13 May 2021

Atalaya Mining Plc.
(“Atalaya” and/or the “Group”)

Condensed Interim Consolidated Financial Statements for the three months ended 31 March 2021

Atalaya Mining Plc (AIM: ATYM; TSX: AYM), is pleased to announce its unaudited quarterly results for the three months ended 31 March 2021 (“Q1 2021”), together with its unaudited interim financial statements for Q1 2021.

The Company increased EBITDA to €47.4 million (Q1 2020: €9.3 million) and cash flows from operating activities to €36.8 million (Q1 2020: €15.5 million) in Q1 2021 as a result of robust operational performance at Proyecto Riotinto, combined with strong copper prices.

Unrestricted cash as at 31 March 2021 was €63.6 million up from €37.8 million as at 31 December 2020. Atalaya maintains a strong cash position with net cash of €10.6 million as at 31 March 2021 after drawing down facilities to pay Astor.

The Q1 2021 Unaudited Condensed Interim Consolidated Financial Statements are also available under the Company's profile on SEDAR at www.sedar.com and on Atalaya's website at www.atalayamining.com.

Financial Highlights for Q1 2021

Quarter ended 31 March		**Q1 2021**	**Q1 2020**	**%**
Revenues from operations	€k	**97,380**	61,189	*59.1%*
Operating costs	€k	**(48,026)**	(49,191)	*(2.4%)*
EBITDA	**€k**	**47,443**	9,274	*411.6%*
Profit for the period	€k	**33,702**	2,931	*1,049.8%*
Basic earnings per share	€ cents/share	**24.5**	2.3	*965.2%*
Cash flows from operating activities	€k	**36,803**	15,485	*137.7%*
Cash flows used in investing activities	€k	**(63,930)**	(5,585)	*(1,044.7%)*
Cash flows from financing activities	€k	**52,948**	24,046	*120.2%*
Net cash / (debt) position (1)	€k	**10,588**	(10,977)	*196.5%*
Working capital surplus	€k	**61,028**	7,878	*674.7%*
Average realised copper price	**US$/lb**	**3.62**	2.58	*40.3%*
Cu concentrate produced	(tonnes)	**67,260**	60,003	*12.1%*
Cu production	(tonnes)	**13,979**	13,229	*5.7%*
Cash costs	**US$/lb payable**	**2.04**	1.99	*2.5%*
All-In Sustaining Costs	**US$/lb payable**	**2.46**	2.21	*11.3%*

(1) Includes borrowings and Deferred Consideration liability

- Q1 2021 revenues of €97.4 million (Q1 2020: €61.2million). Higher revenues were the result of higher realised copper prices and slightly larger volumes of concentrate sold.
- Lower Q1 2021 operating costs of €48.0 million (Q1 2020: €49.2 million) due to strong cost control and the one-off nature of several cost items in Q1 2020. These one-off Q1 2020 costs included increased electricity consumption during SAG mill commissioning and increased consumables and maintenance costs required to support the expanded nameplate processing capacity.
- Q1 2021 EBITDA of €47.4 million (Q1 2020: €9.3 million). The increase in EBITDA was driven by higher revenues and lower operating costs compared with Q1 2020.
- Q1 2021 profit after tax of €33.7 million or 24.5 cents basic earnings per share (Q1 2020: €2.9 million or 2.3 cents basic earnings per share).
- Q1 2021 realised average copper prices in Q1 2021 excluding QPs were US$3.84/lb, in line with average spot copper prices during the period of US$3.85/lb.

- Q1 2021 cash costs of US$2.04/lb payable copper are similar to those reported in Q4 2020 (US$2.03/lb) but slightly higher than Q1 2020 (US$1.99/lb) mainly due to a weaker US Dollar/Euro rate in Q1 2021 which offset the higher operating costs in Q1 2020. All-in Sustaining Costs ("AISC") during Q1 2021 amounted to US$2.46/lb payable copper compared with US$2.36/lb payable copper during Q4 2020 and US$2.21/lb in Q1 2020. The increase in AISC during Q1 2021 was driven by higher deferred mining costs capitalised during the period. AISC excludes investment in the tailings dam during the period, which amounted to €2.7 million (Q1 2021: €2.0 million).
- Inventories of concentrate at 31 March 2021 valued at cost amounted to €6.6 million (31 December 2020: €8.6 million).
- As at 31 March 2021, Atalaya's working capital was €61.0 million, representing a €78.9 million increase from a €17.9 million deficit as at 31 December 2020. The increase was mainly due to the impact of the €53 million paid to Astor Management, A.G. ("Astor") in Q1 2021 which was funded by previously established long term unsecured facilities.
- Atalaya´s robust cash flow from operating activities before changes in working capital amounted to €53.1 million in Q1 2021 (Q1 2020: €10.0 million) or €36.8 million after working capital changes (Q1 2020: €15.5 million). Cash flows used in investing activities were €63.9 million, including €53 million paid to Astor (Q1 2020: €5.6 million) and cash flows generated from financing activities were €52.9 million, including unsecured facilities used to fund the payment to Astor (Q1 2020: €24.1 million).

Operating Highlights

Proyecto Riotinto

- Higher key production metrics during Q1 2021 when compared with Q1 2020:
  - Q1 2021 copper production of 13,979 tonnes, an increase of 5.7% compared with 13,229 tonnes produced during Q1 2020.
  - Ore processed during Q1 2021 was 4,005,790 tonnes, an increase of 16.9% on Q1 2020 when ore processed amounted to 3,427,148 tonnes.
  - Q1 2021 copper recovery of 84.90% (Q1 2020: 82.62%).

Proyecto Touro

- As previously announced, on 1 March 2021, Atalaya received formal communication from the local government in Galicia rejecting the plan to develop Proyecto Touro, based on a negative environmental impact statement. This was the official communication of the information reported by the Company in January 2020.
- Despite the negative environmental impact statement, the Company continues to be confident that its approach to Proyecto Touro following international best practices, which includes fully plastic lined tailings with zero discharge, will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to development of the project.

Proyecto Masa Valverde

- Masa Valverde is one of the largest undeveloped volcanogenic massive sulphide deposits in the prolific Iberian Pyrite Belt and is located 28km south west of Proyecto Riotinto. Exploration work continues and will continue through 2021 with first drilling ongoing along with geophysical prospecting.
- Initial works for permitting have been carried out and Atalaya has filed for the environmental permits which are expected during 2022.

Outlook 2021

- Production guidance for FY2021 remains unchanged at between 52,000 and 54,000 tonnes of copper.
- Cash costs and AISC expectations remain unchanged between US$2.25/lb to US$2.35/lb and US$2.50/lb to US$2.65/lb, respectively.

