26 May 2016

Atalaya Mining Plc

("Atalaya" or the "Company")

Early Commissioning of Expansion Project and Release of Q1 2016 Financial Statements

Atalaya Mining plc (AIM: ATYM, TSX: AYM), the European mining and development company announces its unaudited quarterly results for the three months ended 31 March 2016, together with the unaudited, condensed interim consolidated financial statements.

The quarterly results, including the unaudited, condensed interim consolidated financial statements shown below, are also available on the Company's website at www.atalayamining.com.

Operational Highlights

- As part of the final ramp-up of the Riotinto plant, commissioning of the Phase I operational stage (5.0Mtpa) resulted in the Company producing 4,048 tonnes of copper during the first quarter of 2016. Commercial production, for accounting purposes, was declared as of 1 February 2016.
- During March, production was 1,465 tonnes of copper with recoveries of 82.5%, which represented the first month of normalised production. Copper concentrates were transported to the port of Huelva.
- Production cash costs for February and March 2016 (post commercial production) amounted to US$2.20/lb and reflect the variations common during the ramp-up process. These cash costs are not indicative of the anticipated costs of production and the Directors expect these to improve as production progresses from the ramp-up phase through to steady state production of 9.5 Mtpa.
- Phase I plant ramp-up continued to perform well in April with recoveries of approximately 85%. Plant availability during this period was 94.7% and the process rate was 571 t/hr, equivalent to 4.7Mtpa. Production reached 1,373 tonnes of copper during the first 20 days of the month before the tailings discharge was provisionally suspended by the Junta de Andalucía.
- During this brief suspension period, the site teams took the opportunity to integrate the new Expansion equipment into the existing Phase I section. Since the suspension was lifted, production has been ramping up continuously and during May has achieved hourly production levels over 50% higher than those recorded during Phase I.
- Based upon the considerable progress made during the commissioning of the Expansion, the Company anticipates that production ramp-up to the full rate of 9.5Mtpa will be achieved during Q3 2016, earlier than anticipated.
- Total capital costs have been kept under control and are expected to come in below the revised budget of US$164 million for both Phase I and the Expansion. This confirms that the Riotinto project is one of the lowest capital intensity projects in the world.
- Additional mining equipment needed for the Expansion ramp-up has been mobilised to site to match the expanded plant requirements.

Financial highlights

- Atalaya declared commercial production at the beginning of February 2016. The results for Q1 2016 include two months' trading for February and March, with sales and operating costs in January 2016 continuing to be treated as pre-commissioning and taken against capitalisation.
- During February and March 2016, 1,617 tonnes of copper were shipped, resulting in €4.9 million sales, which are recorded net of offtake deductions, penalties and market adjustments.
- The operating loss for Q1 2016 of €3.1 million included depreciation and amortisation of €0.6 million, hence EBITDA for the quarter was a loss of €2.5 million. Higher costs during the ramp-up period combined with a lower value for concentrate sales from the early production stage (higher levels of impurities and lower copper prices) was the main reason for the loss.

- Trade and other receivables of €11.6 million included a balance of €8.5 million due from the VAT authorities. This was mainly attributable to the purchases of fixed assets for the plant.
- Current trade and other payables of €49.2 million included trade payables of €44.1 million.
- The Company continues to manage its working capital needs, having negotiated extended payment terms with the suppliers of the assets for the Expansion Project which has been completed and is now being commissioned. This has provided the Company with flexibility as it continues to pursue a number of different funding options to meet the funding needs of the project during the ramp up phase.

Corporate

- Following the Company's announcement on 2 November 2015 on the receipt of a formal claim from Astor Management AG made in the High Court of Justice in London, and the continuous disclosures in the financial statements of the Company, the Company would like to announce that a court date has now been set for the first quarter of 2017. The Company will update the market and its shareholders shortly thereafter or in the event there is a material change to this position.

Alberto Lavandeira, CEO, commented:

"Having declared commercial production in February ahead of schedule, we are pleased that this accelerated trend is continuing, taking us to full production in half the originally anticipated timeframe. We are confident that as we move towards steady state production, efficiencies at the plant will continue to improve, leading to decreasing costs."

