

**ATALAYA MINING PLC  
MANAGEMENT'S REVIEW AND  
UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
30 September 2020**

# Management's review

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 2020 and 2019

## Notice to Reader

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

## Introduction

This report provides an overview and analysis of the financial results of operations of Atalaya Mining Plc and its subsidiaries ("Atalaya" and/or "Group"), to enable the reader to assess material changes in the financial position between 31 December 2019 and 30 September 2020 and results of operations for the three and nine months ended 30 September 2020 and 2019.

This report has been prepared as of 18 November 2020. The analysis, hereby included, is intended to supplement and complement the unaudited interim condensed consolidated financial statements and notes thereto ("Financial Statements") as at and for the period ended 30 September 2020. The reader should review the Financial Statements in conjunction with the review of this report and with the audited, consolidated financial statements for the year ended 31 December 2019, and the unaudited interim condensed consolidated financial statements for the period ended 30 September 2019. These documents can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on Atalaya's website at [www.atalayamining.com](http://www.atalayamining.com).

Atalaya prepares its Annual Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by EU and its Unaudited Interim Condensed Consolidated Financial Statements in accordance with International Accounting Standards 34: Interim Financial Reporting. 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 constitute 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.

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### 1. Description of the Business

Atalaya is a European mining and development company domiciled in Cyprus. The Company is listed on the AIM Market of the London Stock Exchange ("AIM") and on the Toronto Stock Exchange ("TSX").

Proyecto Riotinto, wholly owned by the Company's subsidiary Atalaya Riotinto Minera, S.L.U., is located in Huelva, Spain. The Group operates the Cerro Colorado open-pit mine and its associated processing plant where copper in concentrate and silver by-product is produced. A brownfield expansion of the plant was completed in 2019.

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

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

In October 2020, Atalaya acquired 100% of Cambridge Minería España, S.L., which owns the Masa Valverde polymetallic project located in Huelva (Spain).

### 2. Overview of Operational Results

#### Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three and nine months ended 30 September 2020 and 2019, respectively.

Units expressed in accordance with the international system of units (SI)	Unit	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Ore mined	t	<b>3,836,108</b>	2,704,041	<b>10,097,800</b>	8,035,290
Ore processed	t	<b>3,974,821</b>	2,563,594	<b>10,974,063</b>	7,575,130
Copper ore grade	%	<b>0.44</b>	0.47	<b>0.45</b>	0.47
Copper concentrate grade	%	<b>22.20</b>	23.25	<b>22.22</b>	23.07
Copper recovery rate	%	<b>83.78</b>	87.38	<b>84.13</b>	88.77
Copper concentrate	t	<b>66,091</b>	45,458	<b>187,032</b>	137,281
Copper contained in concentrate	t	<b>14,695</b>	10,568	<b>41,559</b>	31,675
Payable copper contained in concentrate	t	<b>14,034</b>	10,113	<b>39,688</b>	30,303
Cash cost*	US\$/lb payable	<b>1.94</b>	1.92	<b>1.93</b>	1.85
All-in sustaining cost*	US\$/lb payable	<b>2.29</b>	2.25	<b>2.27</b>	2.12

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

Note: The numbers in the above table may slightly differ among them due to rounding.

#### *Three months operational review*

During Q3 2020 a total of 4.0 million tonnes of ore were processed with an average copper head grade of 0.44% and a recovery rate of 83.78%. In comparison with the same quarter of 2019, throughput increased 55% while recovery decreased 4%. The increase in copper production during Q3 2020 is mainly attributable to higher than budgeted levels of ore milled which compensated for a short period of lower recoveries while treating some transitional ores. Compared with Q2 2020, copper production increased 8% as a result of 11% higher throughput despite of lower recoveries.

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

The Company is pleased to confirm it is on track to meet the lower end of the range of its previously announced 2020 production guidance of 55,000 – 58,000 tonnes of copper demonstrating that the Company has successfully managed the challenges of operating with Covid-19 restrictions.

Mining operations have continued normally with enough equipment on site to maintain the higher production levels required for full operation of the expanded plant.

On-site concentrate inventories at the end of the quarter were approximately 8,402 tonnes. All concentrate in stock at the beginning of the quarter and produced during the Period was delivered to the port at Huelva.

Copper prices increased during the period compared with Q2 2020. The average realised price per pound of copper payable for the Period, including the QPs closed in the period, was \$2.72/lb compared with \$2.51/lb in Q2 2020. The average copper spot price during the quarter was \$2.96/lb. The realised price during the quarter excluding QPs was approximately \$2.96/lb compared to \$2.43/lb in Q2 2020.

Local exploration during the quarter continued to focus on defining new unmined resources under-the Atalaya pit. Calculations of the remaining mineable resource are ongoing and will be reported in conjunction with an update to the resource estimates at Proyecto Riotinto's Cerro Colorado pit.

#### *Nine months operating review*

Production of copper contained in concentrate during YTD 2020 was 41,559 tonnes, compared with 31,675 tonnes in the same period of 2019. Payable copper in concentrates was 39,688 tonnes compared with 30,303 tonnes of payable copper in YTD 2019.

Ore mined in YTD 2020 was 10,097,800 tonnes compared to 8,035,290 tonnes during YTD 2019. Ore processed was 10,974,063 tonnes versus 7,575,130 tonnes in YTD 2019.

Ore grade during YTD 2020 was 0.45% Cu compared with 0.47% Cu in YTD 2019. Copper recovery was 84.13% versus 88.77% in YTD 2019. Concentrate production amounted to 187,032 tonnes above YTD 2019 of 137,281 tonnes as increased throughput partially offset by slightly lower grade and recoveries.

### 3. Outlook

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

#### **Operational guidance**

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

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

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

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

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### 4. Overview of the Financial Results

The following table presents summarised unaudited consolidated income statements for the three and nine months ended 30 September 2020, with comparatives for the three and nine months ended 30 September 2019, respectively.

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
<b>Revenue</b>	<b>65,836</b>	44,383	<b>183,569</b>	139,165
Costs of sales	<b>(41,813)</b>	(31,269)	<b>(134,024)</b>	(89,602)
Administrative and other expenses	<b>(1,361)</b>	(2,070)	<b>(3,519)</b>	(5,452)
Exploration expenses	<b>(380)</b>	(1,132)	<b>(1,484)</b>	(2,534)
Care and maintenance expenditure	<b>(29)</b>	(43)	<b>(189)</b>	(164)
Other income	<b>12</b>	-	<b>20</b>	-
<b>EBITDA</b>	<b>22,265</b>	9,869	<b>44,373</b>	41,413
Depreciation/amortisation	<b>(8,419)</b>	(3,722)	<b>(22,186)</b>	(10,893)
Impairment loss on other receivables	-	-	<b>(45)</b>	-
Net foreign exchange gain/(loss)	<b>(1,411)</b>	1,405	<b>(2,027)</b>	1,692
Net finance cost	<b>82</b>	43	<b>(67)</b>	(23)
Tax	<b>(280)</b>	(662)	<b>(1,845)</b>	(4,252)
<b>Profit for the period</b>	<b>12,237</b>	6,933	<b>18,203</b>	27,937

#### Three months financial review

Revenues for the three month period ended 30 September 2020 amounted to €65.8 million (Q3 2019: €44.4 million). Higher revenues, compared with the same quarter in the previous year, were mainly driven by higher volumes sold during the period plus higher copper prices offset to an extent by weaker average US Dollar rates against the Euro.

Realised prices were \$2.72/lb copper during Q3 2020 compared with \$2.68/lb copper in Q3 2019. All concentrates were sold under offtake agreements in place.