COVID update

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

Legal overview

- On 15 March 2021, the Company approved the early payment of the deferred consideration totalling €53 million (the "Deferred Consideration") to Astor Management, A.G. ("Astor") and consequently, Atalaya has removed the timing uncertainty from its balance sheet.
- The payment was funded by unsecured credit lines from four major Spanish banks having a three-year tenure and an average annual interest rate of approximately 2.00%.
- The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved.
- On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". The Company has now filed its statement of case to set out its formal position and the hearing for the trial will be heard on 21 February 2022.
- Astor applied for the Court to determine at an early stage that particular aspects of the excess cash calculation can be resolved without the need for a full trial. A summary judgement will be heard on 14 June 2021 when Astor will have to demonstrate that Atalaya has no reasonable prospect of success at trial.

Corporate developments

The Company continues exploring opportunities to increase shareholder value:

- *Solar power project.* Given its location in an area with a natural abundance of sunlight, on 24 September 2020, the Company announced the start of the permitting process to develop a 50MW solar plant at Proyecto Riotinto for self-consumption. The solar plant project, in addition to making a significant contribution to reducing carbon emissions, is economically viable and could potentially contribute to reducing operating costs. Permitting continues and the Company expects to complete this part of the process during 2021.
- *E-LIX System.* On 28 October 2020, Atalaya announced it had commenced a feasibility study to evaluate production of copper cathodes at Proyecto Riotinto using the newly developed E-LIX System developed by Lain Technologies, Ltd. It also entered into a Licence Agreement with Lain Technologies, Ltd. to use its patents on an exclusive basis, under certain conditions, within the Iberian pyrite belt in Spain and Portugal. The feasibility study will help Atalaya to understand the economic viability of a new industrial scale plant to produce cathodes from complex sulphide ores prevalent in the Iberian Pyrite Belt through the application of a new leaching process, followed by conventional SX-EW. The production of cathodes has the potential to generate cost savings by reducing charges associated with concentrate transportation, treatment and refining as well as penalties with certain elements, while also reducing carbon emissions.

Alberto Lavandeira, CEO commented:

"*Our strong operating performance and the increased copper prices have led to significant period on period financial growth, positioning Atalaya well for the rest of the year. The excellent operational performance means that the annualised production rate for the quarter is towards the upper end of the 2021 production guidance range. Additionally, we are continually looking to deliver additional value for shareholders, through initiatives designed to decrease our carbon footprint, reduce costs and achieve superior returns, while also protecting the safety of our employees. We are pleased with the strong financial results achieved in Q1 and look forward to the rest of the year, with confidence.*"

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

Contacts:

Newgate Communications	Elisabeth Cowell / Adam Lloyd / Tom Carnegie	+ 44 20 3757 6880
4C Communications	Carina Corbett	+44 20 3170 7973
Canaccord Genuity (NOMAD and Joint Broker)	Henry Fitzgerald-O'Connor / James Asensio	+44 20 7523 8000
BMO Capital Markets (Joint Broker)	Tom Rider / Andrew Cameron	+44 20 7236 1010
Peel Hunt LLP (Joint Broker)	Ross Allister / David McKeown	+44 20 7418 8900

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

Management's review

(All amounts in Euro thousands unless otherwise stated)
For the three months period ended 31 March 2021 and 2020 - (Unaudited)

ATALAYA MINING PLC
MANAGEMENT'S REVIEW AND
UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
31 March 2021
(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 2020 and 31 March 2021 and results of operations for the three months ended 31 March 2021 and 2020.

This report has been prepared as of 12 May 2021. 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 2021. 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 2020, and the unaudited, condensed, interim consolidated financial statements for the three months ended 31 March 2020. These documents can be found on Atalaya's website at www.atalayamining.com.

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

Forward-looking statements

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

1. Incorporation and description of the Business

Atalaya 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 ("AIM") in May 2005 under the symbol ATYM and on the Toronto Stock Exchange ("TSX") on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 31 March 2021.

Atalaya is a European mining and development company and currently owns three mining projects: Proyecto Riotinto, Proyecto Touro and Proyecto Masa Valverde.

Proyecto Riotinto

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 and successfully commissioned in Q1 2020.

Proyecto Touro

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. Proyecto Touro is currently in the permitting process.

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 mineralisation, which will add to the potential of Proyecto Touro.

Proyecto Masa Valverde

On 21 October 2020, the Company announced that it had entered into a definitive purchase agreement to acquire 100% of the shares of Cambridge Mineria España, S.L. (since renamed Atalaya Masa Valverde, S.L.U.), a Spanish company which fully owns the Masa Valverde polymetallic project located in Huelva (Spain). Proyecto Masa Valverde is currently in the permitting process.

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 2021 and 2020 and the three months ended 31 December 2020.

Units expressed in accordance with the international system of units (SI)	Unit	**Three months ended 31 Mar 2021**	Three months ended 31 Mar 2020	Three months ended 31 Dec 2020
Ore mined	t	**3,328,389**	3,029,362	3,507,001
Ore processed	t	**4,005,790**	3,427,148	3,859,852
Copper ore grade	%	**0.41**	0.47	0.43
Copper concentrate grade	%	**20.78**	22.05	20.87
Copper recovery rate	%	**84.90**	82.62	85.69
Copper concentrate	t	**67,260**	60,003	68,969
Copper contained in concentrate	t	**13,979**	13,229	14,332
Payable copper contained in concentrate	t	**13,306**	12,629	13,642
Cash cost*	US$/lb payable	**2.04**	1.99	2.03
All-in sustaining cost*	US$/lb payable	**2.46**	2.21	2.36

(*) Refer to page 8 of the audited consolidated financial statements of Atalaya Mining Plc.

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

Three months operational review

During Q1 2021, 4,005,790 tonnes of ore processed with an average copper head grade of 0.41% and a recovery rate of 84.90%. Compared with Q1 2020, throughput increased 16.9% while recoveries increased 2.8%.

The increase in copper production, when compared with the company's expectations, is mainly attributable to better metallurgical recoveries and higher mill throughput. Compared with Q4 2020 copper production decreased 2.5% as a result of lower grade and recoveries.

Despite ongoing COVID-19 restrictions, mining operations have continued normally with higher production levels compared with the previous quarter. The lower quantity of ore mined from the pit, as per the mine plan, was compensated for by the delivery of stockpiles to the expanded plant.

On-site copper concentrate inventories at the end of Q1 2021 were approximately 9,683 tonnes. All concentrate in stock at the beginning of the Period was delivered to the port at Huelva.

Copper prices increased during Q1 2021 compared with Q4 2020. The average copper spot price during the Period was US$3.85/lb. The realised price during Q1 2021 excluding QPs was approximately US$3.84/lb.

An independent consultant is finalising the Cerro Colorado open pit reserves and resources update taking into consideration recent exploration results and current copper prices, operating costs and geotechnical parameters.