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Atalaya Mining Plc

(All amounts in Euro thousands unless otherwise stated)

Condensed interim consolidated income statements (unaudited)

	Notes	Three months ended 31 March 2016	Three months ended 31 March 2015
Sales		**4,896**	-

Cost of sales		**(5,053)**	-
Gross loss		**(157)**	-
Administrative expenses		**(2,812)**	(1,087)
Care and maintenance expenses		**-**	(4,215)
Exploration expenses		**(162)**	(48)
Operating loss		**(3,131)**	(5,350)
Other income		**10**	86
Net foreign exchange loss		**(94)**	(3,187)
Net finance cost		**(36)**	(2,209)
Loss before tax		**(3,251)**	(10,660)
Tax		**(6)**	-
loss for the period attributable to owners of the parent		**(3,257)**	(10,660)
Loss per share from operations attributable to equity holders of the parent during the period:			
Basic and fully diluted loss per share (expressed in cents per share)	4	**(2.8)**	(22.2)
Loss for the period		**(3,257)**	(10,660)
Other comprehensive profit:			
Change in value of available-for-sale investment		**32**	-
Total comprehensive loss for the period attributable to owners of the parent		**(3,225)**	(10,660)

Condensed interim consolidated statements of financial position (unaudited)

	Notes	31 March 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	5	**177,809**	168,424
Intangible assets	6	**18,455**	20,158
Investment in associate		**10**	10
		196,274	188,592
Current Assets			
Inventories	7	**7,501**	-
Trade and other receivables	8	**11,557**	16,632

Available-for-sale investment		**334**	302
Cash and cash equivalents		**11,815**	18,618
		31,207	35,552
Total assets		**227,481**	224,144
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	9	**11,632**	11,632
Share premium	9	**277,238**	277,238
Other reserves	10	**5,606**	5,508
Accumulated losses		**(121,269)**	(118,012)
Total equity		**173,207**	176,366
Liabilities			
Non-current liabilities			
Trade and other payables	11	**1,113**	1,896
Provisions	12	**3,994**	3,971
		5,107	5,867
Current liabilities			
Trade and other payables	11	**49,167**	41,911
		49,167	41,911
Total liabilities		**54,274**	47,778
Total equity and liabilities		**227,481**	224,144

Condensed interim consolidated statements of changes in equity (unaudited)

	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non - controlling Interest	Total
At 1 January 2015	**4,409**	**149,823**	**5,815**	**(103,002)**	**57,045**	**(116)**	**56,929**
Total comprehensive loss for the period	-	-	-	(10,660)	(10,660)		(10,660)
Purchase of minority interest share	-	-	-	-	-	116	116
Bonus shares issued in escrow	-	-	25	-	25	-	25
Recognition of share based payments	-	-	38	-	38	-	38
At 31 March 2015	**4,409**	**149,823**	**5,878**	**(113,662)**	**46,448**	**-**	**46,448**
Total comprehensive loss for the period	-	-	-	(4,350)	(4,350)	-	(4,350)
Issue of share capital	7,223	130,017	-	-	137,240	-	137,240
Share issue costs	-	(2,920)	-	-	(2,920)	-	(2,920)
Derivative element of conversion of convertible note	-	440	-	-	440	-	440
Bonus shares issued in escrow	-	-	76	-	76	-	76
Warrants issue costs	-	(122)	122	-	-	-	-
Change in value of available-for-sale investment	-	-	(682)	-	(682)	-	(682)
Recognition of share based payments	-	-	114	-	114	-	114
At 31 December 2015	**11,632**	**277,238**	**5,508**	**(118,012)**	**176,366**	**-**	**176,366**
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,257)**	**(3,257)**	**-**	**(3,257)**
Change in value of available-for-sale investment	**-**	**-**	**32**	**-**	**32**	**-**	**32**
Bonus shares issued in escrow	**-**	**-**	**32**	**-**	**32**	**-**	**32**
Recognition of share based payments	**-**	**-**	**34**	**-**	**34**	**-**	**34**
At 31 March 2016	**11,632**	**277,238**	**5,606**	**(121,269)**	**173,207**	**-**	**173,207**

Condensed interim consolidated statements of cash flows (unaudited)