Operating costs for the three month period ended 30 September 2020 amounted to €41.8 million, compared with €31.3 million in Q3 2019. In absolute terms, higher operating costs were mainly due to more tonnes being mined and processed during the quarter at slightly higher unit costs.

Cash costs of \$1.94/lb payable copper during Q3 2020 compared with \$1.92/lb payable copper in the same period last year. Higher cash costs in Q3 2020 mainly as result of the raise of maintenance and processing costs relating to higher consumption of lime and grinding balls demanded by the ore treated in the period and to the SAG liners used in the new mills. Additionally, capitalised stripping costs during Q3 2020 amounted to €2.0 million compared with €1.1 million in Q3 2019. All-in sustaining costs in the reporting quarter were \$2.29/lb payable copper compared with \$2.25/lb payable copper in Q3 2019. Higher AISC compared with Q3 2019 mainly related to additional investments in sustaining capex and higher stripping costs.

Sustaining capex for Q3 2020 amounted to €3.5 million compared with €2.4 million in Q3 2019. Sustaining capex related to the tailing dams project and continuous improvement in processing systems of the plant and enhancements in security.

Administrative and other expenses amounted to €1.4 million (Q3 2019: €2.1 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 30 September 2020 amounted to €0.4 million (Q3 2019: €1.1 million). Lower costs related to a decrease in projects of drilling in 2020.

EBITDA for the three months ended 30 September 2020 amounted to €22.3 million compared with Q3 2019 of €9.9 million.

The main item below the EBITDA line is depreciation and amortisation of €8.4 million (Q3 2019: €3.7 million) which increased as a result of the higher throughput resulting from the 2019 plant expansion. Net finance income for Q3 2020 amounted to €0.1 million (Q3 2019: €43k loss).

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

#### Nine months financial review

Revenues for the nine month period ended 30 September 2020 amounted to €183.6 million (YTD 2019: €139.2 million).

Copper concentrate production during the nine month period ended 30 September 2020 was 187,032 tonnes (YTD 2019: 137,281 tonnes) with 192,830 tonnes of copper concentrates sold in the period (YTD 2019: 139,762 tonnes). Inventories of concentrates as at the reporting date were 8,402 tonnes (31 Dec 2019: 14,201 tonnes).

Realised copper prices for YTD 2020 were \$2.60/lb copper compared with \$2.76/lb copper in the same period of 2019. Concentrates were sold under offtake agreements in place. The Company did not enter into any hedging agreements in 2020.

Operating costs for the nine month period ended 30 September 2020 amounted to €134.0 million, compared with €89.6 million in YTD 2019. Higher costs in 2020 were mainly attributable to the increase in production volumes and cash costs.

Cash costs of \$1.93/lb payable copper during YTD 2020 compare with \$1.85/lb payable copper in the same period last year. Higher cash costs in YTD 2020 mainly attributable to the increase of maintenance and processing costs during the period relating to higher consumption of lime and grinding balls and to the SAG liners used in the new mills compared with YTD 2019. All-in sustaining costs in the reporting period were \$2.27/lb payable copper compared with \$2.12/lb payable copper in YTD 2019. Higher AISC mainly related to higher underlying cash costs as well as additional investments in sustaining capex and higher stripping costs.

Sustaining capex for the nine month period ended 30 September 2020 amounted to €11.3 million, compared with €5.3 million in the same period in the previous year. Sustaining capex related to tailing dams and enhancements in processing systems.

Corporate costs for the first nine month period ended of 2020 were €3.5 million, compared with €5.5 million in YTD 2019. Corporate costs mainly include Company's overhead expenses.

Exploration costs related to Proyecto Riotinto for the nine month period ended 30 September 2020 amounted to €1.5 million, compared with €2.5 million in YTD 2019.

EBITDA for the nine months ended 30 September 2020 amounted to €44.4 million, compared with €41.4 million in YTD 2019.

Depreciation and amortisation amounted to €22.2 million for the nine-month period ended 30 September 2020 (YTD 2019: €10.9 million) as a result of the higher throughput resulting from the 2019 plant expansion.

Net finance costs for YTD 2020 amounted to €0.1 million (YTD 2019 €23k loss).

#### Copper prices

The average realised copper price increased by 1.5% from US\$2.68 per pound in Q3 2019 to US\$2.72 per pound in Q3 2020.

The average prices of copper for the three months ended 30 September 2020 and 2019 are summarised below:

(USD)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Realised copper price per lb	2.72	2.68	2.60	2.76
Market copper price per lb (period average)	2.96	2.63	2.65	2.74

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices and final settlements of quotation periods ("QPs") together. Higher realised prices than market averages are mainly due to the final settlement of invoices where QP was fixed in the previous quarter due to a short open period when copper prices were higher. The realised price of shipments during the quarter excluding QP was approximately \$2.96/lb.

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### 5. Non-GAAP Measures

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

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

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

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

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

### 6. Liquidity and Capital Resources

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

The following is a summary of Atalaya's cash position and cash flows as at 30 September 2020 and 31 December 2019.

#### Liquidity information

(Euro 000's)	30 September 2020	31 December 2019
Unrestricted cash and cash equivalents at Group level	19,984	1,730
Unrestricted cash and cash equivalents at Operation level	9,790	6,347
Working capital surplus	25,002	3,598

Unrestricted cash and cash equivalents as at 30 September 2020 increased to €29.8 million from €8.1 million at 31 December 2019. The increase in cash balances is as result of the raise in operation activities. Cash balances are unrestricted and include balances at operational and corporate level.

As of 30 September 2020, Atalaya reported a working capital surplus of €25.0 million, compared with a working capital surplus of €3.6 million at 31 December 2019. The main liability of the working capital is trade payables related to Proyecto Riotinto contractors and the use of credit facilities. At 30 September 2020, trade payables have been increased by circa 7% compared with the same period last year.

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

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

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Cash flows from operating activities	18,820	16,487	41,820	31,457
Cash flows used in investing activities	(6,338)	(13,115)	(19,669)	(45,390)
Cash flows used in financing activities	(15,085)	(158)	(454)	(430)
Net (decrease)/increase in cash and cash equivalents	(2,603)	3,214	21,697	(14,363)

#### Three months cash flows review

Cash and cash equivalents decreased by €2.6 million during the three months ended 30 September 2020. This was due to the net results of cash from operating activities amounting to €18.8 million, the cash used in investing activities amounting to €6.3 million and the cash used in financing activities totalling €15.1 million.

Cash generated from operating activities before working capital changes was €21.3 million. Trade receivables decreased in the period by €7.7 million, inventory levels increased by €4.0 million and trade payables decreased by €3.9 million.

Investing activities during the quarter consumed €6.3 million, relating mainly to the tailing dams Capex and sustaining Capex mostly in enhancements in processing systems of the plant.

Financing activities during the quarter decreased by €15.1 million as result of the full repayment of the existing unsecured credit facilities drawdown during previous quarters.

#### Nine months cash flows review

Cash and cash equivalents increased by €21.7 million during the nine months ended 30 September 2020. This was due to cash from operating activities amounting to €41.8 million, cash used in investing activities amounting to €19.7 million and cash used in financing activities amounting to €0.5 million.

Cash generated from operating activities before working capital changes was €43.2 million. Trade payables increased in the period by €3.9 million, inventory levels decreased by €1.7 million and trade receivable balances decreased by €3.4 million.

Investing activities during the nine month period amounted to €19.7 million, mainly relating to the tailing dams project, stripping costs and sustaining Capex.

Financing activities during the nine month period ended 30 September 2020 reduced by €0.5 million driven by leases repayments.

#### 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") which is the functional currency of the Group, and to a much lesser extent in British Pounds ("GBP").