2. 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. The Company is aware that the COVID-19 pandemic may still have further effects of impact on how the Company can manage its operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

Operational guidance

Proyecto Riotinto operational guidance for 2021 remains unchanged. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

	Unit	Guidance 2021
Ore processed	million tonnes	15.1
Contained copper	tonnes	52,000 - 54,000

Copper head grade for 2021 is budgeted to average 0.43% copper, with a recovery rate of approximately 84%. Cash operating costs for 2021 are expected to be in the range of US$2.25/lb – US$2.35/lb. AISC for 2021 is expected to be in the range of US$2.50/lb – US$2.65 /lb copper payable. In addition, the Company expects to spend approximately €17 million in 2021 as part of the project to increase the capacity of the tailings dam. AISC are reported net of the one-off project to increase the capacity of the tailings dam.

3. Overview of the Financial Results

The following table presents summarised consolidated income statements for the three months ended 31 March 2021, with comparatives for the three months ended 31 March 2020.

(Euro 000's)	**Three months ended 31 Mar 2021**	Three months ended 31 Mar 2020
Revenue	**97,380**	61,189
Total operating costs	**(48,026)**	(49,191)
Administrative and other expenses	**(1,573)**	(1,708)
Exploration expenses	**(120)**	(902)
Care and maintenance expenditure	**(218)**	(114)
EBITDA	**47,443**	9,274
Depreciation/amortisation	**(8,944)**	(6,666)
Impairment loss on other receivables	**-**	(45)
Net foreign exchange gain	**2,930**	445
Net finance cost	**(82)**	(11)
Tax	**(7,645)**	(66)
Profit for the period	**33,702**	2,931

Three months financial review

Revenues for the three-month period ended 31 March 2021 amounted to €97.4 million (Q1 2020: €61.2 million). Higher revenues, compared with the same quarter in the previous year, were mainly driven by slightly higher concentrate sold and higher copper prices.

Realised prices of US$3.62/lb copper during Q1 2021 compared with US$2.58/lb copper in Q1 2020.

Operating costs for the three-month period ended 31 March 2021 amounted to €48.0 million, compared with €49.2 million in Q1 2020. Normalised operating costs in Q1 2021 are lower compared with Q1 2020, which was higher due to one-offs associated with the ramp up of the SAG mill, mainly in electricity consumables, and other maintenance costs required to achieve the nameplate processing capacity.

Cash costs of US$2.04/lb payable copper during Q1 2021 compared with US$1.99lb payable copper in the same period last year. Higher cash costs mainly due to a weaker US Dollar rates against Euro. AISC excluding investment in tailings dam previously reported as sustaining capex for Q1 2021 were US$2.46/lb payable copper compared to US$2.27/lb payable copper in Q1 2020.The increase is mainly owing to the increase in capitalised stripping costs, which amounted to €4.2 million in Q1 2021 compared with €1.2 million invested in Q1 2020.

Sustaining capex for Q1 2021 amounted to €1.9 million compared with €1.3 million in Q1 2020. Sustaining capex mainly related to continuous enhancements in the processing systems of the plant. In addition, the Company invested €2.7 million in the project to increase the tailings dam during Q1 2021.

Administrative and other expenses amounted to €1.6 million (Q1 2020: €1.7 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 2021 amounted to €0.1 million, lower than Q1 2020 (€0.9 million). The decrease in costs was due to Masa Valverde exploration works being completed at the end of Q1 2020.

EBITDA for the three months ended 31 March 2021 amounted to €47.4 million compared with Q1 2020 of €9.3 million.

The main item below the EBITDA line is depreciation and amortisation of €8.9 million (Q1 2020: €6.7 million). Higher depreciation mainly due to the increase of plant assets as result of the completion of the 15M Expansion Project and the costs capitalised at the end of 2020 in respect of the increased rehabilitation provision. Net financing costs for Q1 2021 amounted to €82k compared with €11k in Q1 2020.

Net foreign exchange gain in Q1 2021 totalled €2.9 million (Q1 2020: €0.4 million). Increase compared to comparative period due to: the net impact of greater USD:EUR rate variance impact and larger US dollar exchange balances resulted from higher sales.

Income tax expense booked in Q1 2021 amounted to €7.6 million (Q1 2020: €0.1 million). Higher expenses compared to comparative period is due to income tax expense of €7.6 million posted on Proyecto Riotinto's legal entity (Q1 2020: nil) mainly reflecting the higher profit in Q1 2021.

Copper prices

The average realised copper price increased 40.3% from US$2.58 per pound in Q1 2020 to US$3.62 per pound in Q1 2021.

The average prices of copper for the three months ended 31 March 2021 and 2020 are summarised below:

(USD)	**Three months ended 31 Mar 2021**	Three months ended 31 Mar 2020
Realised copper price per lb	**3.62**	2.58
Market copper price per lb	**3.85**	2.56

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices for shipments during the quarter plus final settlements of quotation periods ("QPs") from previous months. Market spot prices were higher than realised copper prices reported are mainly due to final settlement of QPs booked in Q1 2021 referred to shipments from previous quarters with lower copper spot prices. The realised price of shipments during the quarter excluding QP was approximately US$3.84/lb, in line with market spot prices.

3. 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, but excludes one-off sustaining capital projects, such as the tailings dam project.

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, if any, expressed in USD per pound of payable copper. Realised price is consistent with the widely accepted industry standard definition.

Cash cost methodology

During the last quarter of 2020, AISC was recalculated to exclude the one-of tailings dam project. Further details including the impact on earlier quarters are given in the 2020 audited financial statements.

4. 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 2021 and 31 December 2020.

Liquidity information

(Euro 000's)	31 March 2021	31 December 2020
Unrestricted cash and cash equivalents at Group level	**49,294**	24,519
Unrestricted cash and cash equivalents at Operation level	**14,295**	13,248
Consolidated cash and cash equivalents	**63,589**	37,767
Net cash / (debt) position [(1)]	**10,588**	(15,233)
Working capital surplus/(deficit)	**61,028**	(17,904)

(1) Includes borrowings and Deferred Consideration liability

Unrestricted cash and cash equivalents as at 31 March 2021 increased to €63.6 million from €37.8 million at 31 December 2020. The increase in cash balances is the result of net cash flow incurred in the period and draw down of credit facilities offset by the payment of the deferred consideration. Cash balances are unrestricted and include balances at the operational and corporate levels.

As of 31 March 2021, Atalaya reported a working capital surplus of €61.0 million, compared with a working capital deficit of €17.9 million at 31 December 2020. 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 during Q1 2021. The increase in working capital resulted from higher cash balance as well as payment of the deferred consideration, which was included in current liabilities at the end of 2020, by utilising long-term credit facilities.