	Notes	Three months ended 31 March 2016	Three months ended 31 March 2015
Cash flows from operating activities			
Loss before tax		**(3,251)**	(10,660)
Adjustments for:			
Depreciation of property, plant and equipment	5	**495**	33
Amortisation of intangibles	6	**114**	123
Recognition of share-based payments	10	**34**	38
Bonus share issued in escrow	10	**32**	25
Interest income		**(14)**	-
Interest expense		**50**	75
Loss on fair value on the convertible note		**-**	1,137
Accretion expense on convertible note		**-**	31
Bridge loan interest expense		**-**	555
Convertible note interest expense		**-**	411
Unrealised foreign exchange loss on financing activities		**-**	3,458
Cash outflows from operating activities before working capital changes		**(2,540)**	(4,774)
Changes in working capital:			
Inventories	7	**(7,501)**	-
Trade and other receivables		**5,075**	(1,957)
Trade and other payables		**6,490**	1,078
Cash flows from / (used in) operations		**1,524**	(5,653)
Interest paid		**(50)**	(75)
Tax paid		**-**	-
Net cash from / (used) in operating activities		**1,474**	(5,728)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(8,291)**	(8,657)
Purchase of intangible assets		**-**	(2,336)
Payment for increase in investment in subsidiary		**-**	(7)
Interest received		**14**	-
Net cash used in investing activities		**(8,277)**	(11,000)
Net decrease in cash and cash equivalents		**(6,803)**	(16,728)
Cash and cash equivalents:			
At beginning of the period		**18,618**	21,050
At end of the period			

11,815	4,322

Notes to the condensed interim consolidated financial statements
For the three months to 31 March 2016 and 2015 - (Unaudited)

1. General information

Country of incorporation
Atalaya Mining Plc ("Atalaya Mining" and/or the "Company") - and its subsidiaries ("Atalaya" and/or the "Group") 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 and on the TSX on 20 December 2010.

Change of name and share consolidation
Following the Company's 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 principal activity of the Company and its subsidiaries is to operate the recently commissioned Rio Tinto Copper Project ("Proyecto Riotinto") and 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 metals mineralisation in the European region.

2. Basis of preparation and accounting policies

Basis of preparation
The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including International Accounting Standard 34 "Interim Financial Reporting" and IFRIC interpretations as adopted by the European Union (EU), using the historical cost convention.

These condensed interim consolidated financial statements ('the 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 2015. These 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 2015 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements.

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

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. These condensed interim consolidated financial statements do not give effect to any adjustment, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements.

The board of directors has the power to amend the financial statements after issue.

Fair value estimation
The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

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

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

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).

	Level 1	**Level 2**	**Level 3**	**Total**
31 March 2016				
Financial assets				
Available for sale financial assets	334	-	-	334
Total	**334**	**-**	**-**	**334**
31 December 2015				
Financial assets				
Available for sale financial assets	302	-	-	302
Total	302	-	-	302

Use and revision of accounting estimates

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

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

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IASs) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2016. The adoption of these Standards did not have a material effect on the condensed interim consolidated financial statements.

Critical accounting estimates and judgements

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

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

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

3. Business and geographical segments

Business segments

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

Geographical segments

The Group's mining and exploration activities are located in Spain and its administration is based in Cyprus.

Three months ended 31 March 2016	Cyprus	Spain	Other	Total
Sales	4,896	-	-	4,896
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	(978)	(1,530)	(4)	(2,512)
Depreciation/amortisation charge	(4)	(605)	-	(609)
Net finance cost	-	(36)	-	(36)
Foreign exchange (loss) / gain	(96)	2	-	(94)
Loss for the period before taxation	(1,078)	(2,169)	(4)	(3,251)
Tax				(6)
Net profit for the period				(3,257)
Total assets	3,972	223,504	5	227,481
Total liabilities	(81)	(54,144)	(49)	(54,274)
Depreciation of property, plant and equipment	4	491	-	495
Amortisation of intangible assets	-	114	-	114
Total net additions of non-current assets	-	-	8,291	8,291

Three months ended 31 March 2015	Cyprus	Spain	Other	Total
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	(786)	(4,312)	(10)	(5,108)
Depreciation/amortisation charge	(128)	(28)	-	(156)
Finance cost	(2,134)	(75)	-	(2,209)
Unrealised foreign exchange loss	(3,151)	(36)	-	(3,187)
Loss for the period before taxation	(6,199)	(4,451)	(10)	(10,660)
Tax				-
Net loss for the period				(10,660)
Total assets	1,719	101,694	5	103,418
Total liabilities	(38,515)	(18,424)	(31)	(56,970)
Depreciation of property, plant and equipment	5	28	-	33
Amortisation of intangible assets	123	-	-	123
Total net additions of non-current assets	124	10,992	-	11,116

