ATALAYA MINING PLC
MANAGEMENT'S REVIEW AND
UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 June 2021

Management's review

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2021 and 2020

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 been reviewed by Atalaya's auditors in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

Introduction

This report provides an overview and analysis of the financial results of operations of Atalaya Mining Plc and its subsidiaries ("Atalaya" and/or "Group"), to enable the reader to assess material changes in the financial position between 31 December 2020 and 30 June 2021 and results of operations for the three and six months ended 30 June 2021 and 2020.

This report has been prepared as of 10 August 2021. 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 June 2021. The reader should review the Financial Statements in conjunction with the review of this report and with the audited, consolidated financial statements for the year ended 31 December 2020, and the unaudited interim condensed consolidated financial statements for the period ended 30 June 2020. These documents can be found on Atalaya's website at www.atalayamining.com.

Atalaya prepares its Annual Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the 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.

1. Incorporation and description of the Business

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

The Company was listed on AIM of the London Stock Exchange ("AIM") in May 2005 under the symbol ATYM and on the Toronto Stock Exchange ("TSX") on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 30 June 2021.

Atalaya is a European mining and development company and currently owns three mining projects: Proyecto Riotinto, Proyecto Touro and Proyecto Masa Valverde. In addition, the Company has an earn-in agreement to acquire three investigation permits at Proyecto Riotinto Este.

Proyecto Riotinto

Proyecto Riotinto, wholly owned by the Company's subsidiary Atalaya Riotinto Minera, S.L.U., is located in Huelva, Spain. The Group operates the Cerro Colorado open pit mine and its associated processing plant where copper in concentrate and silver by-product is produced. A brownfield expansion of the plant was completed in 2019 and successfully commissioned in Q1 2020.

Proyecto Touro

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

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

Proyecto Masa Valverde

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

Proyecto Riotinto Este

In December 2020, Atalaya entered into a Memorandum of Understanding with a local private Spanish company to acquire a 100% beneficial interest in three investigation permits (known as Peñas Blancas, Cerro Negro and Herreros investigation permits), which cover approximately 12,368 hectares and are located immediately east of Proyecto Riotinto.

(All amounts in Euro thousands unless otherwise stated)

2. Overview of Operational Results

Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three and six months ended 30 June 2021 and 2020, respectively.

Units expressed in accordance with the international system of units (SI)	Unit	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Ore mined	t	**3,291,938**	3,232,331	**6,620,327**	6,261,693
Ore processed	t	**4,025,327**	3,572,094	**8,031,117**	6,999,242
Copper ore grade	%	**0.42**	0.44	**0.42**	0.46
Copper concentrate grade	%	**19.27**	22.35	**19.99**	22.21
Copper recovery rate	%	**84.83**	85.89	**84.85**	84.32
Copper concentrate	t	**74,495**	60,938	**141,755**	120,941
Copper contained in concentrate	t	**14,353**	13,635	**28,332**	26,864
Payable copper contained in concentrate	t	**13,608**	13,025	**26,914**	25,654
Cash cost*	US$/lb payable	**2.26**	1.87	**2.15**	1.93
All-in sustaining cost*	US$/lb payable	**2.52**	2.11	**2.49**	2.16

(*) Refer to page 8 of the audited consolidated financial statements of Atalaya Mining Plc for 2020.

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

Three months operational review

During Q2 2021 a total of 4.0 million tonnes of ore was processed with an average copper head grade of 0.42% and a recovery rate of 84.83%. In comparison with the same quarter of 2020, throughput increased 11% while recovery decreased 1.26%.

Despite ongoing COVID-19 restrictions, mining operations have continued normally with higher production levels compared with the previous quarter.

The plant processed 4.03 million tonnes of ore during Q2 2021 equivalent to an annual throughput rate of approximately 16 Mtpa. Low grade stockpiles added extra tonnage.

The increase in copper production, when compared with the Company's guidance, is mainly attributable to higher throughput and, to a lesser extent, to better recoveries than planned. Copper production in Q2 2021 was 14,353 tonnes, 2.7% higher than Q1 2021 and 5.3% higher than Q2 2020.

On-site concentrate inventories at the end of the quarter were approximately 15,103 tonnes.

Copper prices increased during Q2 2021 compared with Q1 2021, with an average realised price per pound of copper payable, including the QPs closed in the period, of US$4.27/lb compared with US$2.51/lb in Q2 2020. The average copper spot price during the quarter was US$4.40/lb. The realised price during the quarter, excluding QPs, was approximately US$4.40/lb.

Six months operational review

Production of copper contained in concentrate during H1 2021 was 28,332 tonnes, compared with 26,864 tonnes in the same period of 2020. Payable copper in concentrates was 26,914 tonnes compared with 25,654 tonnes of payable copper in H1 2020.

Ore mined in H1 2021 was 6,620,327 tonnes compared with 6,261,693 tonnes during H1 2020. Ore processed was 8,031,117 tonnes versus 6,999,242 tonnes in H1 2020 due to the utilisation of low grade stockpiles.

Ore grade during H1 2021 was 0.42% Cu compared with 0.46% Cu in H1 2020. Copper recovery was 84.85% versus 84.32% in H1 2020. Concentrate production amounted to 141,755 tonnes above H1 2020 production of 120,941 tonnes as increased throughput offset the 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. The Company is aware that the COVID-19 pandemic may still have further effects of impact on how the Company can manage its operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

Operational guidance

Proyecto Riotinto operational guidance for 2021 remains unchanged but expected to be towards the high end of production guidance and the lower end of cost guidance. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

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

Copper head grade for 2021 is budgeted to average 0.42% copper, with a recovery rate between 82-84%. Cash operating costs for 2021 are expected to be in the range of US$2.25/lb – US$2.35/lb. AISC for 2021 is expected to be in the range of US$2.50/lb – US$2.65 /lb copper payable. In addition, the Company expects to spend approximately €17 million in 2021 as part of the project to increase the capacity of the tailings dam. AISC are reported net of the one-off project to increase the capacity of the tailings dam.

4. Overview of the Financial Results

The following table presents summarised consolidated income statements for the three and six months ended 30 June 2021, with comparatives for the three and six months ended 30 June 2020, respectively.