Overview of the Group's cash flows

(Euro 000's)	Three months ended 31 Mar 2021	Three months ended 31 Mar 2020
Cash flows from operating activities	**36,803**	15,485
Cash flows used in investing activities	**(63,930)**	(5,585)
Cash flows from financing activities	**52,948**	24,046
Net increase in cash and cash equivalents	**25,821**	33,946

Three months cash flows review

Cash and cash equivalents increased by €25.8 million during the three months ended 31 March 2021. This was due to the net results of cash generated from operating activities amounting to €36.8 million, the cash used in investing activities amounting to €63.9 million and the cash generated from financing activities totalling €52.9 million.

Cash generated from operating activities before working capital changes was €53.1 million. Atalaya increased its trade receivables in the period by €9.0 million, decreased its inventory levels by €3.3 million and decreased its trade payables by €9.5 million.

Investing activities during the quarter consumed €63.9.9 million, relating mainly to the early payment of the deferred consideration to Astor Management, A.G. and the tailings dams project and continuous enhancements in the processing systems of the plant.

Financing activities during the quarter generated €52.9 million driven by the use of existing unsecured credit facilities to pay the Deferred Consideration. The payment was financed by unsecured credit lines by four major Spanish banks having a three-year tenure and an average annual interest rate of approximately two per cent (refer to note 6).

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 2021, Atalaya recognised a foreign exchange profit of €2.9 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 2021	Three months ended 31 Mar 2020
Average rates for the period		
GBP – EUR	**0.8739**	0.8493
USD – EUR	**1.2048**	1.1100
Spot rates as at end of the period		
GBP – EUR	**0.8521**	0.8864
USD – EUR	**1.1725**	1.0956

5. 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 among other items. 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". The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the "Trial"). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the "Excess Cash" (the "Summary Judgment application"). The Summary Judgment application will be heard on 14-15 June 2021. Astor will need to demonstrate (i) Atalaya has no reasonable prospect of success at Trial: and (ii) there is no other compelling reason why the case or issue should be disposed of at Trial.

As at 31 December 2020, no consideration was paid to Astor. However, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

On 15 March 2021, the Company fulfilled all conditions required by the Board of Directors and made the early payment of €53 million to Astor. The payment was fully funded by unsecured credit facilities entered into between December 2020 and February 2021 at interest rates ranging from 1.60% to 2.45% and repayable by 2023 and 2024.

The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, the Company continues with these aspects of the case.

6. Corporate Social Responsibility

Fundación Atalaya Riotinto ("Fundación") has continued its efforts to develop a range of social responsibility initiatives during Q1 2021.

The Fundación has entered into the next stage of its training programme for unemployed people from the local surrounding communities, which is also supported by Atalaya's main contractors. The programme has now started the working experience phase, where participants enjoy work experience within supportive companies to implement the skills learned during the programme and to initiate a professional career in the mining industry.

During Q1 2021, the Fundación also cooperated in several initiatives within the municipalities of the area, including: (i) a plan to pave streets in Riotinto town to improve local infrastructure; (ii) a programme to trim and cut trees and vegetation in public parks and streets of affected towns; and (iii) funding the acquisition of two bio woodchippers to recycle branches and green waste.

The Fundación is finalising an agreement with the Minas de Riotinto local government to grant access to Corta Atalaya and its tourism prospects.

Finally, the Fundación is renewing the global cover agreement with all municipalities affected by the operation to collaborate with and fund social activities, including infrastructure, education, environmental, diversification and historical heritage conservation.

7. Health and Safety

The results for Q1 2021 continue a positive trend compared with the previous year with two accidents with minor injuries during the period.

During Q1 2021, the SAR-CoV2 control tests continued to be carried out on site at the health clinic, as well as the other actions implemented to prevent the spread of the virus. The number of nurses on duty at the facility has been increased to 24 hours a day and seven days a week, which also allows contractors to carry out these tests on their workers.

Atalaya has developed protocols, acquired sampling equipment and agreed with the Health and Safety Committee on the control of psychoactive substances in employees to prevent work under the influence of drugs, which to date it has already developed with regards to alcohol.

8. Environment

During Q1 2021, no environmental incidents have been recorded at Proyecto Riotinto.

The additional measures contemplated in the action plan against dust have continued, intensifying periodic irrigation, implementing new coordination measures, and carrying out exhaustive monitoring of the emissions generated in the operation.

Environmental inspections have continued, focusing on the storage and handling of chemical products, order and cleanliness, waste management and good environmental practices, both for Atalaya personnel and contractors. In January 2021, an environmental ranking was launched with the aim of assessing the efforts made by operating contractors in Proyecto Riotinto to continuously improve their environmental performance.

Planned actions in the conservation of the natural environment have been carried out, including the start of the Forest Fire Prevention Plan, a census of bats and the translocation of some of the existing populations of "Erica Andevalensis" (an endemic species to the mining area).

The improvement and optimisation of waste management continues in Proyecto Riotinto. During this quarter, work has been carried out at the recycling centre to improve the segregation and separation of waste, contributing to an improvement in safety, order and cleanliness at this facility.

Lastly, the specific training in waste and environmental emergencies that Atalaya is providing to all employees has continued during the quarter.

9. 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 2020.

The Company continues to monitor the principal risks and uncertainties that could materially impact the Company's results and operations, including the areas of increasing uncertainty such as COVID-19 (refer to point 12 below).

10. 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 2020.

11. COVID-19 impact

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 made net drawdowns on existing credit facilities in March 2020 which were repaid before the end of Q3 2020.

Refer to Note 2.1(b) of the Financial Statement for the on-going analysis carried out by the Company to evaluate the current impact of COVID-19 and potential scenario review by Management under the uncertainty on the pandemic.

12. Other Information

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

Interim Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)
For the three months period ended 31 March 2021 and 2020 - (Unaudited)

(Euro 000's)	Notes	**Three months ended 31 March 2021**	Three months ended 31 March 2020
Revenue	4	**97,380**	61,189
Operating costs and mine site administrative expenses		**(47,872)**	(49,030)
Mine site depreciation and amortization		**(8,944)**	(6,666)
Gross profit		**40,564**	5,493
Administration and other expenses		**(1,573)**	(1,708)
Share-based benefits	12	**(154)**	(161)
Impairment loss on other receivables		**-**	(45)
Care and maintenance expenditure		**(218)**	(114)
Exploration expenses		**(120)**	(902)
Operating profit		**38,499**	2,563
Net foreign exchange gain		**2,930**	445
Net finance costs	5	**(82)**	(11)
Profit before tax		**41,347**	2,997
Tax		**(7,645)**	(66)
Profit for the period		**33,702**	2,931
Profit for the period attributable to:			
- Owners of the parent		**33,858**	3,175