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

During the three and nine months ended 30 September 2020, Atalaya recognised a foreign exchange loss of €1.4 million and €2.0 million, respectively. Foreign exchange losses mainly related to changes in the period in EUR and USD conversion rates, as all sales are cashed and occasionally held in USD.



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

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

	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
<b>Average rates for the periods</b>				
GBP – EUR	<b>0.9050</b>	0.9021	<b>0.8851</b>	0.8835
USD – EUR	<b>1.1689</b>	1.1119	<b>1.1250</b>	1.1236
<b>Spot rates as at</b>				
GBP – EUR	<b>0.9124</b>	0.8857	<b>0.9124</b>	0.8857
USD – EUR	<b>1.1708</b>	1.0889	<b>1.1708</b>	1.0889

### 7. Deferred Consideration

In June 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included a deferred consideration of €43.9 million (the "Deferred Consideration") payable as consideration in respect of the acquisition. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US\$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing took place in May 2020. Pursuant to the court order of May, Atalaya and Astor have served its statements of case.

Subsequently (i) on 26 October 2020, Atalaya issued an application for permission to amend its statement of case to take into account the position in respect of Spanish tax on payment of the Deferred Consideration; and (ii) on 29 October 2020, Astor issued an application for summary judgment on three alternative bases set out in its statement of case.

On 30 October 2020, a directions hearing took place. The next stages of the litigation will proceed as follows: (i) Atalaya's application for permission to amend its statement of case will be heard in February 2021; (ii) summary judgment hearing will be heard in June 2021; and (iii) if Astor's application is unsuccessful, trial will be taken place in February 2022 for six days.

As at 30 September 2020, no consideration has been paid.

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

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### 8. Corporate Social Responsibility

During the third quarter of the year, Atalaya has continued implementing initiatives to comply with its social responsibility in cooperation with its wholly-owned Fundación Atalaya Riotinto.

In this regards, Fundacion Atalaya Riotinto has sponsored initiatives with local communities:

- A contribution to AFA – El Campillo: an NGO dedicated to support people who suffer from Alzheimer disease in their Day Care Center.
- It has also cooperated with the municipality of Zalamea La Real to support the project that will restore the town's boarding school.
- In association with the municipality of Campofrío, Fundacion Atalaya Riotinto is supporting the opening of a Visitor's Centre.
- In coordination with Nerva townhall, Fundacion Atalaya Riotinto is sponsoring the town's English Language School, and funding the acquisition of new equipment for the Youth House facilities.

### 9. Health and Safety

Q3 2020 has been characterised by new actions to protect employees against COVID-19, in addition to continuing with the scheduled tasks in prevention of occupational risks:

- In July 2020 PCR tests were performed at the nursery station to all employees, which resulted in a detection of two positive cases of asymptomatic people who returned from vacation. This situation was contained in time so not to affect employees or impacting production works either. Likewise, since September, serology tests have been carried out, by means of rapid tests, to all employees who return from vacation and, once a month, to the relief staff. Furthermore, the disinfection system of common areas with high attendance, changing rooms or training rooms has been improved to a faster and more efficient system.
- A new record of days in a row without work accidents with sick leave has been achieved (more than 126 days).
- In order to continue improving, a new activity has been developed: "leadership in the field". It is a management tool for the entire company. It started in July, with a goal of commitment to occupational health and safety and the inclusion of a preventive culture throughout the organization.

### 10. Environmental Management

During the third quarter of 2020, the environmental department has continued to carry out environmental monitoring and environmental management activities, as well as environmental compliance inspection activities. Key points of the quarter:

- Regular controls of channelled and non-channelled emissions into the atmosphere have been carried out. The results obtained in this quarter for diffuse emissions were favourable as none of them exceeded the established limit values. Currently, the Company is awaiting the results of diffuse and channelled emissions of September 2020, which, based on internal controls carried out, are not expected to exceed the established Emission Limit Values.
- Additional measures in the action plan on dust have continued: increasing regular irrigations, implementing new coordination measures and carrying out an exhaustive monitoring of the emissions generated in the mine. In view of the data, the measures taken by Atalaya have had very positive results.
- Environmental inspections focused on the storage and handling of chemical products, order and cleaning, waste management and good environmental practices, both for Atalaya and contractor staff.

The improvement and optimization of waste management in the mine continues. During this quarter, the works of the new non-hazardous waste park were completed. This works will improve the segregation and separation of waste, contributing to a development in safety, order and cleanliness.

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### 11. Risk Factors

Due to the nature of Atalaya's business in the mining industry, the Group is subject to various risks that could materially impact the future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Atalaya. Readers are encouraged to read and consider the risk factors detailed in Atalaya's audited, consolidated financial statements for the year ended 31 December 2019.

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 13 above).

### 12. Critical Accounting Policies, Estimates and Accounting Changes

The preparation of Atalaya's Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting policies in the audited consolidated financial statements for the year ended 31 December 2019.

### 13. COVID-19 impact

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

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

In order to mitigate the potential operational and financial impact of COVID-19 the Company made net drawdowns on existing credit facilities in March 2020 which were repaid before the end of Q3 2020.

Refer to Note 22 and 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 development of the pandemic.

### 14. Other Information

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

**Unaudited Interim Condensed Consolidated Financial Statements on pages 11 to 33**

**By Order of the Board of Directors,**

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Roger Davey  
Chairman  
Nicosia, 18 November 2020

# Unaudited Interim Condensed Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 2020 and 2019

(Euro 000's)	Note	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Revenue	4	65,836	44,383	183,569	139,165
Operating costs and mine site administrative expenses		(41,565)	(31,012)	(133,455)	(89,239)
Mine site depreciation and amortization		(8,419)	(3,723)	(22,186)	(10,893)
<b>Gross profit</b>		<b>15,852</b>	<b>9,648</b>	<b>27,928</b>	<b>39,033</b>
Administration and other expenses		(1,361)	(2,070)	(3,519)	(5,452)
Share-based benefits	12	(248)	(256)	(569)	(363)
Impairment loss on other receivables		-	-	(45)	-
Exploration expenses		(380)	(1,132)	(1,484)	(2,534)
Care and maintenance expenditure		(29)	(43)	(189)	(164)
<b>Operating profit</b>		<b>13,834</b>	<b>6,147</b>	<b>22,122</b>	<b>30,520</b>
Other income		12	-	20	-
Net foreign exchange (loss)/gain		(1,411)	1,405	(2,027)	1,692
Net finance costs	5	82	43	(67)	(23)
<b>Profit before tax</b>		<b>12,517</b>	<b>7,595</b>	<b>20,048</b>	<b>32,189</b>
Tax		(280)	(662)	(1,845)	(4,252)
<b>Profit for the period</b>		<b>12,237</b>	<b>6,933</b>	<b>18,203</b>	<b>27,937</b>
<b>Profit for the period attributable to:</b>					
- Owners of the parent		12,402	6,975	18,794	28,090
- Non-controlling interests		(165)	(42)	(591)	(153)
		<b>12,237</b>	<b>6,933</b>	<b>18,203</b>	<b>27,937</b>
<b>Earnings per share from operations attributable to equity holders of the parent during the period:</b>					
Basic earnings per share (EUR cents per share)	6	<b>9.0</b>	5.1	<b>13.7</b>	20.5
Fully diluted earnings per share (EUR cents per share)	6	<b>8.8</b>	5.0	<b>13.4</b>	20.2
<b>Profit for the period</b>		<b>12,237</b>	<b>6,933</b>	<b>18,203</b>	<b>27,937</b>
<b>Other comprehensive income:</b>					
Change in fair value of financial assets through other comprehensive income 'OCI'		61	(25)	52	(37)
<b>Total comprehensive income for the period</b>		<b>12,298</b>	<b>6,908</b>	<b>18,255</b>	<b>27,900</b>
<b>Total comprehensive income for the period attributable to:</b>					
- Owners of the parent		12,463	6,950	18,846	28,053
- Non-controlling interests		(165)	(42)	(591)	(153)
		<b>12,298</b>	<b>6,908</b>	<b>18,255</b>	<b>27,900</b>