(Euro 000's)	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Revenue	**99,724**	56,544	**197,104**	117,733
Costs of sales	**(45,753)**	(43,020)	**(93,779)**	(92,211)
Administrative and other expenses	**(1,452)**	(450)	**(3,025)**	(2,158)
Exploration expenses	**(279)**	(202)	**(399)**	(1,104)
Care and maintenance expenditure	**(284)**	(46)	**(502)**	(160)
Other income	**13**	8	**13**	8
EBITDA	**51,969**	12,834	**99,412**	22,108
Depreciation/amortisation	**(6,882)**	(7,101)	**(15,826)**	(13,767)
Impairment loss on other receivables	**-**	-	**-**	(45)
Net foreign exchange (loss)/gain	**(900)**	(1,061)	**2,031**	(616)
Net finance cost	**(247)**	(138)	**(330)**	(149)
Tax	**(11,649)**	(1,499)	**(19,294)**	(1,565)
Profit for the period	**32,291**	3,035	**65,993**	5,966

4. Overview of the Financial Results (cont.)

Three months financial review

Revenues for the three-month period ended 30 June 2021 amounted to €99.7 million (Q2 2020: €56.5 million). Higher revenues, compared with the same quarter in the previous year, were largely driven by higher copper prices and by higher volumes sold during the period.

Realised prices were US$4.27/lb copper during Q2 2021 compared with US$2.51/lb copper in Q2 2020. Q2 2020 average copper price was significantly impacted by COVID-19 outbreak. The realised price during the quarter, excluding QPs, was approximately US$4.40/lb.

Operating costs for the three-month period ended 30 June 2021 amounted to €45.8 million, compared with €43.0 million in Q2 2020. In absolute terms, higher operating costs were mainly due to more tonnes being mined and processed during the quarter.

Cash costs of US$2.26/lb payable copper during Q2 2021 compared with US$1.87/lb payable copper in the same period last year. Q2 2021 operating costs were in line with expectations. Higher mined volumes and a weaker US Dollar rate against the Euro resulted in a higher cash cost. AISC excluding one-off investments in the tailings dam previously reported as sustaining capex for Q2 2021 were US$2.52/lb payable copper compared with US$2.11/lb payable copper in Q2 2020.

Sustaining capex for Q2 2021 amounted to €1.4 million compared with €1.6 million in Q2 2020. Sustaining capex mainly related to continuous enhancements in the processing systems of the plant. In addition, the Company invested €4.0 million in the project to increase the tailings dam during Q2 2021 (Q2 2020: €3.0 million). Stripping costs capitalised during Q2 2021 amounted to €1.5 million (Q2 2020: €2.0 million).

Administrative and other expenses amounted to €1.5 million (Q2 2020: €0.5 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 on Atalaya's projects portfolio for the three-month period ended 30 June 2021 amounted to €0.1 million (Q2 2020: €0.2 million).

EBITDA for the three months ended 30 June 2021 amounted to €52.0 million compared with Q2 2020 of €12.8 million.

The main item below the EBITDA line is depreciation and amortisation of €6.9 million (Q2 2020: €7.1 million) which decreased in Q2 as a result of the increase of the reserves and resources as announced by the Company in July 2021. Net financing costs for Q2 2021 amounted to €0.2 million (Q2 2020: €0.1 million).

Six months financial review

Revenues for the six-month period ended 30 June 2021 amounted to €197.1 million (H1 2020: €117.7 million).

Copper concentrate production during the six-month period ended 30 June 2021 was 141,755 tonnes (H1 2020: 120,941 tonnes) with 138,833 tonnes of copper concentrates sold in the period (H1 2020: 131,297 tonnes). Inventories of concentrates as at the reporting date were 15,103 tonnes (31 Dec 2020: 3,845 tonnes).

Realised copper prices for H1 2021 were US$3.92/lb copper compared with US$2.54/lb copper in the same period of 2020. Concentrates were sold under offtake agreements and certain spot agreements for the production not committed. The Company did not enter into any hedging agreements in 2021.

Operating costs for the six-month period ended 30 June 2021 amounted to €93.8 million, compared with €92.2 million in H1 2020. Higher costs in 2021 reflected the higher production volumes.

Cash costs of US$2.15/lb payable copper during H1 2021 compare with US$1.93/lb payable copper in the same period last year. Q2 2021 costs was in line with expectations. All-in sustaining costs in the reporting quarter were US$2.49/lb payable copper compared with US$2.25/lb payable copper in H1 2020. Higher AISC were driven by the same impacts as those for cash costs.

(All amounts in Euro thousands unless otherwise stated)

4. Overview of the Financial Results (cont.)

Six months financial review (cont.)

Sustaining capex for the six-month period ended 30 June 2021 amounted to €3.4 million, compared with €2.9 million in the same period the previous year. Sustaining capex related to enhancements in processing systems of the plant. In addition, the Company invested €6.8 million in the project to increase the tailings dam, compared with €5.0 million in 2020. Stripping costs capitalised during H1 2021 amounted to €5.7 million (H1 2020: €3.2 million).

Corporate costs for the first six-month period ending June 2021 were €3.0 million, compared with €2.2 million in H1 2020. Corporate costs mainly include the Company's overhead expenses.

Exploration costs related to Atalaya's project portfolio for the six-month period ended 30 June 2021 and amounted to €0.4 million, compared with €1.1 million in H1 2020. Lower costs were the result of a decrease in drilling activities. During the period 1,839m were drilled against 8,732m in the same period the previous year.

EBITDA for the six months ended 30 June 2021 amounted to €99.4 million, compared with €22.1 million in H1 2020.

Depreciation and amortisation amounted to €15.8 million for the six-month period ended 30 June 2021 (H1 2020: €13.8 million) as a result of the higher throughput.

Net finance costs for H1 2021 amounted to €0.3 million (H1 2020 €0.1 million).

Copper prices

The average realised copper price increased by 70% from US$2.51 per pound in Q2 2020 to US$4.27 per pound in Q2 2021.

The average prices of copper for the three months ended 30 June 2021 and 2020 are summarised below:

(USD)	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Realised copper price per lb	**4.27**	2.51	**3.92**	2.54
Market copper price per lb (period average)	**4.40**	2.42	**4.13**	2.49

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices and final settlements of quotation periods ("QPs") together. Lower realised prices than market averages 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 lower. Q2 2021 realised price excluding QPs was approximately US$4.40/lb.