4. Basic and fully diluted loss per share

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

	Three months ended 31 March 2016	Three months ended 31 March 2015

Parent	**(1,078)**	(6,199)
Subsidiaries	**(2,179)**	(4,461)
Loss attributable to the ordinary holders of the parent	**(3,257)**	(10,660)
Weighted number of ordinary shares for the purposes of basic loss per share (000's)	**116,680**	47,996*
Basic loss per share:		
Basic and fully diluted loss per share (cents)	**(2.8)**	(22.2)

* Adjusted for the 30:1 share consolidation which took place in October 2015

5. Property, plant and equipment

Cost	**Land and buildings**	**Plant and machinery**	**Mineral rights**	**Assets under construction**	**Deferred mining costs[2]**	**Other assets [3]**	**Total**
At 1 January 2015	35,797	29,087	-	-	-	1,086	65,970
Additions	-	8,605	-	-		52	8,657
At 31 March 2015	35,797	37,692	-	-	-	1,138	74,627
Additions / (reclassifications)	3,971[1]	(8,605)	-	88,885	10,334	20	94,605
Reclassifications	(707)	(5,883)	950	5,640	-	-	-
Disposals	-	(158)	-	-		(132)	(290)
At 31 December 2015	**39,061**	**23,046**	**950**	**94,525**	**10,334**	**1,026**	**168,942**
Additions	**-**	**8,233**	**-**	**-**	**-**	**58**	**8,291**
Reclassifications	**-**	**65,822**	**-**	**(57,007)**	**(8,815)**	**-**	**-**
Reclassifications - intangibles	**-**	**1,589**	**-**	**-**	**-**	**-**	**1,589**
At 31 March 2016	**39,061**	**98,690**	**950**	**37,518**	**1,519**	**1,084**	**178,822**
Depreciation							
At 1 January 2015	-	158	-	-	-	498	656
Charge for the period	-	-	-	-	-	33	33
At 31 March 2015	-	158	-	-	-	531	689
Charge for the period	-	-	-	-	-	119	119
Disposals	-	(158)	-	-	-	(132)	(290)
At 31 December 2015	**-**	**-**	**-**	**-**	**-**	**518**	**518**
Charge/ (correction) for the period	**461**	**156**	**-**	**-**	**-**	**(122)**	**495**
At 31 March 2016	**461**	**156**	**-**	**-**	**-**	**396**	**1,013**
Net book value							
At 31 March 2016	**38,600**	**98,534**	**950**	**37,518**	**1,519**	**688**	**177,809**
At 31 December	39,061	23,046	950	104,859	-	508	168,424

2015

(1) Rehabilitation provision
(2) Stripping costs
(3) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

The above fixed assets are located in Cyprus and Spain.

6. Intangible assets

Cost	**Permits of Rio Tinto Project**	**Acquisition of mineral rights**	**Goodwill**	**Total**
At 1 January 2015	17,655	310	10,023	27,988
Additions	2,336	-	123	2,459
At 31 March 2015	19,991	310	10,146	30,447
Additions	167	-	-	167
Disposals/closure of subsidiaries	-	(310)	(813)	(1,123)
At 31 December 2015	**20,158**	**-**	**9,333**	**29,491**
Reclassifications - property, plant and equipment	**(1,589)**	**-**	**-**	**(1,589)**
At 31 March 2016	**18,569**	**-**	**9,333**	**27,902**
Provision for impairment				
On 1 January 2015	-	310	10,023	10,333
Provision for the period	-	-	123	123
At 31 March 2015	**-**	**310**	**10,146**	**10,456**
Disposal/closure of subsidiaries	**-**	**(310)**	**(813)**	**(1,123)**
At 31 December 2015	**-**	**-**	**9,333**	**9,333**
Provision for the period	**114**	**-**	**-**	**114**
At 31 March 2016	**114**	**-**	**9,333**	**9,447**
Net book value				
At 31 March 2016	**18,343**	**-**	**-**	**18,455**
At 31 December 2015	20,158	-	-	20,158

The useful life of the intangible assets is estimated to be not less than fourteen years from the start of production. The ultimate recoupment of balances carried forward in relation to areas of interest or all such assets including intangibles is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company conducts impairment testing on an annual basis unless indicators of impairment are 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 Company assessed the carrying values having regard to (a) the current recovery value (less costs to sell) and (b) the net present value of potential cash flows from operations. In both cases, the estimated net realisable values exceeded current carrying values and thus no impairment has been recognised.