The notes on pages 11 to 33 are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

# Unaudited Interim Condensed Consolidated Statement of Financial Position

(All amounts in Euro thousands unless otherwise stated)  
As at 30 September 2020 and 2019

(Euro 000's)	Note	30 Sep 2020	31 Dec 2019
<b>Assets</b>		<b>Unaudited</b>	Audited
<b>Non-current assets</b>			
Property, plant and equipment	7	309,454	307,815
Intangible assets	8	59,429	63,085
Trade and other receivables	10	497	500
Non-current financial assets		1,101	1,101
Deferred tax asset		6,354	6,576
		<u>376,835</u>	<u>379,077</u>
<b>Current assets</b>			
Inventories	9	19,621	21,330
Trade and other receivables	10	38,551	32,857
Tax refundable		843	1,924
Other financial assets		94	42
Cash and cash equivalents		29,774	8,077
		<u>88,883</u>	<u>64,230</u>
<b>Total assets</b>		<u>465,718</u>	<u>443,307</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	11	13,372	13,372
Share premium	11	314,319	314,319
Other reserves	12	33,655	22,836
Accumulated losses		(22,046)	(30,669)
		<u>339,300</u>	<u>319,858</u>
Non-controlling interests		(2,993)	(2,402)
<b>Total equity</b>		<u>336,307</u>	<u>317,456</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	13	13
Provisions	14	7,687	6,941
Leases	16	4,830	5,265
Deferred consideration	17	53,000	53,000
		<u>65,530</u>	<u>65,219</u>
<b>Current liabilities</b>			
Trade and other payables	13	61,472	57,537
Leases	16	582	588
Current tax liabilities		1,827	2,507
		<u>63,881</u>	<u>60,632</u>
<b>Total liabilities</b>		<u>129,411</u>	<u>125,851</u>
<b>Total equity and liabilities</b>		<u>465,718</u>	<u>443,307</u>

The notes on pages 11 to 33 are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements. The unaudited interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 18 November 2020 and were signed on its behalf.

Roger Davey  
Chairman

Alberto Lavandeira  
Managing Director

# Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

(Euro 000's)	Note	Share capital	Share premium <sup>(1)</sup>	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
<b>At 1 January 2020</b>		13,372	314,319	22,836	(30,669)	319,858	(2,402)	317,456
Profit for the period		-	-	-	18,794	18,795	(591)	18,204
Change in fair value of financial assets through OCI		-	-	52	-	-	-	52
<b>Total comprehensive income</b>		-	-	52	18,794	18,846	(591)	18,255
<b>Transactions with owners</b>								
Recognition of share-based payments	12	-	-	569	-	569	-	569
Recognition of depletion factor	12	-	-	8,000	(8,000)	-	-	-
Recognition of non-distributable reserve	12	-	-	2,198	(2,198)	-	-	-
Other changes in equity		-	-	-	27	27	-	27
<b>At 30 September 2020</b>		13,372	314,319	33,655	(22,046)	339,300	(2,993)	336,307

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

(Euro 000's)	Note	Share capital	Share premium <sup>(1)</sup>	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
<b>At 1 January 2019</b>		13,372	314,319	12,791	(58,308)	282,174	4,200	286,374
Profit for the period		-	-	-	28,090	28,090	(153)	27,937
Change in fair value of financial assets through OCI		-	-	(37)	-	(37)	-	(37)
<b>Total comprehensive income</b>		-	-	(37)	28,090	28,053	(153)	27,900
<b>Transactions with owners</b>								
Recognition of share-based payments	12	-	-	5,378	(5,378)	-	-	-
Recognition of depletion factor	12	-	-	363	-	363	-	363
Recognition of non-distributable reserve	12	-	-	1,984	(1,984)	-	-	-
Recognition of distributable reserve	12	-	-	1,844	(1,844)	-	-	-
<b>At 30 September 2019</b>		13,372	314,319	22,323	(39,424)	310,590	4,047	314,637

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

(Euro 000's)	Note	Share capital	Share premium <sup>(1)</sup>	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
<b>Audited</b>								
<b>At 1 January 2019</b>		13,372	314,319	12,791	(58,308)	282,174	4,200	286,374
Profit for the period		-	-	-	37,323	37,323	(6,602)	30,721
Change in fair value of financial assets through OCI		-	-	(29)	-	(29)	-	(29)
<b>Total comprehensive income</b>		-	-	(29)	37,323	37,294	(6,602)	30,692
<b>Transactions with owners</b>								
Recognition of depletion factor	12	-	-	5,378	(5,378)	-	-	-
Recognition of share-based payments	12	-	-	619	-	619	-	619
Recognition of non-distributable reserve	12	-	-	1,984	(1,984)	-	-	-
Recognition of distributable reserve	12	-	-	1,844	(1,844)	-	-	-
Other changes in equity		-	-	249	(478)	(229)	-	(229)
<b>At 31 December 2019</b>		13,372	314,319	22,836	(30,669)	319,858	(2,402)	317,456

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

The notes on pages 11 to 33 are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

# Unaudited Interim Condensed Consolidated Statement of Cash Flows

(All amounts in Euro thousands unless otherwise stated)  
For to the period ended 30 September 2020 and 2019

(Euro 000's)	Note	Three months ended Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
<b>Cash flows from operating activities</b>					
<b>Profit before tax</b>		<b>12,517</b>	7,595	<b>20,048</b>	32,189
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment	7	<b>7,096</b>	2,864	<b>18,530</b>	8,354
Amortisation of intangibles	8	<b>1,323</b>	858	<b>3,656</b>	2,539
Recognition of share-based payments	12	<b>248</b>	256	<b>569</b>	363
Interest income	5	<b>(112)</b>	(83)	<b>(116)</b>	(99)
Interest expense	5	<b>56</b>	29	<b>109</b>	33
Unwinding of discounting	5	<b>(30)</b>	30	<b>62</b>	89
Legal provisions	14	<b>267</b>	279	<b>300</b>	261
Rehab provisions	14	-	(18)	-	(18)
Loss on disposal of property, plant and equipment	7	-	-	<b>45</b>	2
Unrealised foreign exchange loss on financing activities		<b>(90)</b>	(22)	<b>(19)</b>	4
<b>Cash inflows from operating activities before working capital changes</b>		<b>21,275</b>	11,788	<b>43,184</b>	43,717
<b>Changes in working capital:</b>					
Inventories	9	<b>(4,052)</b>	(97)	<b>1,709</b>	(653)
Trade and other receivables	10	<b>7,700</b>	6,174	<b>(3,427)</b>	(5,587)
Trade and other payables	13	<b>(3,863)</b>	(453)	<b>3,934</b>	(3,116)
<b>Cash flows from operations</b>		<b>21,060</b>	17,412	<b>45,400</b>	34,361
Interest expense on lease liabilities		<b>(4)</b>	(2)	<b>(12)</b>	(6)
Interest paid		<b>(56)</b>	(898)	<b>(109)</b>	(2,877)
Tax paid		<b>(2,180)</b>	(27)	<b>(3,459)</b>	(27)
<b>Net cash from operating activities</b>		<b>18,820</b>	16,487	<b>41,820</b>	31,457
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		<b>(6,450)</b>	(12,890)	<b>(19,875)</b>	(44,462)
Purchase of intangible assets	8	-	(308)	-	(1,027)
Interest received	5	<b>112</b>	83	<b>116</b>	99
<b>Net cash used in investing activities</b>		<b>(6,338)</b>	(13,115)	<b>(19,669)</b>	(45,390)
<b>Cash flows from financing activities</b>					
Lease payments	16	<b>(151)</b>	(156)	<b>(454)</b>	(424)
Repayment of Borrowings		<b>(14,934)</b>	-	-	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(15,085)</b>	(156)	<b>(454)</b>	(424)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,063)</b>	3,214	<b>21,697</b>	(14,363)
<b>Cash and cash equivalents:</b>					
At beginning of the period		<b>32,377</b>	15,493	<b>8,077</b>	33,070
At end of the period		<b>29,774</b>	18,707	<b>29,774</b>	18,707

The notes on pages 11 to 33 are an integral part of these Unaudited Interim Condensed Consolidated Financial Statements.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

## 1. Incorporation and summary of business

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

The Company was listed on AIM of the London Stock Exchange in May 2005 under the symbol ATYM and on the TSX on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 30 September 2020.