5. Non-GAAP Measures

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

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

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

AISC per pound of payable copper includes C1 Cash Costs plus royalties and agency fees, expenditures on rehabilitation, capitalised stripping costs, exploration and geology costs, corporate costs and recurring sustaining capital expenditures but excludes one-off sustaining capital projects, such as the tailings dam project.

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

Cash cost methodology

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

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 June 2021 and 31 December 2020.

Liquidity information

(Euro 000's)	30 June 2021	31 December 2020
Unrestricted cash and cash equivalents at Group level	**18,788**	24,519
Unrestricted cash and cash equivalents at Operation level	**73,966**	13,248
Consolidated cash and cash equivalents	**92,754**	37,767
Net cash / (debt) position [(1)]	**37,777**	(15,233)
Working capital surplus / (deficit)	**90,961**	(17,904)

(1) Includes bank borrowings and Deferred Consideration at 31 December 2020.

Unrestricted cash and cash equivalents as at 30 June 2021 increased to €92.8 million from €37.8 million at 31 December 2020. The increase in cash balances is the result of net cash flow incurred in the period and draw down of credit facilities offset by the payment of the deferred consideration. Cash balances are unrestricted and include balances at the operational and corporate levels.

As of 30 June 2021, Atalaya reported a working capital surplus of €90.9 million, compared with a working capital deficit of €17.9 million at 31 December 2020. The main liability of the working capital is trade payables related to Proyecto Riotinto contractors to a lesser extent, short-term loans following the drawdown of credit facilities during Q1 2021. The increase in working capital resulted from higher cash balances as well as payment of the Deferred Consideration, which was included in current liabilities at the end of 2020, by utilising long-term credit facilities. At 30 June 2021, trade payables have been decreased by circa 17% compared with 31 December 2020.

6. Liquidity and Capital Resources (cont.)

Overview of the Group's cash flows

(Euro 000's)	Three months ended 30 June 2021	Three months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash flows from operating activities	**34,196**	7,515	**70,999**	23,000
Cash flows used in investing activities	**(6,923)**	(7,746)	**(70,853)**	(13,331)
Cash flows from/(used in) financing activities	**1,893**	(9,415)	**54,841**	14,631
Net increase/(decrease) in cash and cash equivalents	**29,166**	(9,646)	**54,987**	24,300

Three months cash flows review

Cash and cash equivalents increased by €29.2 million during the three months ended 30 June 2021. This was due to the net results of cash from operating activities amounting to €34.2 million, the cash used in investing activities amounting to €6.9 million and the cash generated from financing activities totalling €1.9 million.

Cash generated from operating activities before working capital changes was €51.0 million. Atalaya increased its trade receivables in the period by €1.7 million, increased its inventory levels by €6.8 million and decreased its trade payables by €2.1 million.

Investing activities during the quarter consumed €6.9 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 increased by €1.9 million as result of the use of existing unsecured credit facilities.

Six months cash flows review

Cash and cash equivalents increased by €55.0 million during the six months ended 30 June 2021. This was due to cash from operating activities amounting to €71.0 million, cash used in investing activities amounting to €70.9 million and cash from financing activities amounting to €54.8 million.

Cash generated from operating activities before working capital changes was €104.2 million. Atalaya decreased its trade payables in the period by €11.7 million, decreased its inventory levels by €3.6 million and increased its trade receivable balances by €10.7 million.

Investing activities during the six-month period amounted to €70.9 million, relating mainly to the early payment of the Deferred Consideration to Astor and the tailings dam project and continuous enhancements to the processing systems of the plant.

Financing activities during the six-month period ended 30 June 2021 increased by €54.8 million driven by the use of existing unsecured credit facilities to pay the Deferred Consideration. The payment was financed by unsecured credit lines by four major Spanish banks having a three-year tenure and an average annual interest rate of approximately two per cent.

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 six months ended 30 June 2021, Atalaya recognised a foreign exchange loss of €0.9 million and profit of €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.

(All amounts in Euro thousands unless otherwise stated)

6. Liquidity and Capital Resources (cont.)

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

	Three months ended 30 June 2021	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Average rates for the periods				
GBP – EUR	**0.8621**	0.8874	**0.8680**	0.8746
USD – EUR	**1.2058**	1.1014	**1.2053**	1.1020
Spot rates as at				
GBP – EUR	**0.8581**	0.9124	**0.8581**	0.9124
USD – EUR	**1.1884**	1.1198	**1.1884**	1.1198

7. Deferred Consideration

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

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

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the "Trial"). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the "Excess Cash" (the "Summary Judgment application"). The Summary Judgment application was heard on 14-15 June 2021. The Court dismissed Astor's application and the question as to whether any residual interest is payable to Astor therefore remains to be resolved at Trial.

As previously announced, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

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

The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, on 15 July 2021, the Company transferred €15.4 million to a trust account (the "Trust Account") representing the full amount of interest claimed by Astor to 30 June 2022. The holder of the Trust Account has provided an undertaking to hold the full amount until settlement of the claim to interest or judgment following the Trial. The Company understands the monies held in the Trust Account safeguard the maximum outstanding liability to Astor in relation to the Master Agreement. On that basis, and because the Consideration has been paid in full in accordance with the Master Agreement, Atalaya treats itself as free of the obligations set out in the Master Agreement.

The Company is currently working on other court directions in preparation for the Trial and continues to be confident in its case and is of the view that no residual interest will be payable to Astor.

8. Corporate Social Responsibility

Fundación Atalaya Riotinto ("Fundacion") has continued striving to develop initiatives to comply with its social responsibility during the second quarter of the year.

In this regard, the Fundacion has completed the training programme for unemployed people from local communities also supported by Proyecto Riotinto's main contractors. The programme has concluded satisfactorily for both people and companies, and hirings have already started.

During the quarter, the Fundacion has cooperated in several initiatives with the municipality of Minas de Riotinto: i) supporting a Tourism Quality Plan for the town to assess various initiatives towards obtaining relevant qualifications thus improving the competitivity of the town as a tourism destination; ii) funding the improvement of the Via Verde, a local country path and; iii) pavement repairs of streets, and the installation of new urban furniture.