- Non-controlling interests		**(156)**	(244)
		33,702	2,931
Earnings per share from operations attributable to equity holders of the parent during the period:			
Basic earnings per share (EUR cents per share)	6	**24.5**	2.3
Fully diluted earnings per share (EUR cents per share)	6	**24.0**	2.3
Profit for the period			
Other comprehensive income:		**33,702**	2,931
Change in fair value of financial assets through other comprehensive income 'OCI'		**9**	(19)
Total comprehensive profit for the period		**33,711**	2,912
Total comprehensive profit for the period attributable to:			
- Owners of the parent		**33,867**	3,156
- Non-controlling interests		**(156)**	(244)
		33,711	2,912

The notes 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 2021 and 31 December 2020 - (Unaudited)

(Euro 000's)	Note	31 March 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	7	**330,453**	327,174
Intangible assets	8	**58,566**	59,816
Trade and other receivables	10	**2,854**	2,715
Non-current financial assets		**1,101**	1,101
Deferred tax asset		**8,716**	8,805
		401,685	399,611
Current assets			
Inventories	9	**20,296**	23,576
Trade and other receivables	10	**52,667**	43,191
Tax refundable		**159**	815
Other financial assets		**95**	86
Cash and cash equivalents		**63,588**	37,767
		136,805	105,435
Total assets		**538,490**	505,046
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	11	**13,443**	13,439
Share premium	11	**315,805**	315,714
Other reserves	12	**52,001**	40,049
Accumulated profits/(losses)		**6,556**	(15,512)
		387,805	353,690
Non-controlling interests		**(3,646)**	(3,491)
Total equity		**384,159**	350,199
Liabilities			
Non-current liabilities			

Trade and other payables	13	**1,463**	1,448
Provisions	14	**27,836**	25,264
Leases	16	**4,807**	4,796
Borrowings	15	**44,458**	-
		78,564	31,508
Current liabilities			
Trade and other payables	13	**58,917**	68,437
Leases	16	**433**	592
Borrowings	15	**8,542**	53,000
Current tax liabilities		**7,875**	1,310
		75,767	123,339
Total liabilities		**154,331**	154,847
Total equity and liabilities		**538,490**	505,046

The notes 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 period ended 31 March 2021 and 2020 - (Unaudited)

(Euro 000's)	Note	Share capital	Share premium[1]	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
At 1 January 2020		**13,372**	**314,319**	**22,836**	**(30,669)**	**319,858**	**(2,402)**	**317,456**
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		-	-	(19)	3,175	3,156	(244)	2,912
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		
At 31 March 2020		13,372	314,319	33,175	(37,664)	323,202	(2,646)	320,556
Profit for the period		-	-	-	28,304	28,304	(845)	27,459
Change in fair value of financial assets through OCI		-	-	63	-	63	-	63
Total comprehensive income		-	-	63	28,304	28,367	(845)	27,522
Transactions with owners								
Issuance of share capital	11	67	1,395	-	-	1,462	-	1,462
Recognition of share-based payments	12	-	-	655		655	-	655
Recognition of depletion factor	12			6,155	(6,155)	-	-	-
Other changes in equity				1	3	4	-	4
At 31 December 2020/1 January 2021		**13,439**	**315,714**	**40,049**	**(15,512)**	**353,690**	**(3,491)**	**350,199**
Profit for the period		**-**	**-**	**-**	**33,858**	**33,858**	**(155)**	**33,703**
Change in fair value of financial assets through OCI		**-**	**-**	**9**	**-**	**9**	**-**	**9**
Total comprehensive income		**-**	**-**	**9**	**33,858**	**33,867**	**(155)**	**33,712**
Transactions with owners								
Issuance of share capital	11	**4**	**91**	**-**	**-**	**95**	**-**	**95**
Recognition of share-based payments	12	**-**	**-**	**153**	**-**	**153**	**-**	**153**
Recognition of depletion factor	12	**-**	**-**	**6,100**	**(6,100)**	**-**	**-**	**-**
Recognition of non-distributable reserve	12	**-**	**-**	**1,179**	**(1,179)**	**-**	**-**	**-**
Recognition of distributable reserve	12	**-**	**-**	**4,511**	**(4,511)**	**-**	**-**	**-**
At 31 March 2020		**13,443**	**315,805**	**52,001**	**6,556**	**387,805**	**(3,646)**	**384,159**

(1) The share premium reserve is not available for distribution

The notes 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 period ended 31 March 2021 and 2020 - (Unaudited)

(Euro 000's)	Notes	Three months ended 31 March 2021	Three months ended 31 March 2020
Cash flows from operating activities			
Profit before tax		**41,347**	2,997
Adjustments for:			
Depreciation of property, plant and equipment	7	**7,611**	5,523
Amortisation of intangibles	8	**1,333**	1,143
Recognition of share-based payments	12	**154**	161
Interest income	5	**-**	(2)
Interest expense	5	**76**	8
Legal provisions	14	**2,529**	33
Impairment loss on other receivables		**-**	45
Unrealised foreign exchange loss on financing activities		**83**	62
Cash inflows from operating activities before working capital changes		**53,133**	9,970
Changes in working capital:			
Inventories	9	**3,280**	5,172
Trade and other receivables	10	**(8,954)**	(2,237)
Trade and other payables	13	**(9,517)**	3,871
Cash flows from operations		**37,942**	16,776
Interest expense on lease liabilities	5	**(7)**	(4)
Interest paid	5	**(76)**	(8)
Tax paid		**(1,056)**	(1,279)
Net cash from operating activities		**36,803**	15,485
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**(10,847)**	(5,587)
Purchase of intangible assets	8	**(83)**	-
Payment of deferred consideration	17	**(53,000)**	-
Interest received	5	**-**	2
Net cash used in investing activities		**(63,930)**	(5,585)
Cash flows from financing activities			
Lease payments	16	**(161)**	(151)
Proceeds from borrowings	15	**53,015**	24,197
Proceeds from issuance of shares	11	**94**	-
Net cash flows from financing activities		**(52,948)**	24,046
Net increase in cash and cash equivalents		**25,821**	28,946
Cash and cash equivalents:			
At beginning of the period		**37,767**	8,077
At end of the period		**63,588**	42,023

The notes 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 period ended 31 March 2021 and 2020 - (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 2021.

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

Change of name and share consolidation

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

Principal activities

Atalaya is a European mining and development company. 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.

The Group currently owns three mining projects: Proyecto Riotinto, Proyecto Touro and Proyecto Masa Valverde.

Proyecto Riotinto

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.

Proyecto Touro

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. Proyecto Touro is currently in the permitting process.

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.