Additional information about Atalaya Mining Plc is available at [www.atalayamining.com](http://www.atalayamining.com) as per requirement of AIM rule 26.

### Change of name and share consolidation

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

### Principal activities

The Company owns and operates through a wholly-owned subsidiary, “Proyecto Riotinto”, an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville. A brownfield expansion of this mine was completed in 2019.

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

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

In October 2020, Atalaya acquired 100% of Cambridge Minería España, SL, which owns the Masa Valverde polymetallic project located in Huelva (Spain).

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

## 2. Basis of preparation and accounting policies

### 2.1 Basis of preparation

#### (a) Overview

The unaudited interim condensed consolidated financial statements for the nine month period ended 30 September 2020 have been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting. 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 interim condensed consolidated financial statements have also been prepared in accordance with the IFRS as adopted by the European Union (EU), using the historical cost convention.

These unaudited interim condensed consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the consolidated financial statements of the Company and the Group for the year ended 31 December 2019. These unaudited interim condensed 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 Group’s 31 December 2019 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements for the year ended 31 December 2019.



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

## 2. Basis of preparation and accounting policies (cont.)

### 2.1 Basis of preparation (cont.)

(b) Going concern

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

The crisis and the actions taken by governments have resulted in significant disruption to business operations, consumption patterns worldwide, equity markets and significant volatility in commodities prices, including copper, which declined below Company’s AISC level during March 2020 although commodities prices have recovered an the average market price for copper during Q2 2020 and Q3 2020 and the current spot price both exceed ASIC. Furthermore, in Spain, where the Company has its single producing asset, the Government issued a Royal Decree on 14 March 2020 to declare the nationwide lockdown to reduce the impact of the COVID-19 pandemic. On 29 March 2020, the Spanish government issued a new Royal Decree implementing enhanced measures to protect the people from the virus. The new Decree stipulated that only employees from a short list of essential industries are allowed to continue working from 30 March 2020. Mining was excluded as an essential industry and consequently the Proyecto Riotinto site was required to halt its operations for a short period until 3 April 2020 when mining operations were permitted to restart.

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

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

The Company has increased its cash balance from €8.1 million as at 31 December 2019 to €29.8 million as at 30 September 2020.

The Directors, after reviewing these scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group’s operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. Accordingly, these unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Group and the Company will realise its assets and discharge its liabilities in the normal course of business.

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

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

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

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

## 2. Basis of preparation and accounting policies (cont.)

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

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

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

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

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

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

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

### 2.3 Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

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

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

#### Fair value measurements recognised in the consolidated statement of financial position

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

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

## 2. Basis of preparation and accounting policies (cont.)

### 2.3 Fair value estimation (cont.)

<b>Financial assets or liabilities (Euro 000's)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30 September 2020</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	94	-	1,101	1,195
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	12,196	-	12,196
<b>Total</b>	<b>94</b>	<b>12,196</b>	<b>1,101</b>	<b>13,391</b>
<b>31 December 2019</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	42	-	1,101	1,143
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	17,716	-	17,716
<b>Total</b>	<b>42</b>	<b>17,716</b>	<b>1,101</b>	<b>18,859</b>

### 2.4 Critical accounting estimates and judgements

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

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

A full analysis of critical accounting estimates and judgements is set out in Note 3.4 to the 2019 audited financial statements, as well as Note 2.1(b) of these unaudited interim condensed 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 agreements (Note 4)

### 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 arm's length basis in a similar manner to transaction with third parties. Accounting policies used by the Group in different locations are the same as those contained in Note 2.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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### 3. Business and geographical segments (cont.)

(Euro 000's)	Cyprus	Spain	Other	Total
<b>Three months ended 30 September 2020</b>				
Revenue – from external customers	4,312	61,524	-	65,836
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,132	20,175	(42)	22,265
Depreciation/amortisation charge	-	(8,419)	-	(8,419)
Net foreign exchange loss	(425)	(986)	-	(1,411)
Finance income	-	112	-	112
Finance cost	-	(30)	-	(30)
Profit/(loss) before tax	1,707	10,852	(42)	12,517
Tax	405	(685)	-	(280)
<b>Profit for the period</b>	<b>2,112</b>	<b>10,167</b>	<b>(42)</b>	<b>12,237</b>
<b>Nine months ended 30 September 2020</b>				
Revenue – from external customers	11,896	171,673	-	183,569
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	6,481	38,035	(143)	44,373
Depreciation/amortisation charge	-	(22,186)	-	(22,186)
Net foreign exchange gain/(loss)	(481)	(1,550)	4	(2,027)
Impairment of other receivables	(45)	-	-	45
Finance income	-	116	-	116
Finance cost	(1)	(182)	-	(183)
Profit/(loss) before tax	5,954	14,234	(139)	20,048
Tax	(1,022)	(823)	-	(1,845)
<b>Profit for the period</b>	<b>4,932</b>	<b>13,411</b>	<b>(139)</b>	<b>18,203</b>
<b>Total assets</b>	<b>33,167</b>	<b>431,391</b>	<b>1,160</b>	<b>465,718</b>
<b>Total liabilities</b>	<b>(11,041)</b>	<b>(118,332)</b>	<b>(38)</b>	<b>(129,411)</b>
<b>Depreciation of property, plant and equipment</b>	<b>-</b>	<b>18,530</b>	<b>-</b>	<b>18,530</b>
<b>Amortisation of intangible assets</b>	<b>-</b>	<b>3,656</b>	<b>-</b>	<b>3,656</b>
<b>Total additions of non-current assets</b>	<b>-</b>	<b>26,364</b>	<b>-</b>	<b>26,364</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 2020 and 2019

## 3. Business and geographical segments (cont.)

(Euro 000's)	Cyprus	Spain	Other	Total
<b>Three months ended 30 September 2019</b>				
Revenue – from external customers	2,706	41,677	-	44,383
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	775	8,969	125	9,869
Depreciation/amortisation charge	-	(3,722)	-	(3,722)
Net foreign exchange (loss)	788	617	-	1,405
Finance income	75	8	-	83
Finance cost	-	(40)	-	(40)
Profit/(loss) before tax	1,638	5,832	125	7,595
Tax				(662)
<b>Profit for the period</b>				<b>6,933</b>
<b>Nine months ended 30 September 2019</b>				
Revenue – from external customers	9,391	129,774	-	139,165
Earnings/(loss) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,157	37,792	(536)	41,413
Depreciation/amortisation charge	(1)	(10,892)	-	(10,893)
Net foreign exchange gain/(loss)	955	739	(2)	1,692
Finance income	75	24	-	99
Finance cost	(1)	(121)	-	(122)
Profit/(loss) before tax	5,185	27,542	(538)	32,189
Tax				(4,252)
<b>Profit for the period</b>				<b>27,937</b>
Total assets	29,063	409,078	656	438,797
Total liabilities	(14,252)	(109,472)	(436)	(124,160)
Depreciation of property, plant and equipment	1	8,353	-	8,354
Amortisation of intangible assets	-	2,539	-	2,539
Total additions of non-current assets	1	51,924	-	51,925

Revenue represents the sales value of goods supplied to customers, net of value added tax. The following table summarises sales to customers with whom transactions have individually exceeded 10.0% of the Group's revenues.