Furthermore, the Company allowed access to Corta Atalaya and its look-out to establish a new tourist attraction.

9. Health and Safety

During the quarter, the most significant actions were focused on Covid-19 prevention measures. The SAR-CoV2 control tests continued to be carried out in the infirmary: antigens, antibodies and PCR, as well as the other measures implemented to prevent the spread of the virus. It should also be noted that Atalaya has joined the Junta de Andalucía's Sumamos Plan to facilitate vaccination to anyone (employee or contractor) interested and within the age range authorised by the regional administration. In June 2021, 80 workers over 35 years old were vaccinated. 46% of them were Atalaya´s employees.

On the other hand, drug testing has been in place since April 2021 to prevent work under the influence of psychoactive substances. During Q1 2021 was voluntary and since June 2021 it has been compulsory at the entrances of the facilities and in the event of any accident at work.

Field leadership activities are growing in strength. The aim is to implement a safety culture throughout the entire work line.

10. Environment

During the second quarter of 2021, the environmental department has continued executing the actions of environmental monitoring of the activity, management of the natural environment and the usual historical heritage. Key points of the quarter:

- A total rainfall of 95.2 l/m^2 was recorded in Q2 2021, which was around 39% less than in the same period of previous year.
- All the periodic internal controls of non-channelled emissions into the atmosphere have been carried out, and the results of the controls are within the limit values set out in the regulations. In addition, the annual external control of emissions (channelled and non-channelled) was carried out in April 2021. Likewise, all the results obtained are within the applicable limit values.
- During the second quarter, the additional measures contemplated in the action plan against dust continued to be implemented, intensifying periodic risks, implementing new coordination measures and carrying out exhaustive monitoring of the emissions generated in the operation.
- In the second quarter of the year, the Environmental Risk Analysis report was drawn up in accordance with the requirements of Law 26/2007 on Environmental Liability, and subsequent amendments, to determine the amount of the Mandatory Financial Guarantee to cover the costs of possible repair measures to be adopted in the event of environmental damage caused by the activity. Given the results obtained in this report and the existence of a certified Environmental Management System in the company (UNE EN ISO 14001), Atalaya is exempted from the obligation to provide this guarantee.
- Finally, during this second quarter, the Carbon Footprint report for 2019 and 2020 was completed. Subsequently, after validation by an external company, it will be included in the voluntary register of Carbon Footprint and reduction commitment of the Ministry of Ecological Transition and the Demographic Challenge.

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 2020.

The Company continues to monitor the principal risks and uncertainties that could materially impact the Company's results and operations, including the areas of increasing uncertainty such as COVID-19 (refer to point 13 below).

12. Critical accounting policies, estimates, judgements, assumptions and accounting changes

The preparation of Atalaya's Financial Statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting policies in the audited consolidated financial statements for the year ended 31 December 2020.

As at 30 June 2021, there are no significant changes in critical accounting policies or estimates to those applied in 2020.

13. COVID-19 impact

It is Atalaya's priority to protect its workforce and the local communities surrounding Proyecto Riotinto, Proyecto Masa Valverde 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.

14. Other Information

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

Unaudited interim condensed consolidated financial statements on pages 13 to 35

By Order of the Board of Directors,

____

Roger Davey
Chairman
Nicosia, 10 August 2021

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO ATALAYA MINING PLC

Introduction
We have reviewed the interim condensed consolidated financial statements of Atalaya Mining Plc (the "Company"), and its subsidiaries (collectively referred to as "the Group") on pages 13 to 34 contained in the accompanying interim report, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2021 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (IAS 34).

Stavros Pantzaris

Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
10 August 2021

Unaudited Interim Condensed Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2021 and 2020

(Euro 000's)	Note	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Revenue	4	**99,724**	56,544	**197,104**	117,733
Operating costs and mine site administrative expenses		**(45,598)**	(42,860)	**(93,470)**	(91,890)
Mine site depreciation and amortization		**(6,882)**	(7,101)	**(15,826)**	(13,767)
Gross profit		**47,244**	6,583	**87,808**	12,076
Administration and other expenses		**(1,452)**	(450)	**(3,025)**	(2,158)
Share-based benefits	13	**(155)**	(160)	**(309)**	(321)
Impairment loss on other receivables		**-**	-	**-**	(45)
Exploration expenses		**(279)**	(202)	**(399)**	(1,104)
Care and maintenance expenditure		**(284)**	(46)	**(502)**	(160)
Operating profit		**45,074**	5,725	**83,573**	8,288
Other income		**13**	8	**13**	8
Net foreign exchange (loss)/gain		**(900)**	(1,061)	**2,031**	(616)
Net finance costs	5	**(247)**	(138)	**(330)**	(149)
Profit before tax		**43,940**	4,534	**85,287**	7,531
Tax	6	**(11,649)**	(1,499)	**(19,294)**	(1,565)
Profit for the period		**32,291**	3,035	**65,993**	5,966
Profit for the period attributable to:					
- Owners of the parent		**32,583**	3,217	**66,441**	6,392
- Non-controlling interests		**(292)**	(182)	**(448)**	(426)
		32,291	3,035	**65,993**	5,966
Earnings per share from operations attributable to equity holders of the parent during the period:					
Basic earnings per share (EUR cents per share)	7	**23.3**	2.3	**48.1**	4.6
Fully diluted earnings per share (EUR cents per share)	7	**22.9**	2.3	**47.1**	4.5
Profit for the period		**32,291**	3,035	**65,993**	5,966
Other comprehensive income:					
Change in fair value of financial assets through other comprehensive income 'OCI'		**(7)**	10	**2**	(9)
Total comprehensive income for the period		**32,284**	3,045	**65,995**	5,957
Total comprehensive income for the period attributable to:					
- Owners of the parent		**32,576**	3,227	**66,443**	6,383
- Non-controlling interests		**(292)**	(182)	**(448)**	(426)
		32,284	3,045	**65,995**	5,957

The notes on pages 17 to 35 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 June 2021 and 2020