Goodwill of €9,333,000 arose on the acquisition of the remaining 49% of the issued share capital of ARM back in September 2008. This amount was fully impaired on acquisition, in the absence of the mining license back in 2008.

7. Inventories

	31 March 2016	31 Dec 2015
Finished products	**3,370**	-

Materials and supplies	**4,131**	-
	7,501	-

8. Trade and other receivables

	31 March 2016	31 Dec 2015
Receivables from related parties (Note 14.4)	**1,442**	6,596
Deposits and prepayments	**799**	1,114
VAT	**8,450**	7,970
Other receivables	**866**	952
	11,557	16,632

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

9. Share capital and share premium

	Shares 000's	**Share Capital Stg£'000**	**Share premium Stg£'000**	**Total Stg£'000**
Authorised				
Ordinary shares of Stg £0.075 each*	200,000	15,000	-	15,000
Issued and fully paid	**000's**	**Eur'000**	**Eur'000**	**Eur'000**
Balance at 1 January 2016 and 31 March 2016	**116,679**	**11,632**	**277,238**	**288,870**

Authorised capital
2015
*Following the Company's EGM on 13 October 2015, the consolidation of ordinary shares came into effect on 21 October 2015, 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.

2016
The Company's authorised share capital is 200,000,000 ordinary shares of Stg £0.075 each.

Issued capital
2016
No shares were issued in the period from 1 January 2016 to 31 March 2016.

Warrants
The Company has issued warrants to advisers to the Group. Warrants, noted below, expire three or five years after the grant date and have exercise prices ranging from Stg £1.425 to Stg £3.150.

Details of share warrants outstanding as at 31 March 2016:

	Number of warrants

Outstanding warrants at 1 January and 31 March 2016	**473,061**

10. Other reserves

	Share option	Bonus share	Available-for-sale investment	Total
At 1 January 2015	5,973	**44**	**(202)**	**5,815**
Bonus shares issued in escrow	-	25	-	25
Recognition of share based payments	38	-	-	38
At 31 March 2015	6,011	69	(202)	5,878
Bonus shares issued in escrow	-	76	-	76
Warrants issue costs	122	-	-	122
Change in value of available-for-sale investment	-	-	(682)	(682)
Recognition of share based payments	114	-	-	114
At 31 December 2015	**6,247**	**145**	**(884)**	**5,508**
Change in value of available-for-sale investments	**-**	**-**	**32**	**32**
Bonus shares issued in escrow	**-**	**32**	**-**	**32**
Recognition of share based payments	**34**	**-**	**-**	**34**
At 31 March 2016	**6,281**	**177**	**(852)**	**5,606**

Share options

No share options were issued in the period from 1 January 2016 to 31 March 2016. Details of share options outstanding as at 31 March 2016:

	Number of share options 000's
Outstanding options at 1 January and 31 March 2016	**931,654**

11. Trade and other payables

	31 March 2016	31 Dec 2015
Non-current trade and other payables		
Social Security*	**968**	1,741
Land options	**145**	155
	1,113	1,896
Current trade and other payables		
Trade payables	**44,086**	37,106
Social Security*	**3,069**	2,867
Land options and mortgage	**789**	789
Accruals	**1,192**	1,124
Tax liability	**30**	24
Other	**1**	1

	49,167	41,911

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

* On 25 May 2010 ARM recognized a debt with the Social Security's General Treasury in Spain amounting to €16.9 million that was incurred by a previous owner in order to stop the execution process by Public Auction of the land over which Social Security had a lien. €12.9 million has been repaid to date. Originally payable over 5 years, the repayment schedule was subsequently extended until June 2017.

12. Provisions

	Rehabilitation costs
At 1 January 2015	-
Additions	3,971
At 31 December 2015	3,971
Charge to profit and loss as finance cost	23
At 31 March 2016	3,994

	31 March 2016	31 Dec 2015
Non-current	**3,994**	3,971
Current	**-**	-
Total	**3,994**	3.971

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.

13. Acquisition and disposal of subsidiaries

There were no acquisitions in the three months ended 31 March 2016.

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Compensation of key management personnel

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

	Three months ended 31 March 2016	Three months ended 31 March 2015
Directors' remuneration and fees	**175**	88
Share option-based benefits to directors	**14**	14
Bonus shares issued to director, in escrow	**32**	25
Key management personnel remuneration	**95**	158
Share option-based and other benefits to key management personnel	**8**	6
	324	291

14.2 Share-based benefits

The directors and key management personnel have not been granted options during the three month period.