(Euro 000's)	Segment	Nine months ended		
		30 Sep 2020	30 Sep 2019	
		€'000	Segment	€'000
Offtaker 1	Copper	30,821	Copper	27,267
Offtaker 2	Copper	56,687	Copper	39,045
Offtaker 3	Copper	96,061	Copper	72,853

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(All amounts in Euro thousands unless otherwise stated)  
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## 4. Revenue

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Revenue from contracts with customers <sup>(1)</sup>	183,447	46,185	63,421	140,177
Fair value (losses)/gains relating to provisional pricing within sales <sup>(2)</sup>	122	(1,802)	2,415	(1,012)
<b>Total revenue</b>	<b>183,569</b>	<b>44,383</b>	<b>65,836</b>	<b>139,165</b>

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

- (1) Included within YTD 2020 revenue, there is a transaction price of €2.3 million (€0.1 million in YTD 2019) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.
- (2) Provisional pricing impact represents the change in fair value of the embedded derivative arising on sales of concentrate.

## 5. Net finance cost

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Interest expense:				
Other interest	(56)	(8)	(109)	(27)
Interest expense on lease liabilities	(4)	(2)	(12)	(6)
Unwinding of discount on mine rehabilitation provision (Note 14)	30	(30)	(62)	(89)
Interest income <sup>(1)</sup>	112	83	116	99
	<b>82</b>	<b>43</b>	<b>(67)</b>	<b>(23)</b>

- (1) Interest income relates to interest received on bank balances

## 6. Earnings per share

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

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Profit attributable to equity holders of the parent	12,403	(962)	18,794	(2,494)
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	137,339	137,339	137,339	137,339
Basic profit per share (EUR cents/share)	9.0	5.1	13.7	20.5
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	140,894	138,517	140,202	138,959
Fully diluted profit per share (EUR cents/share)	8.8	5.0	13.4	20.2

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
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## 6. Earnings per share (cont.)

At 30 September 2020 there are nil warrants (Note 11) and 3,555,250 options (Note 12) (2019: nil warrants and 2,713,000 options) which have been included when calculating the weighted average number of shares for fully diluted earnings per share for 2020.

## 7. Property, plant and equipment

(Euro 000's)	Land and buildings	Right-of-use assets	Plant and machinery	Assets under construction <sup>(1)</sup>	Deferred mining costs <sup>(2)</sup>	Other assets <sup>(3)</sup>	Total
<b>Cost</b>							
At 1 January 2019	45,853	6,144	152,820	62,010	27,537	785	295,149
Additions	169	277	646	41,846	1,940	1	44,879
Disposals	-	-	-	-	-	(5)	(5)
Reclassifications	-	-	4,609	(4,609)	-	-	-
At 30 September 2019	46,022	6,421	158,075	99,247	29,477	781	340,023
Additions	41	-	525	6,891	4,536	-	11,993
Reclassifications	-	-	89,621	(89,621)	-	-	-
<b>At 31 December 2019</b>	<b>46,063</b>	<b>6,421</b>	<b>248,221</b>	<b>16,517</b>	<b>34,013</b>	<b>781</b>	<b>352,016</b>
Additions	401	-	543	13,983	5,242	-	20,169
Reclassifications	-	-	9,296	(9,296)	-	-	-
<b>At 30 September 2020</b>	<b>46,464</b>	<b>6,421</b>	<b>258,060</b>	<b>21,204</b>	<b>39,255</b>	<b>781</b>	<b>372,185</b>
<b>Depreciation</b>							
At 1 January 2019	6,072	-	20,315	-	4,681	561	31,629
Charge for the period	1,585	284	5,398	-	1,040	47	8,534
Disposals	-	-	-	-	-	(3)	(3)
At 30 September 2019	7,657	284	25,713	-	5,721	605	39,980
Charge for the period	600	107	3,159	-	340	25	4,221
<b>At 31 December 2019</b>	<b>8,257</b>	<b>391</b>	<b>28,872</b>	<b>-</b>	<b>6,061</b>	<b>620</b>	<b>44,201</b>
Charge for the period	2,278	402	14,044	-	1,765	41	18,530
<b>At 30 September 2020</b>	<b>10,535</b>	<b>793</b>	<b>42,916</b>	<b>-</b>	<b>7,826</b>	<b>661</b>	<b>62,731</b>
<b>Net book value</b>							
<b>At 30 September 2020</b>	<b>35,929</b>	<b>5,628</b>	<b>215,144</b>	<b>21,204</b>	<b>31,429</b>	<b>120</b>	<b>309,454</b>
At 31 December 2019	37,806	6,030	219,349	16,517	27,952	161	307,815

<sup>(1)</sup> Assets under construction at 30 September 2020 were €21.2 million (31 December 2019: €16.5 million) which include sustaining capital expenditures and tailings dams project.

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

<sup>(3)</sup> Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

The above fixed assets are mainly located in Spain.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 8. Intangible assets

(Euro 000's)	Permits <sup>(1)</sup>	Licences, R&D and software	Total
<b>Cost</b>			
At 1 January 2019	76,538	6,026	82,564
Additions	-	1,027	1,027
<b>At 30 September 2019</b>	<b>76,538</b>	<b>7,053</b>	<b>83,591</b>
Additions	-	557	557
<b>At 31 December 2019</b>	<b>76,538</b>	<b>7,610</b>	<b>84,148</b>
Additions	-	-	-
<b>At 30 September 2020</b>	<b>76,538</b>	<b>7,610</b>	<b>84,148</b>
<b>Amortisation</b>			
On 1 January 2019	10,370	243	10,613
Charge for the period	2,492	47	2,539
<b>At 30 September 2019</b>	<b>12,862</b>	<b>290</b>	<b>13,152</b>
Charge for the period	946	17	963
Impairment charge	-	6,948	6,948
<b>At 31 December 2019</b>	<b>13,808</b>	<b>7,255</b>	<b>21,063</b>
Charge for the period	<b>3,607</b>	<b>49</b>	<b>3,656</b>
<b>At 30 September 2020</b>	<b>17,415</b>	<b>7,304</b>	<b>24,719</b>
<b>Net book value</b>			
<b>At 30 September 2020</b>	<b>59,123</b>	<b>306</b>	<b>59,429</b>
At 31 December 2019	62,730	355	63,085

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

The ultimate recovery of balances carried forward in relation to areas of interest or 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. Considering the carrying value of the assets at Proyecto Riotinto, including the intangible assets and any impairment thereof, the Group assessed that no indicators were present as at 30 September 2020 and thus no impairment has been recognised.

## 9. Inventories

(Euro 000's)	30 Sep 2020	31 Dec 2019
Finished products	6,719	11,024
Materials and supplies	11,801	9,266
Work in progress	1,101	1,040
	<b>19,621</b>	<b>21,330</b>

As of 30 September 2020, copper concentrate produced and not sold amounted to 8,402 tonnes (31 Dec 2019: 14,201 tonnes). Accordingly, the inventory for copper concentrate was €6.7 million (31 Dec 2019: €11.0 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.