(Euro 000's)	Note	30 June 2021	31 December 2020
Assets		**Unaudited**	Audited
Non-current assets			
Property, plant and equipment	8	**332,139**	327,174
Intangible assets	9	**57,653**	59,816
Trade and other receivables	11	**2,860**	2,715
Non-current financial assets		**1,101**	1,101
Deferred tax asset		**8,601**	8,805
		402,354	399,611
Current assets			
Inventories	10	**27,145**	23,576
Trade and other receivables	11	**54,451**	43,191
Tax refundable		**98**	815
Other financial assets		**88**	86
Cash and cash equivalents		**92,754**	37,767
		174,536	105,435
Total assets		**576,890**	505,046
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	12	**13,445**	13,439
Share premium	12	**315,865**	315,714
Other reserves	13	**52,149**	40,049
Accumulated profits/(losses)		**38,862**	(15,512)
		420,321	353,690
Non-controlling interests		**(3,939)**	(3,491)
Total equity		**416,382**	350,199
Liabilities			
Non-current liabilities			
Trade and other payables	14	**1,463**	1,448
Provisions	15	**28,163**	25,264
Lease liabilities	17	**4,997**	4,796
Borrowings	16	**42,242**	-
		76,865	31,508
Current liabilities			
Trade and other payables	14	**56,854**	68,437
Lease liabilities	17	**602**	592
Borrowings	16	**12,735**	-
Deferred consideration	18	**-**	53,000
Current tax liabilities		**13,452**	1,310
		83,643	123,339
Total liabilities		**160,508**	154,847
Total equity and liabilities		**576,890**	505,046

The notes on pages 17 to 35 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 10 August 2021 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 June 2021 and 2020

(Euro 000's)	Note	Share capital	Share premium(1)	Other reserves	Accum. Profits	Total	Non-controlling interest	Total equity
At 1 January 2021		**13,439**	**315,714**	**40,049**	**(15,512)**	**353,690**	**(3,491)**	**350,199**
Profit for the period		**-**	**-**	**-**	**66,441**	**66,441**	**(448)**	**65,993**
Change in fair value of financial assets through OCI		**-**	**-**	**2**	**-**	**2**	**-**	**2**
Total comprehensive income		**-**	**-**	**2**	**66,441**	**66,443**	**(448)**	**65,995**
Transactions with owners								
Issuance of share capital	12	**6**	**151**	**-**	**-**	**157**	**-**	**157**
Recognition of depletion factor	13	**-**	**-**	**6,100**	**(6,100)**	**-**	**-**	**-**
Recognition of share-based payments	13	**-**	**-**	**309**	**-**	**309**	**-**	**309**
Recognition of non-distributable reserve	13	**-**	**-**	**2,372**	**(2,372)**	**-**	**-**	**-**
Recognition of distributable reserve	13	**-**	**-**	**3,317**	**(3,317)**	**-**	**-**	**-**
Other changes in equity		**-**	**-**	**-**	**(278)**	**(278)**	**-**	**(278)**
At 30 June 2021		**13,445**	**315,865**	**52,149**	**38,862**	**420,321**	**(3,939)**	**416,382**

(Euro 000's)	Note	Share capital	Share premium(1)	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
At 1 January 2020		13,372	314,319	22,836	(30,669)	319,858	(2,402)	317,456
Profit for the period		-	-	-	6,392	6,392	(426)	5,966
Change in fair value of financial assets through OCI		-	-	(9)	-	(9)	-	(9)
Total comprehensive income		-	-	(9)	6,392	6,383	(426)	5,957
Transactions with owners								
Recognition of share-based payments	13	-	-	321	-	321	-	321
Recognition of depletion factor	13	-	-	8,000	(8,000)	-	-	-
Recognition of non-distributable reserve	13	-	-	2,198	(2,198)	-	-	-
Other changes in equity		-	-	-	26	26	-	26
At 30 June 2020		13,372	314,319	33,346	(34,449)	326,588	(2,828)	323,760

(Euro 000's) Audited	Note	Share capital	Share premium(1)	Other reserves	Accum. losses	Total	Non-controlling interest	Total equity
At 1 January 2020		13,372	314,319	22,836	(30,669)	319,858	(2,402)	317,456
Profit for the period		-	-	-	31,479	31,479	(1,089)	30,390
Change in fair value of financial assets through OCI		-	-	44	-	44	-	44
Total comprehensive income		-	-	44	31,479	31,523	(1,089)	30,434
Transactions with owners								
Issuance of share capital	12	67	1,395			1,462		1,462
Recognition of depletion factor	13			14,155	(14,155)	-	-	-
Recognition of share-based payments	13	-	-	816		816	-	816
Recognition of non-distributable reserve	13	-	-	2,198	(2,198)	-	-	-
Other changes in equity		-	-	-	31	31	-	31
At 31 December 2020		13,439	315,714	40,049	(15,512)	353,690	(3,491)	350,199

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

The notes on pages 17 to 35 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 June 2021 and 2020

(Euro 000's)	Note	Three months ended 30 June 2021	Three months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash flows from operating activities					
Profit before tax		**43,940**	4,534	**85,287**	7,531
Adjustments for:					
Depreciation of property, plant and equipment	8	**5,882**	5,911	**13,493**	11,434
Amortisation of intangibles	9	**1,000**	1,190	**2,333**	2,333
Recognition of share-based payments	13	**155**	160	**309**	321
Interest income	5	**(5)**	(2)	**(5)**	(4)
Interest expense	5	**171**	45	**247**	53
Unwinding of discounting on mine rehabilitation provision	5	**83**	92	**83**	92
Impairment loss on other receivables		**-**	**-**	**-**	45
Other provisions	15	**2,617**	**-**	**2,617**	-
Legal provisions	15	**(2,807)**	**-**	**(278)**	33
Unrealised foreign exchange loss on financing activities		**(72)**	9	**11**	71
Cash inflows from operating activities before working capital changes		**50,964**	11,939	**104,097**	21,909
Changes in working capital:					
Inventories	10	**(6,849)**	589	**(3,569)**	5,761
Trade and other receivables	11	**(1,734)**	(8,890)	**(10,688)**	(11,127)
Trade and other payables	14	**(2,065)**	3,926	**(11,582)**	7,797
Cash flows from operations		**40,316**	7,564	**78,258**	24,340
Interest on leases liabilities	5	**2**	(4)	**(5)**	(8)
Interest paid	5	**(171)**	(45)	**(247)**	(53)
Tax paid		**(5,951)**	-	**(7,007)**	(1,279)
Net cash from operating activities		**34,196**	7,515	**70,999**	23,000
Cash flows from investing activities					
Purchase of property, plant and equipment	8	**(6,841)**	(7,748)	**(17,688)**	(13,335)
Purchase of intangible assets	9	**(87)**	-	**(170)**	-
Payment of deferred consideration	18	**-**	-	**(53,000)**	-
Interest received	5	**5**	2	**5**	4
Net cash used in investing activities		**(6,923)**	(7,746)	**(70,853)**	(13,331)
Cash flows from financing activities					
Lease payments	17	**(148)**	(152)	**(309)**	(303)
Net proceeds/(repayment) from borrowings	16	**1,977**	(9,263)	**54,992**	14,934
Proceeds from issuance of shares	12	**64**	-	**158**	-
Net cash from / (used in) financing activities		**1,893**	(9,415)	**54,841**	14,631
Net increase/(decrease) in cash and cash equivalents		**29,166**	(9,646)	**54,987**	24,300
Cash and cash equivalents:					
At beginning of the period		**63,588**	42,023	**37,767**	8,077
At end of the period		**92,754**	32,377	**92,754**	32,377