14.3 Transactions with shareholders

	31 March 2016	31 Dec 2015
Trafigura - Sales of goods (pre commissioning sales offset against the cost of constructing assets)	**2,549**	10,954
Trafigura - Sales of goods	**4,896**	-
	7,445	10,954

14.4 Period-end balances with shareholders

	31 March 2016	31 Dec 2015
Trafigura - Debtor balance (Note 8)	**1,442**	6,541

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

15. Contingent liabilities

Deferred consideration

In September 2008, the Group moved to 100% ownership of ARM (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. The cost of the acquisition was satisfied by issuing 39,140,000 Ordinary Shares to MRI Trading AG ("MRI") at an issue price of 21p per Ordinary Share and a deferred cash settlement of up to €53 million ("Deferred Consideration"), (including loans of €9,116,617.30 owed to companies related to MRI incurred in relation to the operation of Proyecto Riotinto). The obligation to pay the Deferred Consideration is subject to the satisfaction of the following conditions (the "Conditions"): (a) all authorisations to restart mining activities in Proyecto Riotinto having been granted by the Junta de Andalucía ("Permit Approval"); and (b) the Group securing a senior debt finance facility for a sum sufficient to restart mining operations at Proyecto Riotinto ("Senior Debt Facility") and being able to draw down funds under the Senior Debt Facility.

Originally the Group was obliged to pay the Deferred Consideration in instalments commencing on the date of drawdown under the Senior Debt Facility until the second anniversary of commercial production at Proyecto Riotinto. On 31 March 2009, pursuant to a deed of amendment, MRI consented to the Group paying the Deferred Consideration over a period of six or seven years following satisfaction of the Conditions (the "Payment Period"). In return, the Company agreed to potentially pay further Deferred Consideration of up to €15,900,000 in regular instalments over the Payment Period depending upon the price of copper. Any such additional Deferred Consideration would only be payable if, during the relevant period, the average price of copper per tonne is US$6,614 or more (US$3.00/lb). On 11 November 2011 MRI novated its right to be paid the Deferred Consideration to Astor Management AG ("Astor").

As security, inter alia, for the obligation to pay the Deferred Consideration to Astor, EMED Holdings (UK) Limited has granted a pledge to Astor Resources AG over the issued capital of ARM and the Company has provided a parent company guarantee.

As at the date of this report, the Permit Approval condition has been satisfied. However, the Group has not entered into arrangements in connection with a Senior Debt Facility and, in the absence of drawdown of funds by the Group pursuant to a Senior Debt Facility, there is significant doubt concerning the legal obligation on the Company to pay any of the Deferred Consideration.

On 2 November 2015, the Company announced that it was in receipt of a formal claim from Astor (the "Claim"). The Claim was made in the High Court of Justice in London against the Company and certain other members of the Group. In its Claim, Astor is claiming, inter alia, that the Conditions have been satisfied and the first instalment of the Deferred Consideration is due (together with damages). The Company is disputing this and it is defending the proceedings vigorously.

Judicial and administrative cases

On 23 September 2010, ARM was notified that the Andalucían Water Authority ("AWA") had initiated a Statement of Objections and Opening of File (the "Administrative File 2010") following allegations by third parties of unauthorised industrial discharges from the Tailings Management Facility ("TMF") at the Rio Tinto Copper Mine in the winter months of late 2010 and early 2011. These assertions are judicial (alleging negligence) and administrative (alleging damage to the environment) in nature. At that time, the Company owned 33% of the TMF and the owners of the remaining 67% are co-defendants (Rumbo and Zeitung).

In December 2011 the judicial claims were dismissed in the initial discovery phase by the appeals Court (upholding a lower court decision) finding that the controlled discharges of excess rainwater were force majeure events carried out to protect the stability of the TMF, thereby ensuring public safety and protection of the environment (the "Court Decisions").

Given that all judicial claims were dismissed in the very early stages of the court´s investigation, no formal charges were ever made against ARM or against any of its Directors or Officers.

Now that the Court Decisions are final, the Administrative File 2010, which can only result in a monetary sanction against the co-defendants, was re-opened in 2012. The defence arguments successfully used in a later case which has been dismissed on 11 February 2015 (see below) will be used in the defence of Administrative File 2010 and the management is positive that they will be accepted.