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 10. Trade and other receivables

(Euro 000's)	30 Sep 2020	31 Dec 2019
<b>Non-current</b>		
Deposits	497	500
	<u>497</u>	<u>500</u>
<b>Current</b>		
Trade receivables at fair value – <i>subject to provisional pricing</i>	10,941	8,798
Trade receivables from shareholders at fair value – <i>subject to provisional pricing</i> (Note 20.3)	1,255	8,918
Other receivables from related parties at amortised cost (Note 20.3)	56	56
Deposits	27	26
VAT receivables	23,162	14,380
Tax advances	1,063	7
Prepayments	2,040	616
Other current assets	7	56
	<u>38,551</u>	<u>32,857</u>
Allowance for expected credit losses	-	-
<b>Total trade and other receivables</b>	<u>38,551</u>	<u>33,357</u>

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

## 11. Share capital and share premium

	Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
<b>Authorised</b>				
Ordinary shares of Stg £0.075 each	200,000	15,000	-	15,000
<b>Issued and fully paid</b>	000's	Euro 000's	Euro 000's	Euro 000's
Balance at 1 January 2019	137,339	13,372	314,319	327,691
Balance at 30 September 2019	137,339	13,372	314,319	327,691
Balance at 31 December 2019 / 30 September 2020	137,339	13,372	314,319	327,691

### Authorised capital

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

### Issued capital

There were no changes in share capital during the nine months period ended 30 September 2020 and 2019.

### Warrants

As at 30 September 2020 and 2019 there were no warrants.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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### 12. Other reserves

(Euro 000's)	Share option	Bonus share	Depletion factor <sup>(1)</sup>	Fair value reserve of financial assets at FVOCI <sup>(2)</sup>	Non-Distributable reserve <sup>(3)</sup>	Distributable reserve <sup>(4)</sup>	Total
At 1 January 2019	6,752	208	5,500	(1,115)	1,446	6,752	12,791
Recognition of share-based payments	363	-	-	-	-	-	363
Recognition of depletion factor	-	-	5,378	-	-	-	5,378
Recognition of non-distributable reserve	-	-	-	-	1,984	-	1,984
Recognition of distributable reserve	-	-	-	-	-	1,844	1,844
Change in fair value of financial assets at fair value through OCI	-	-	-	(37)	-	-	(37)
<b>At 30 September 2019</b>	<b>7,115</b>	<b>208</b>	<b>10,878</b>	<b>(1,152)</b>	<b>3,430</b>	<b>1,844</b>	<b>22,323</b>
Recognition of share-based payments	256	-	-	-	-	-	256
Change in fair value of financial assets at fair value through OCI	-	-	-	12	-	-	12
Other changes in reserves	-	-	-	-	-	249	249
<b>At 31 December 2019</b>	<b>7,371</b>	<b>208</b>	<b>10,878</b>	<b>(1,144)</b>	<b>3,430</b>	<b>2,093</b>	<b>22,836</b>
Recognition of share-based payments	569	-	-	-	-	-	569
Recognition of depletion factor	-	-	8,000	-	-	-	8,000
Recognition of non-distributable reserve	-	-	-	-	2,198	-	2,198
Change in fair value of financial assets at fair value through OCI	-	-	-	52	-	-	52
<b>At 30 September 2020</b>	<b>7,940</b>	<b>208</b>	<b>18,878</b>	<b>(1,092)</b>	<b>5,628</b>	<b>2,093</b>	<b>33,655</b>

(1) Depletion factor reserve

At 30 September 2020, the Group has disposed €8.0 million (30 September 2019: €5.4 million) as a depletion factor reserve as per 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 12. Other reserves (cont.)

- (3) Non-distributable reserve  
To comply with Spanish Law, the Group needed to record a reserve when profit generated equal to a 10% of profit/(loss) for the year until 20% of share capital is reached.
- (4) Distributable reserve  
The Group reclassified 10% of the profit of 2019 to distributable reserves.

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

Details of share options outstanding as at 30 September 2020:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	813,000
29 May 2019	28-May-2024	2.015	1,292,250
8 July 2019	7 July 2024	2.045	400,000
30 June 2020	29 June 2030	1.475	1,050,000
<b>Total</b>			<b>3,555,250</b>

  

	Weighted average exercise price £	Share options
At 1 January 2020	2.08	2,505,250
Granted during the reported period	1.475	1,050,000
30 September 2020	1.924	<b>3,555,250</b>

## 13. Trade and other payables

(Euro 000's)	30 Sep 2020	31 Dec 2019
<b>Non-current</b>		
Government grant	13	13
	<b>13</b>	<b>13</b>
<b>Current</b>		
Trade payables	59,039	52,395
Land options and mortgage	-	282
Accruals	2,433	4,860
	<b>61,472</b>	<b>57,537</b>

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 14. Provisions

(Euro 000's)	Legal costs	Rehabilitation costs	Total costs
<b>1 January 2019</b>	127	6,392	6,519
Additions	284	140	424
Revision of provision	(23)	(18)	(41)
Finance cost		89	89
<b>At 30 September 2019</b>	388	6,603	6,991
Additions	-	(2)	(2)
Revision of provision	-	-	-
Finance cost	-	(48)	(48)
<b>At 31 December 2019</b>	388	6,553	6,941
<b>Additions</b>	<b>300</b>	<b>384</b>	<b>684</b>
<b>Finance cost</b>	<b>-</b>	<b>62</b>	<b>62</b>
<b>At 30 September 2020</b>	<b>688</b>	<b>6,999</b>	<b>7,687</b>

(Euro 000's)	30 Sep 2020	31 Dec 2019
Non-current	6,999	6,941
Current	-	-
<b>Total</b>	<b>6,999</b>	<b>6,941</b>

### Rehabilitation provision

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

The discount rate used in the calculation of the net present value of the provision as at 30 September 2020 was 1%, which is the 15-year Spain Government Bond rate adjusted by Management judgement (31 December 2019: 1.87%).

The rehabilitation provision is currently being reviewed and is expected to be updated at year-end.

### Legal provision

The Group has been named a defendant in several legal actions in Spain, the outcome of which is not determinable as at 30 September 2020. Management has reviewed individually each case and made a provision of €0.3 million for these claims, which has been reflected in these unaudited interim condensed consolidated financial statements.

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## 15. Borrowings

The Group has unsecured credit facilities totalling €64.5 million. During the period to 30 September 2020, Atalaya drew down some of its existing credit facilities to strengthen the cash position of the Company to provide additional liquidity in view of any potential impacts of the COVID-19 pandemic. The average interest rate on the facilities was 1.69%. These borrowings were fully repaid by 30 September and the underlying credit facilities remain in place.

## 16. Leases

(Euro 000's)	30 Sep 2020	31 Dec 2019
<b>Non-current</b>		
Leases	<u>4,830</u>	<u>5,265</u>
	<u>4,830</u>	<u>5,265</u>
<b>Current</b>		
Leases	<u>582</u>	<u>588</u>
	<u>582</u>	<u>588</u>

### Finance leases

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. Depreciation expense regarding leases amounts to €0.4 million (YTD 2019: €0.3 million) for the nine month period ended 30 September 2020. The duration of the land lease is for a period of thirteen years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 30 September 2020, the remaining term of this lease is eleven 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, currently escalating on an annual average of 0%. At 30 September 2020, the remaining term of this motor vehicle and laboratory equipment lease is two years, and two years and a half, respectively.