The notes on pages 17 to 35 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 June 2021 and 2020

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 June 2021.

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

Change of name and share consolidation

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

Principal activities

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

The Group currently owns three mining projects: Proyecto Riotinto, Proyecto Touro and Proyecto Masa Valverde. In addition, the Company has an earn-in agreement to acquire three investigation permits at Proyecto Riotinto Este.

Proyecto Riotinto

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

Proyecto Touro

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

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

Proyecto Masa Valverde

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

Proyecto Riotinto Este

In December 2020, Atalaya entered into a Memorandum of Understanding with a local private Spanish company to acquire a 100% beneficial interest in three investigation permits (known as Peñas Blancas, Cerro Negro and Herreros investigation permits), which cover approximately 12,368 hectares and are located immediately east of Proyecto Riotinto.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

(a) Overview

The unaudited interim condensed consolidated financial statements for the period ended 30 June 2021 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 are unaudited but reviewed and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the consolidated financial statements of the Company and the Group for the year ended 31 December 2020. 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 2020 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements for the year ended 31 December 2020. These unaudited interim condensed consolidated financial statements for the period ended 30 June 2021 have been reviewed in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' by the Group's external auditors, not audited.

(b) Going concern

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the unaudited condensed interim consolidated financial statements of the Group.

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

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

The amendments include the following practical expedients:

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

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

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

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

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

2.3 Fair value estimation

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

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

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

Financial assets or liabilities (Euro 000's)	Level 1	Level 2	Level 3	Total
30 June 2021				
Other financial assets				
Financial assets at FV through OCI	**88**	**-**	**1,101**	**1,189**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**27,128**	**-**	**27,128**
Total	**88**	**27,128**	**1,101**	**28,317**
31 December 2020				
Other financial assets				
Financial assets at FV through OCI	86	-	1,101	1,187
Trade and other receivables				
Receivables (subject to provisional pricing)	-	24,250	-	24,250
Total	86	24,250	1,101	25,437

2.4 Critical accounting estimates and judgements

The preparation of the 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 3.3 to the 2020 audited 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 21.3)

Geographical segments

The Group's mining activities are located in Spain. The commercialisation of the copper concentrates produced in Spain is carried out through Cyprus. Sales transactions to related parties are on 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.

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 30 June 2021				
Revenue – from external customers	6,784	92,940	-	99,724
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,056	47,906	7	51,969
Depreciation/amortisation charge	-	(6,882)	-	(6,882)
Net foreign exchange loss	(160)	(740)	-	(900)
Finance income	-	5	-	5
Finance cost	-	(252)	-	(252)
Profit before tax	3,896	40,037	7	43,940
Tax				(11,649)
Profit for the period				32,291
Six months ended 30 June 2021				
Revenue – from external customers	21,738	175,366	-	197,104
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	16,646	82,775	(9)	99,412
Depreciation/amortisation charge	-	(15,826)	-	(15,826)
Net foreign exchange gain	395	1,634	2	2,031
Finance income	-	5	-	5
Finance cost	-	(335)	-	(335)
Profit/(loss) before tax	17,041	68,253	(7)	85,287
Tax				(19,294)
Profit for the period				65,993
Total assets	46,101	529,645	1,144	576,890
Total liabilities	(2,969)	(157,540)	-	(160,509)
Depreciation of property, plant and equipment	-	13,493	-	13,493
Amortisation of intangible assets	-	2,333	-	2,333
Total net additions of non-current assets	-	25,139	-	25,139

3. Business and geographical segments (cont.)

(Euro 000's)	Cyprus	Spain	Other	Total
Three months ended 30 June 2020				
Revenue – from external customers	3,458	53,086	-	56,544
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,275	10,627	(68)	12,834
Depreciation/amortisation charge	-	(7,101)	-	(7,101)
Net foreign exchange (loss)/gain	(258)	(808)	5	(1,061)
Finance income	-	2	-	2
Finance cost	(1)	(139)	-	(140)
Profit/(loss) before tax	2,016	2,581	(63)	4,534
Tax				(1,499)
Profit for the period				3,035
Six months ended 30 June 2020				
Revenue – from external customers	7,584	110,149	-	117,733
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,349	17,860	(101)	22,108
Depreciation/amortisation charge	-	(13,767)	-	(13,767)
Net foreign exchange (loss)/gain	(56)	(564)	4	(616)
Impairment of other receivables	(45)	-	-	(45)
Finance income	-	4	-	4
Finance cost	(1)	(152)	-	(153)
Profit/(loss) before tax	4,247	3,381	(97)	7,531
Tax				(1,565)
Profit for the period				5,966
Total assets	32,365	439,142	1,168	472,675
Total liabilities	(12,989)	(135,890)	(36)	(148,915)
Depreciation of property, plant and equipment	-	11,434	-	11,434
Amortisation of intangible assets	-	2,333	-	2,333
Total net additions of non-current assets	-	19,969	-	19,969

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**	**Six months ended 30 June 2021 €'000**	Segment	Six months ended 30 June 2020 €'000
Offtaker 1	**Copper**	**49,280**	Copper	14,248
Offtaker 2	**Copper**	**40,538**	Copper	45,681
Offtaker 3	**Copper**	**98,021**	Copper	57,804

4. Revenue

(Euro 000's)	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Revenue from contracts with customers [(1)]	**94,488**	55,865	**187,188**	120,026
Fair value gains/(losses) relating to provisional pricing within sales [(2)]	**5,236**	679	**9,916**	(2,293)
Total revenue	**99,724**	56,544	**197,104**	117,733

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 H1 2021 revenue, there is a transaction price of €1.7 million (€2.0 million in H1 2020) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.