On January 2, 2013 ARM, Rumbo and Zeitung were notified of a Resolution of Fine and Damages (in a total amount of €1,867,958.39). In February 2013 ARM appealed this Resolution and the Court has agreed that the Fine and Damages amount be secured by a mortgage over certain properties owned by the Company until the final decision on the alleged discharges is known.

In the Company's view, no "industrial discharge" took place, but rather a force majeure controlled discharge of excess rainwater accumulated in the TMF since industrial operations ceased in the early 2000´s with no actual damage to the environment having taken place.

In the Company's view it is unlikely that any fine or sanction will be imposed against ARM once the Administrative File 2010 reaches its final conclusion after all appeals are exhausted in approximately 3-5 years. On 28 January 2016, the Court ruled in favour of ARM, Rumbo and Zeitung. On 26 April 2016 the Court issued a final decree by which the 28 January 2016 ruling was declared final.

On 20 January 2014, ARM was notified that the Huelva Territorial Delegation of the Ministry of Environment (which has absorbed the former AWA) had initiated another disciplinary proceeding for unauthorised discharge (the "Administrative File 2013") of administrative nature following allegations by the administration of alleged unauthorised industrial discharges from the TMF at the Rio Tinto Copper Mine during the heavy rains occurred from 7 March to 25 April 2013. The Administration has proposed the amount of €726,933.30 as compensation for alleged damages to the environment ("Public Water Domain") and a fine of between €300,507 to €601,012. On 11 February 2015, the Huelva Territorial Delegation of the Ministry of Environment dismissed the case. On 13 May 2015, the Huelva Territorial Delegation of the Ministry of Environment re-opened the Administrative File 2013. Written allegations were submitted on 30/05/2015. On 29 March 2016 the Huelva Territorial Delegation of the Ministry of Environment dismissed finally and without further recourse the Administrative File 2013.

On 19 February 2015, ARM was notified that the Huelva Territorial Delegation of the Ministry of Environment had initiated another disciplinary proceeding for unauthorised discharge (the "Administrative File 2014") which has proposed a fine of between €300,507 to €601,012. On 10 March 2015 the Company submitted the relevant defence arguments.

16. Commitments

Spain

There are no minimum exploration requirements at Proyecto Riotinto. However, the Group is obliged to pay municipal land taxes which currently are approximately €110,000 per year in Spain and the Group is required to maintain the Riotinto site in compliance with all applicable regulatory requirements.

As part of the consideration for the purchase of land from Rumbo, ARM has agreed to pay a royalty to Rumbo subject to commencement of production of $250,000 in each quarter where the average price of LME copper or the average copper sale price achieved by the Group is at least $2.60/lb. No royalty is payable in respect of any quarter where the average copper price for that quarter is below this amount and in certain circumstances any quarterly royalty payment can be deferred until the following quarter. The royalty obligation terminates 10 years after commencement of production.

Commencement of production is defined as being the first to occur of processing of ore at a rate of nine million tonnes per annum for a continuous period of six months or the date that is 18 months after the first product sales from Proyecto Riotinto. Additionally, if after seven years from the date of the land purchase, the Group has not obtained all necessary licenses to open and operate Proyecto Riotinto, the land will be sold back to Rumbo for €1. Should the Group sell the land prior to this date to a third party, Rumbo shall be paid €5.5 million and the above mentioned royalty novated to the third party.

ARM has 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. 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 million. Costs are then borne by the joint venture partners in accordance with their respective ownership interests. Half of the costs paid by ARM in connection with the feasibility study can be deducted from any royalty which may fall due to be paid.

At Proyecto Riotinto, the Group has four year options with each of Zeitung and Inland for the purchase of certain land plots adjacent to the mine at a purchase price of €4.202 million (expiry date 31 July 2016) and €4.648 million (expiry date 2 August 2016) respectively. The Zeitung option requires an annual option payment from the Group of €119,500 and the Inland option requires an annual payment of €130,500 which is deductible from the purchase price. In each case, half of the purchase price can be made by the issue of shares in the Company based on a weighted average market price at the time of the purchase.

17. Significant events

The Group declared commercial production on 1 February 2016. The commissioning of the Expansion Project began in May 2016, with nameplate capacity of 9.5Mtpa forecast for January 2017.

18. Events after the reporting period

There were no other events after the reporting period, which would have a material effect on the consolidated financial statements.