Proyecto Masa Valverde

On 21 October 2020, the Company announced that it entered into a definitive purchase agreement to acquire 100% of the shares of Cambridge Mineria España, S.L. (since renamed Atalaya Masa Valverde, S.L.U.), a Spanish company which fully owns the Masa Valverde polymetallic project located in Huelva (Spain). Under the terms of the agreement Atalaya will make an aggregate €1.4 million cash payment in two instalments of approximately the same amount. The first payment is to be executed once the project is permitted and second and final payment when first production is achieved from the concession. Proyecto Masa Valverde is currently in the permitting process.

2. Basis of Preparation and Accounting Policies

2.1 Basis of preparation

(a) Overview

These condensed interim consolidated financial statements are unaudited.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. International Financial Reporting Standards ("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). The standards applicable for IFRS's as adopted by the EU are aligned with the IFRS's as issued by the IASB.

The unaudited consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period.

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 2020.

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 2020. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

(b) Going concern

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

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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have a material impact on the unaudited condensed interim consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

• A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

• Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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).

Financial assets (Euro 000's)	Level 1	Level 2	Level 3	Total
31 March 2021				
Other financial assets				
Financial assets at FV through OCI	**95**	**-**	**1,101**	**1,196**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**31,631**	**-**	**31,631**
Total	**95**	**31,631**	**1,101**	**32,827**
31 December 2020				
Other financial assets				
Financial assets at FV through OCI	86	-	1,101	1,187
Trade and other receivables				
Receivables (subject to provisional pricing)	-	24,250	-	24,250
Total	86	24,250	1,101	25,437

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 3.3 of the 2020 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). in addition, the Group has spot agreements for the concentrates not committed to off-takers.

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.

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 31 March 2021				
Revenue	**14,954**	**82,426**		**97,380**
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**12,590**	**34,869**	**(16)**	**47,443**
Depreciation/amortisation charge	**-**	**(8,944)**	**-**	**(8,944)**
Net foreign exchange gain	**555**	**2,374**	**2**	**2,931**
Finance cost	**-**	**(83)**	**-**	**(83)**
Profit/(loss) before tax	**13,145**	**28,216**	**(14)**	**41,347**
Tax	**-**	**(7,645)**	**-**	**(7,645)**
Profit for the period				**33,702**
Total assets	**79,788**	**457,544**	**1,158**	**538,490**
Total liabilities	**(1,517)**	**(152,778)**	**(36)**	**(154,331)**
Depreciation of property, plant and equipment	**-**	**7,611**	**-**	**7,611**
Amortisation of intangible assets	**-**	**1,333**	**-**	**1,333**
Total additions of non-current assets	**-**	**17,588**	**-**	**17,588**
Three months ended 31 March 2020				
Revenue	4,126	57,063	-	61,189
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 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)
Profit for the period	2,231	735	(35)	2,931
Total assets	29,924	437,094	1,163	468,181
Total liabilities	(12,946)	(134,437)	(242)	(147,625)
Depreciation of property, plant and equipment	-	5,523	-	5,523
Amortisation of intangible assets	-	1,143	-	1,143
Total additions of non-current assets	-	12,007	-	12,007

4. Revenues

(Euro 000's)	**Three months ended 31 March 2021**	Three months ended 31 March 2020
Revenue from contracts with customers (1)	**92,700**	64,161
Fair value gains/(losses) relating to provisional pricing within sales (2)	**4,680**	(2,972)
Total revenue	**97,380**	61,189

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

(1) Included within Q1 2021 revenue, there is a transaction price of €0.3 million (€0.9 million in Q1 2020) 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

(Euro 000's)	**Three months ended 31 March 2021**	Three months ended 31 March 2020
Interest expense:		
Other interest	**(76)**	(8)
Interest expense on lease liabilities	**(7)**	(4)
Interest income	**-**	2
	(83)	(10)

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:

(Euro 000's)	**Three months ended 31 March 2021**	Three months ended 31 March 2020
Parent company	**(368)**	(621)
Subsidiaries	**34,226**	3,796
Profit attributable to equity holders of the parent	**33,858**	3,175
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	**138,163**	137,339
Basic profit per share (EUR cents/share)	**24.5**	2.3
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	**140,928**	139,844
Fully diluted profit per share (EUR cents/share)	**24.0**	2.3

As at 31 March 2021, there are nil warrants (Note 11) and 2,746,250 options (Note 12) (31 March 2020: nil warrants and 2,505,250 options). Warrants and options are included when calculating the weighted average number of shares.

7. Property, Plant and Equipment

(Euro 000's)	Land and buildings	Right of use assets (5)	Plant and machinery	Assets under construction(3)	Deferred mining costs(2)	Other assets(1)	Total
Cost							
At 1 January 2020	46,063	6,421	248,221	16,517	34,013	781	352,016
Additions	-	-	10	4,332	1,288	-	5,587
Advances	17						
At 31 March 2020	46,080	6,421	248,231	20,849	35,241	781	357,603
Additions		148	2,268	12,531	6,567	20	21,534
Increase in rehab. provision	17,954(4)	-		-	-	-	17,954
Reclassifications	-	-	17,552	(17,552)			-
At 31 December 2020	**64,034**	**6,569**	**268,051**	**15,828**	**41,868**	**801**	**397,151**
Additions	**43**	**-**	**1,621**	**4,990**	**4,236**	**-**	**10,890**
Reclassifications	**-**	**-**	**587**	**(587)**	**-**	**-**	**-**

At 31 March 2021	**64,077**	**6,569**	**270,259**	**20,231**	**46,104**	**801**	**408,041**
Depreciation							
At 1 January 2020	8,257	391	28,872	-	6,061	620	44,201
Charge for the period	712	125	4,176	-	496	14	5,523
At 31 March 2020	8,969	516	33,048	-	6,557	634	49,724
Charge for the period	2,702	440	15,081	-	1,971	49	20,243
Disposals	-	-	5	-	-	5	10
At 31 December 2020	**11,671**	**956**	**48,134**	**-**	**8,528**	**688**	**69,977**
Charge for the period	**1,176**	**148**	**5,552**	**-**	**728**	**7**	**7,611**
At 31 March 2021	**12,847**	**1,104**	**53,686**	**-**	**9,256**	**695**	**77,588**
Net book value							
At 31 March 2021	**51,230**	**5,465**	**216,573**	**20,231**	**36,848**	**106**	**330,453**
At 31 December 2020	52,363	5,613	219,917	15,828	33,340	113	327,174

(1) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.
(2) Stripping costs
(3) Assets under construction at 31 March 2021 were €20.2 million (2020: €20.8 million) which include sustaining capital expenditures and tailings dams project.

(4) Increase in lands related with the rehabilitation provision amounting to €17,941k
(5) See lease in Note 16.

The above fixed assets are mostly located in Spain.