(2) Provisional pricing impact 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 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Interest expense:				
Other interest	**83**	44	**83**	53
Interest on lease liabilities	**(2)**	4	**5**	8
Unwinding of discount on mine rehabilitation provision (Note 15)	**171**	92	**247**	92
Interest income [(1)]	**(5)**	(2)	**(5)**	(4)
	247	138	**330**	149

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

6. Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the unaudited interim condensed consolidated statement of profit or loss are:

(Euro 000's)	**Three months ended 30 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Income taxes				
Current income tax expense	**(11,649)**	(1,499)	**(19,294)**	(1,565)
Income tax expense recognised in statement of profit and loss	**(11,649)**	(1,499)	**(19,294)**	(1,565)

7. 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 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Profit attributable to equity holders of the parent	**32,583**	3,217	**66,441**	6,392
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	**139,730**	137,339	**138,179**	138,102
Basic profit per share (EUR cents/share)	**23.3**	2.3	**48.1**	4.6
Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's)	**142,527**	139,858	**140,966**	140,627
Fully diluted profit per share (EUR cents/share)	**22.9**	2.3	**47.1**	4.5

At 30 June 2021 there are nil warrants (Note 12) and 3,866,250 options (Note 12) (2020: nil warrants and 3,555,250 options) which have been included when calculating the weighted average number of shares for 2021.

8. Property, plant and equipment

(Euro 000's)	Land and buildings	Right-of-use assets	Plant and machinery	Assets under construction (1)	Deferred mining costs (2)	Other assets (3)	Total
Cost							
At 1 January 2020	46,063	6,421	248,221	16,517	34,013	781	352,016
Additions	371	-	439	9,682	3,197	-	13,689
Reclassifications	-	-	1,924	(1,924)	-	-	-
At 30 June 2020	46,434	6,421	250,584	24,275	37,210	781	365,705
Additions	(354)	148	1,839	7,181	4,658	20	13,492
Increase in rehab. provision	17,954(4)	-	-	-	-	-	17,954
Reclassifications	-	-	15,628	(15,628)	-	-	-
At 31 December 2020	**64,034**	**6,569**	**268,051**	**15,828**	**41,868**	**801**	**397,151**
Additions	**477**	**293**	**1,511**	**10,453**	**5,724**	**-**	**18,458**
Reclassifications	**-**	**-**	**807**	**(807)**	**-**	**-**	**-**
At 30 June 2021	**64,511**	**6,862**	**270,369**	**25,474**	**47,592**	**801**	**415,609**
Depreciation							
At 1 January 2020	8,257	391	28,872	-	6,061	620	44,201
Charge for the period	1,453	255	8,650	-	1,049	27	11,434
At 30 June 2020	9,710	646	37,522	-	7,110	647	55,635
Charge for the period	1,961	310	10,607	-	1,418	36	14,332
Disposals	-	-	5	-	-	5	10
At 31 December 2020	**11,671**	**956**	**48,134**	**-**	**8,528**	**688**	**69,977**
Charge for the period	**2,219**	**289**	**9,680**	**-**	**1,292**	**13**	**13,493**
At 30 June 2021	**13,890**	**1,245**	**57,814**	**-**	**9,820**	**701**	**83,470**
Net book value							
At 30 June 2021	**50,621**	**5,617**	**212,555**	**25,474**	**37,772**	**100**	**332,139**
At 31 December 2020	52,363	5,613	219,917	15,828	33,340	113	327,174

8. Property, plant and equipment (cont.)

(1) Assets under construction at 30 June 2021 were €25.5 million (2020: €24.3 million) which include sustaining capital expenditures and tailings dams project.
(2) Stripping costs
(3) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.
(4) Increase in lands related to the rehabilitation provision

The above fixed assets are mainly located in Spain.

9. Intangible assets

(Euro 000's)	Permits (1)	Licences, R&D and software	Total
Cost			
At 1 January 2020	76,538	7,610	84,148
Additions	-	-	-
At 30 June 2020			
Additions	1,672(2)	1,312	2,984
Disposals	-	(327)	(327)
At 31 December 2020	**78,210**	**8,595**	**86,805**
Additions	**-**	**170**	**170**
At 30 June 2021	**78,210**	**8,765**	**86,975**
Amortisation			
On 1 January 2020	13,808	7,255	21,063
Charge for the period	2,300	33	2,333
At 30 June 2020	16,108	7,288	23,396
Charge for the period	2,575	33	2,608
Impairment charge	-	985	985
At 31 December 2020	**18,683**	**8,306**	**26,989**
Charge for the period	**2,300**	**33**	**2,333**
At 30 June 2021	**20,983**	**8,339**	**29,322**
Net book value			
At 30 June 2021	**57,227**	**426**	**57,653**
At 31 December 2020	59,527	289	59,816

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

(2) Addition resulting from the acquisition of Atalaya Masa Valverde SLU.

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

The Group conducts impairment testing on an annual basis unless indicators of impairment are not present at the reporting date. In considering the carrying value of the assets at Proyecto Riotinto, including the intangible assets and any impairment thereof, the Group assessed that no indicators were present as at 30 June 2021 and thus no impairment has been recognised.

10. Inventories

(Euro 000's)	30 Jun 2021	31 Dec 2020
Finished products	**11,847**	8,642
Materials and supplies	**14,788**	13,764
Work in progress	**510**	1,170
	27,145	23,576

As of 30 June 2021, copper concentrate produced and not sold amounted to 15,103 tonnes (31 Dec 2020: 12,180 tonnes). Accordingly, the inventory for copper concentrate was €11.8 million (31 Dec 2020: €8.6 million).

