any impairment indicators and the sensitivity analysis to volatility of commodity prices about its key assets being the mining rights, the property plant and equipment, the intangible assets, deferred taxes, trade receivables and inventories corresponding above 95% of its total assets (excluding cash and cash equivalents). The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these unaudited condensed interim financial statements. Possible scenarios range from (i) further disruption in Proyecto Riotinto; (ii) market volatility in commodity prices; and (iii) availability of existing credit facilities and have considered the capacity of the Group and its single asset Proyecto Riotinto to generate cash, the Group concluded that no impairment indicators are in place.

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## 22. Significant Events (cont.)

### AAU Permits

On 7 May 2020, the Company announced the Junta de Andalucía had issued a favourable resolution which validates the Unified Environmental Authorisation (the "AAU") of Proyecto Riotinto. The Resolution ends the legal process announced by the Company on 26 September 2018 in relation to the judgement made by the Tribunal Superior de Justicia de Andalucía ("TSJA") in connection with the AAU.

### Negative Environmental Impact Statement on Proyecto Touro

The "Dirección Xeral de Calidade Ambiental e Cambio Climático", (the General Directorate for the Environment and Climate Change of Galicia), announced on 28 January 2020 that a negative Environmental Impact Statement for Proyecto Touro (Declaración de Impacto Ambiental) had been signed.

The short release stated that the decision was based on two reports which form part of a wider evaluation consisting of fifteen reports produced by different departments of the Xunta de Galicia. These two reports challenge the ability of the Company to guarantee that there will be no environmental impact of the Project on the Ulla River and related protected ecosystems which are located downstream.

On 7 February 2020, the formal communication from the Xunta de Galicia was published in Galicia's official journal. In the meantime, the Company along with its advisers, is evaluating potential next steps for the Project, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

### New group entity

During the first quarter of 2020, the Company continues the process of establishing in Cyprus a new subsidiary under the name of Atalaya Financing, Limited. The activity of this new company will be financing.

## 23. Events after the Reporting Period

On 7 May, the Company announced the issuance of a favourable resolution to validate the Unified Environmental Authorisation of Proyecto Riotinto. Refer to Note 22.