8. Intangible Assets

(Euro 000's)	Permits [(1)]	Licences, R&D and software	Total
Cost			
At 1 January 2020	76,538	7,610	84,148
Additions	-	-	-
At 31 March 2020	76,538	7,610	84,148
Additions	1,672[(2)]	1,312	2,984
Disposals	-	(327)	(327)
At 31 December 2020	**78,210**	**8,595**	**86,805**
Additions	-	83	83
At 31 March 2021	**78,210**	**8,678**	**86,888**
Amortisation			
On 1 January 2020	13,808	7,255	21,063
Charge for the period	1,129	14	1,143
At 31 March 2020	14,937	7,769	22,206
Charge for the period	3,746	537	4,283
At 31 December 2020	**18,683**	**8,306**	**26,989**
Charge for the period	**1,316**	**17**	**1,333**
At 31 March 2021	**19,999**	**8,323**	**28,322**
Net book value			
At 31 March 2021	**58,211**	**355**	**58,566**
At 31 December 2020	59,527	289	59,816

(1) Permits include an amount of €5.0 million related to Proyecto Touro mining rights
(2) Additions resulting from the acquisition of Atalaya Masa Valverde SLU.

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 2021 and thus no impairment has been recognised.

9. Inventories

(Euro 000's)	31 Mar 2021	31 Dec 2020
Finished products	**6,663**	8,642
Materials and supplies	**12,216**	13,764
Work in progress	**1,417**	1,170
	20,296	23,576

As of 31 March 2021, copper concentrate produced and not sold amounted to 9,683 tonnes (31 Dec 2020: 12,180 tonnes). Inventory for copper concentrate are valued at cost and was €6.7 million as at 31 March 2021 (31 Dec 2020: €8.6 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.

10. Trade and Other Receivables

(Euro 000's)	31 Mar 2021	31 Dec 2020
Non-current		
Deposits	**48**	48
Loans	**2,801**	2,667
	2,849	2,715
Current		
Trade receivables at fair value – *subject to provisional pricing*	**22,581**	20,304
Trade receivables from shareholders at fair value – *subject to provisional pricing* (Note 19.3)	**9,050**	3,946
Other receivables from related parties at amortised cost (Note 19.3)	**56**	56
Deposits	**21**	21
VAT receivable	**16,499**	15,816
Tax advances	**9**	9
Prepayments	**4,339**	2,507
Other current assets	**112**	522
	52,667	43,191
Allowance for expected credit losses	**-**	-
Total current trade and other receivables	**55,516**	45,906

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.

Loans are related to an agreement entered by the Group and Lain Technologies Ltd in relation to the construction of the pilot plan to develop the E-LIX System. The Loan is secured with the pilot plant, has a grace period of up to four years and repayment terms depending on future investments on the system. Amounts withdrawn bears interest at 2%

11. Share Capital and Share Premium

	Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
Authorised				
Ordinary shares of Stg £0.075 each*	200,000	15,000	-	15,000

Issue Date	Price (£)	Details	000's	Euro 000's	Euro 000's	Euro 000's
Issued and fully paid						
31 December 2019/1 January 2020			137,340	13,372	314,319	327,691
Balance at 31 March 2020			137,340	13,372	314,319	327,691
22 Dec 2020	2.015	Exercised share options [(b)]	228	19	491	510
22 Dec 2020	1.475	Exercised share options [(b)]	41	3	65	68
22 Dec 2020	1.440	Exercised share options [(b)]	499	42	758	800
22 Dec 2020	2.302	Bonus share to former Key management [(c)]	33	3	81	84
31 December 2020/1 January 2021			**138,141**	**13,439**	**315,714**	**329,153**
17 Feb 2021	2.015	Exercised share options[(a)]	41	4	91	95
31 March 2021			**138,182**	**13,443**	**315,805**	**329,248**

Authorised capital

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

Issued capital

(a) On 12 February 2021, the Company was notified that certain employees exercised options over 40,750 ordinary shares of £0.075 at a price of £2.015, thus creating a share premium of €91k.

(b) On 22 December 2020, the Company was notified that certain employees exercised options over 768,250 ordinary shares of £0.075 at a price between £1.44 to £2.015, thus creating a share premium of €1,314k.

(c) On 22 December 2020, the Company granted a bonus share to a former Key management of 33,333 ordinary shares of £0.075 at a price £2.302.

Warrants

As at 31 March 2021 and 2020, there were no warrants.

12. Other Reserves

(Euro 000's)	Share option	Bonus share	Depletion factor[(1)]	Fair value reserve of financial assets at FVOCI [(2)]	Non-Distributable reserve[(3)]	Distributable reserve[(4)]	Total
At 1 January 2020	7,371	208	10,878	(1,144)	3,430	2,093	22,836
Recognition of depletion factor	-	-	8,000	-	-	-	8,000
Recognition of non-distributable reserve	-	-	-	-	2,198	-	2,198

Recognition of distributable reserve	-	-	-	-	-	1,844	1, 844
Recognition of share based payments	161	-	-	-	-	-	161
Change in fair value of financial assets at fair value through OCI	-	-	-	19	-	-	19
Other changes in reserve	-	-	-	-	-	(1)	(1)
At 31 March 2020	7,532	208	18,878	(1,163)	5,628	2,094	33,175
Recognition of depletion factor	-	-	6,155	-	-	-	6,155
Recognition of share based payments	655	-	-	-	-	-	655
Change in fair value of financial assets at fair value through OCI	-	-	-	63	-	-	63
Other changes in reserves	-	-	-	-	-	(1)	(1)
At 31 December 2020	**8,187**	**208**	**25,033**	**(1,100)**	**5,628**	**2,093**	**40,049**
Recognition of share based payments	**154**	**-**	**-**	**-**	**-**	**-**	**154**
Recognition of depletion factor	**-**	**-**	**6,100**	**-**	**-**	**-**	**6,100**
Recognition of non-distributable reserve	**-**	**-**	**-**	**-**	**1,179**	**-**	**1,179**
Recognition of distributable reserve	**-**	**-**	**-**	**-**	**-**	**4,510**	**4,510**
Change in fair value of financial assets at fair value through OCI	**-**	**-**	**-**	**9**	**-**	-	**9**
At 31 March 2021	**8,341**	**208**	**31,133**	**(1,091)**	**6,807**	**6,603**	**52,001**

(1) Depletion factor reserve
At 31 March 2021, the Group has disposed €6.1million 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 2020 to distributable reserves.

In general terms, share 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 2021:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	314,000
29 May 2019	28-May-2024	2.015	1,023,750
8 July 2019	7 July 2024	2.045	400,000
30 June 2020	29 June 2030	1.475	1,008,500
Total			**2,746,250**

	Weighted average exercise price £	Share options
At 1 January 2021	1.759	2,787,000
Options executed during the year	2.015	(40,750)
31 March 2021	1.755	**2,746,250**

13. Trade and Other Payables

(Euro 000's)	31 Mar 2021	31 Dec 2020
Non-current		
Other non current payables	**1,435**	1,435
Government grant	**28**	13
	1,463	1,448
Current		
Trade payables	**54,609**	63,946
Accruals	**4,181**	4,355
VAT payable	**51**	60
Other	**76**	76
	58,917	68,437

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.