(Euro 000's)	30 Sep 2020	31 Dec 2019
<b>Minimum lease payments due:</b>		
- Within one year	582	588
- Two to five years	2,050	2,134
- Over five years	2,779	3,131
Present value of minimum lease payments due	<u>5,411</u>	<u>5,853</u>

(Euro 000's)	Lease liability
<b>Balance 1 January 2020</b>	<b>5,853</b>
Additions	-
Interest expense	12
Lease payments	<u>(454)</u>
<b>Balance at 30 September 2020</b>	<b><u>5,411</u></b>
<b>Balance at 30 September 2020</b>	
- Non-current liabilities	4,829
- Current liabilities	<u>582</u>
	<u>5,411</u>

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## 17. Deferred consideration

In June 2008, the Group moved to 100% ownership of Atalaya Riotinto Mineral S.L. ("ARM") (and thus full ownership of Proyecto Riotinto) by acquiring the remaining 49% of the issued capital of ARM. At the time of the acquisition, the Group signed a Master Agreement (the "Master Agreement") with Astor Management AG ("Astor") which included a deferred consideration of €43.9 million (the "Deferred Consideration") payable as consideration in respect of the acquisition. The Company also entered into a credit assignment agreement at the same time with a related company of Astor, Shorthorn AG, pursuant to which the benefit of outstanding loans was assigned to the Company in consideration for the payment of €9.1 million to Shorthorn (the "Loan Assignment").

The Master Agreement has been the subject of litigation in the High Court and the Court of Appeal that has now concluded. As a consequence, ARM must apply any excess cash (after payment of operating expenses, sustaining capital expenditure, any senior debt service requirements and up to US\$10 million per annum (for non-Proyecto Riotinto related expenses)) to pay the consideration due to Astor (including the Deferred Consideration and the amount of €9.1 million payable under the Loan Assignment). "Excess cash" is not defined in the Master Agreement leaving ambiguity as to how it is to be calculated.

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". A preliminary hearing took place in May 2020. Pursuant to the court order of May, Atalaya and Astor have served its statements of case.

Subsequently (i) on 26 October 2020, Atalaya issued an application for permission to amend its statement of case to take into account the position in respect of Spanish tax on payment of the Deferred Consideration; and (ii) on 29 October 2020, Astor issued an application for summary judgment on three alternative bases set out in its statement of case.

On 30 October 2020, a directions hearing took place. The next stages of the litigation will proceed as follows: (i) Atalaya's application for permission to amend its statement of case will be heard in February 2021; (ii) summary judgment hearing will be heard in June 2021; and (iii) if Astor's application is unsuccessful, trial will be taken place in February 2022 for six days.

As at 30 September 2020, no consideration has been paid.

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

## 18. Acquisition, incorporation and disposal of subsidiaries

On 16 September 2020 the Group established a new company in Cyprus under the name of Atalaya Financing, Limited. The activity of the new company is financing. The unaudited interim condensed consolidated financial statements include the results of the entity for half month period since the acquisition date:

On 15 October 2020, the Company acquired 100% of the voting shares of Cambridge Minería España, SL, a company located in Huelva (Spain) that holds exploration permits for Masa Valverde polymetallic project located in Huelva (Spain) for €1.4 million payable in two instalments.

## 19. Wind-up of subsidiaries

There were no operations wound-up during the nine-month period ended 30 September 2020.

## 20. Related party transactions

The following transactions were carried out with related parties:

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## 20. Related party transactions (cont.)

### 20.1 Compensation of key management personnel

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

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Directors' remuneration and fees	246	244	758	730
Share option-based benefits and other benefits to directors	90	88	202	112
Director's bonus	-	365	-	365
Key management personnel remuneration	130	174	379	454
Key management bonus	-	1,150	-	1,150
Share option-based and other benefits to key management personnel	108	135	266	183
	<b>574</b>	<b>2,156</b>	<b>1,605</b>	<b>2,994</b>

### 20.2 Share-based benefits

On 30 June 2020, the directors and key management personnel were granted with 750,000 share options. The options expire ten years from the deemed date of grant (30 June 2020), have an exercise price of 147.5 pence per ordinary share, based on the share price at the close of market on the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

### 20.3 Transactions with related parties/shareholders

#### i) Transaction with shareholders

(Euro 000's)	Three months ended 30 Sep 2020	Three months ended 30 Sep 2019	Nine months ended 30 Sep 2020	Nine months ended 30 Sep 2019
Trafigura– Revenue from contracts	19,148	5,789	32,096	26,452
Freight services	-	-	-	-
	<b>19,148</b>	<b>5,789</b>	<b>32,096</b>	<b>26,452</b>
Gain / (losses) relating provisional pricing within sales	(2,574)	826	(1,275)	815
<b>Trafigura – Total revenue from contracts</b>	<b>16,573</b>	<b>6,615</b>	<b>30,821</b>	<b>27,267</b>

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

(Euro 000's)	30 Sep 2020	31 Dec 2019
<b>Receivables from related parties:</b>		
Recursos Cuenca Minera S.L.	56	56
<b>Total (Note10)</b>	<b>56</b>	<b>56</b>

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

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## 20. Related party transactions (cont.)

### iii) Period-end balances with shareholders

(Euro 000's)	30 Sep 2020	31 Dec 2019
Trafigura – Debtor balance- subject to provisional pricing	<u>1,255</u>	<u>8,918</u>
<b>Total (Note 10)</b>	<b><u>1,255</u></b>	<b><u>8,918</u></b>

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

## 21. Contingent liabilities

### Judicial and administrative cases

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

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

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

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

The JdA filed for appeal to the Supreme Court. Although the claim was against the JdA, Atalaya, being an interested party in the process, voluntarily joined as co-defendant to ask for permission to appeal to the Supreme Court in Spain.

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

On 7 May 2020, the Company announced the JdA has issued a favourable resolution (the “Resolution”) which validates the AAU and ends the legal process. (Refer to Note 23)

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

## 22. 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.



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## 23. Significant events

### COVID-19 outbreak

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

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

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

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

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

### AAU Permits

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

On 1 June 2020, further to the announcements on 7 May 2020 and 30 January 2020, the Junta de Andalucía confirmed through the Spanish press that the mining permits for Proyecto Riotinto and are fully validated.

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## 23. Significant events (cont.)

### Negative Environmental Impact Statement on Proyecto Touro

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

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

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

The Company has yet to receive the formal communication from the local government in Galicia rejecting the plan to develop Proyecto Touro. This unexpected lack of confirmation seems to be related mainly to Covid-19 delays.

Once the expected communication is received, the Company will evaluate its options to address the concerns of the Xunta de Galicia.

The Company continues to be confident that its world class approach to Proyecto Touro, 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 the development of the project.

### New group entity

On 16 September 2020 the Group established a new company in Cyprus under the name of Atalaya Financing, Limited. The activity of the new company is financing.

### Development of 50MW solar plant at Proyecto Riotinto

On 24 September 2020, Atalaya announced that it has started the permitting process to develop a 50MW solar plant at Proyecto Riotinto. The full capacity of the Solar Project will be used for self-consumption.

## 24. Events after the reporting period

- On 21 October 2020, Atalaya announced that it has entered into a definitive purchase agreement to acquire 100% of the Masa Valverde polymetallic project located in Huelva (Spain) through the acquisition of 100% of a Spanish company for €1.4 million payable in two instalments. Masa Valverde is one of the largest undeveloped volcanogenic massive sulphide deposits in the prolific Iberian Pyrite Belt and is located 28kms south west of Proyecto Riotinto.
- On 28 October 2020, Atalaya announced it had commenced the execution of a feasibility study to evaluate the economic viability of producing cathodes from complex sulphide ores through the application of a new extraction process called the E-LIX System owned by Lain Technologies, Ltd. Atalaya has also entered into a Licence Agreement with Lain Technologies Ltd. for a period of five years to use its patents, on an exclusive licence basis within the Iberian pyrite belt in Spain and Portugal.