14. Provisions

(Euro 000's)	Legal costs	Rehabilitation costs	Total costs
1 January 2020	388	6,553	6,941
Additions	33	-	33
At 31 March 2020	421	6,553	6,974
Additions	278	-	278
Revision of provision	(73)	17,941	17,868
Finance cost	-	144	144
At 31 December 2020	**626**	**24,638**	**25,264**
Additions	**2,617**	**43**	**2,660**
Reversal of provision	**(88)**	**-**	**(88)**
At 31 March 2021	**3,155**	**24,681**	**27,836**

(Euro 000's)	31 Mar 2021	31 Dec 2020
Non-current	**27,836**	25,264
Total	**27,836**	25,264

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 2021 was 1.36%, which is the average 15-year Spain Government Bond rate from 2016-2020 (31 December 2020: 1.36%, 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 2021. Management has individually reviewed each case and made a provision of €2.7 million for these claims, which has been reflected in these unaudited condensed interim consolidated financial statements.

15. Borrowings

(Euro 000's)	31 Mar 2021	31 Dec 2020
Non-current borrowings		
Credit facilities	**44,458**	-
	44,458	-
Current borrowings		
Credit facilities	**8,842**	**-**
	8,542	**-**

The Group had uncommitted credit risks totalling €113.5 million. During the quarter, Atalaya has drawn down some of its existing credit facilities to pay the Deferred Consideration (Note 17). Interest rates of existing credit facilities, including facilities used to pay the Deferred Consideration, range from 1.60% to 2.45% and the average interest rate on all facilities used and unused is 1.79%. The maximum term of the facilities is three years. All borrowings are unsecured.

16. Leases

(Euro 000's)	31 Mar 2021	31 Dec 2020
Non-current		
Leases	**4,807**	4,796
	4,807	4,796
Current		
Leases	**433**	592
	433	592

Finance leases

The Group entered into lease arrangements for the renting of land and building, 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 €0.2 million (2020: €0.1 million) for the three month period ended 31 March 2021. The duration of the land and building lease is for a period of twelve years. Payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 March 2021, 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 2021, the remaining term of this motor vehicle and laboratory equipment lease is two years and three and half years respectively.

(Euro 000's)	31 Mar 2021	31 Dec 2020
Minimum lease payments due:		
- Within one year	**433**	592
- Two to five years	**2,068**	2,068
- Over five years	**2,739**	2,728
Present value of minimum lease payments due	**5,240**	5,388

(Euro 000's)	Lease liability
Balance 1 January 2021	**5,388**
Additions	**-**
Interest expense	**5**
Lease payments	**(153)**
Balance at 31 March 2021	**5,240**

Balance at 31 March 2021

- Non-current liabilities	**4,797**
- Current liabilities	**433**
	5,240

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 among other items. 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”. The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the “Trial”). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the “Excess Cash” (the “Summary Judgment application”). The Summary Judgment application will be heard on 14-15 June 2021. Astor will need to demonstrate (i) Atalaya has no reasonable prospect of success at Trial: and (ii) there is no other compelling reason why the case or issue should be disposed of at Trial.

As at 31 December 2020, no consideration was paid to Astor. However, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

On 15 March 2021, the Company fulfilled all conditions required by the Board of Directors and made the early payment of €53 million to Astor. The payment was fully funded by unsecured credit facilities entered into between December 2020 and February 2021 at interest rates ranging from 1.60% to 2.45% and repayable by 2023 and 2024.

The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, the Company continues with these aspects of the case.

18. Acquisition, Incorporation and Disposal of Subsidiaries

2021

Acquisition and incorporation of subsidiaries

There were no acquisition or incorporation of subsidiaries during the three months period ended 31 March 2021.

Disposals of subsidiaries

There were no disposals of subsidiaries during the three months period ended 31 March 2021.

Wind-up of subsidiaries

There were no operations wound up during the three months period ended 31 March 2021.

2020

Acquisition and incorporation of subsidiaries

There were no acquisition nor 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.

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 2021	Three months ended 31 Mar 2020
Directors' remuneration and fees	**279**	265
Share option-based benefits to directors	**56**	56
Key management personnel fees	**142**	124
Share option-based and other benefits to key management personnel	**65**	79
	542	524

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 2021 (Q1 2020: nil).

19.3 Transactions with related parties/shareholders

i) Transaction with shareholders

(Euro 000's)	Three months ended 31 Mar 2021	Three months ended 31 Mar 2020
Trafigura– Revenue from contracts	**21,875**	8,393
Freight services	**-**	-
	21,875	8,393
Gain / (losses) relating provisional pricing within sales	**(270)**	(405)
	21,605	7,988

ii) Period-end balances with related parties

(Euro 000's)	31 Mar 2021	31 Dec 2020
Receivables from related parties:		
Recursos Cuenca Minera S.L.	**56**	56
Total (Note10)	**56**	56

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

iii) Period-end balances with shareholders

(Euro 000's)	31 Mar 2021	31 Dec 2020
Trafigura – Debtor balance- subject to provisional pricing	**9,050**	3,946
Total (Note 10)	**9,050**	3,946

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

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.

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

<u>Negative Environmental Impact Statement on Proyecto Touro</u>

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 1 March 2021, Atalaya received the formal communication from Xunta de Galicia of the negative Environmental Impact Declaration on Proyecto Touro.

<u>Other significant events</u>

On 10 February 2021, the Company announced that its Board of Directors had appointed Mr. Neil Gregson as an independent Non-Executive Director of the Company.

On 12 February 2021, the Company was notified that certain employees exercised options over 40,750 ordinary shares of £0.075.

On 15 March 2021, Atalaya announced that it has made the payment of the €53 million (the "Deferred Consideration") to Astor Management following the approval of its Board of Directors. This amount arises from arrangements entered with Astor in 2008 in relation to Proyecto Riotinto. The payment was financed with unsecured credit lines by four major Spanish banks having a three-year tenure and an average annual interest rate of approximately two per cent.

On 25 March 2021, the Company announced that Dr. José Nicolas Sierra is retiring as an Independent Non-Executive Director and the Chair of the Physical Risk Committee of Atalaya, with an effective date of 31 March 2021.

23. Events after the Reporting Period

Depending on the duration of the COVID-19 pandemic, and continued negative impact on economic activity, the Group might experience negative results and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Group's activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020 the Group has not incurred losses due to impairments.

On 12 April 2021, Atalaya announced that Mr. Damon Barber has stepped down as a Non-Executive Director of the Company with immediate effect.