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

11. Trade and other receivables

(Euro 000's)	30 Jun 2021	31 Dec 2020
Non-current		
Deposits	**545**	48
Loans	**2,315**	2,667
	2,860	2,715
Current		
Trade receivables at fair value – *subject to provisional pricing*	**23,750**	20,304
Trade receivables from shareholders at fair value – *subject to provisional pricing* (Note 21.3)	**3,378**	3,946
Other receivables from related parties at amortised cost (Note 21.3)	**56**	56
Deposits	**21**	21
VAT receivables	**23,110**	15,816
Tax advances	**-**	9
Prepayments	**4,044**	2,507
Other current assets	**92**	522
	54,451	43,191
Allowance for expected credit losses	**-**	-
Total trade and other receivables	**57,311**	45,906

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

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

12. Share capital and share premium

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

Issued and fully paid			000's	Euro 000's	Euro 000's	Euro 000's
Issue Date	Price (£)	Details				
31 December 2019/1 January 2020			137,340	13,372	314,319	327,691
Balance at 31 March 2020			137,340	13,372	314,319	327,691
22 Dec 2020	2.015	Exercised share options (c)	228	19	491	510
22 Dec 2020	1.475	Exercised share options (c)	41	3	65	68
22 Dec 2020	1.440	Exercised share options (c)	499	42	758	800
22 Dec 2020	2.302	Bonus share to former Key management (d)	33	3	81	84

			000's	Euro 000's	Euro 000's	Euro 000's
31 December 2020/1 January 2021			**138,141**	**13,439**	**315,714**	**329,153**
12 Feb 2021	2.015	Exercised share options(b)	41	4	91	95
18 May 2021	2.015	Exercised share options(a)	20	1	45	46
18 May 2021	1.475	Exercised share options(a)	10	1	15	16
30 June 2021			**138,212**	**13,445**	**315,865**	**329,310**

Authorised capital

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

Issued capital

(a) On 18 May 2021, the Company was notified that certain employees exercised options over 30,000 ordinary shares of £0.075 at a price between £1.475 and £2.015, thus creating a share premium of €61k.
(b) On 12 February 2021, the Company was notified that certain employees exercised options over 40,750 ordinary shares of £0.075 at a price of £2.015, thus creating a share premium of €91k.
(c) On 22 December 2020, the Company was notified that certain employees exercised options over 768,250 ordinary shares of £0.075 at a price between £1.44 to £2.015, thus creating a share premium of €1,314k.
(d) On 22 December 2020, the Company granted a bonus share to a former Key management of 33,333 ordinary shares of £0.075 at a price £2.302.

(All amounts in Euro thousands unless otherwise stated)

12. Share capital and share premium (cont.)

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 subdivision 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 June 2021:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	314,000
29 May 2019	28-May-2024	2.015	1,003,750
8 July 2019	7 July 2024	2.045	400,000
30 June 2020	29 June 2030	1.475	998,500
24 June 2021	23 June 2031	3.090	1,150,000
Total			**3,866,250**

	Weighted average exercise price £	Share options
At 1 January 2021	1.759	2,787,000
Options executed during the year	2.015	(60,750)
Options executed during the year	1.475	(10,000)
Granted during the year	3.090	1,150,000
30 June 2021	**1.754**	**3,866,250**

Warrants

As at 30 June 2021 and 2020 there were no warrants.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)
For the period ended 30 June 2021 and 2020

13. Other reserves

(Euro 000's)	Share option	Bonus share	Depletion factor (1)	Fair value reserve of financial assets at FVOCI (2)	Non-Distributable reserve (3)	Distributable reserve (4)	Total
At 1 January 2020	7,371	208	10,878	(1,144)	3,430	2,093	22,836
Recognition of share-based payments	321	-	-	-	-	-	321
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	-	-	-	(9)	-	-	(9)
At 30 June 2020	7,692	208	18,878	(1,153)	5,628	2,093	33,346
Recognition of share-based payments	495	-	6,155	-	-	-	6,650
Change in fair value of financial assets at fair value through OCI	-	-	-	53	-	-	53
At 31 December 2020	**8,187**	**208**	**25,033**	**(1,100)**	**5,628**	**2,093**	**40,049**
Recognition of share-based payments	**309**	**-**	**-**	**-**	**-**	**-**	**309**
Recognition of depletion factor	**-**	**-**	**(55)**	**-**	**-**	**6,155**	**6,100**
Recognition of non-distributable reserve	**-**	**-**	**-**	**-**	**2,372**	**-**	**2,372**
Recognition of distributable reserve	**-**	**-**	**-**	**-**	**-**	**3,317**	**3,317**
Change in fair value of financial assets at fair value through OCI	**-**	**-**	**-**	**2**	**-**	**-**	**2**
At 30 June 2021	**8,496**	**208**	**24,978**	**(1,098)**	**8,000**	**11,565**	**52,149**

(1) Depletion factor reserve
At 30 June 2021, the Group has disposed €6.1 million (H1 2020: €8.0 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.

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

(4) Distributable reserve
The Group reclassified at least 10% of the profit of 2020 to distributable reserves.

14. Trade and other payables

(Euro 000's)	30 Jun 2021	31 Dec 2020
Non-current		
Government grant	**28**	13
Other non-current payables	**1,435**	1,435
	1,463	1,448
Current		
Trade payables	**52,490**	63,946
Accruals	**4,288**	4,355
VAT payables	**-**	60
Other	**76**	76
	56,854	68,437

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

15. Provisions

(Euro 000's)	Other tax costs	Legal costs	Rehabilitation costs	Total costs
1 January 2020	-	388	6,553	6,941
Additions	-	33	354	387
Finance cost	-	-	92	92
At 30 June 2020	-	421	6,999	7,420
Additions	-	278	-	278
(Reduction) / addition of provision	-	(73)	17,495	17,422
Finance cost	-	-	144	144
At 31 December 2020	**-**	**626**	**24,638**	**25,264**
Additions	**2,617**	**-**	**477**	**3,094**
Reduction of provision	**-**	**(278)**	**-**	**(278)**
Finance cost	**-**	**-**	**83**	**83**
At 30 June 2021	**2,617**	**348**	**25,198**	**28,163**

(Euro 000's)	30 Jun 2021	31 Dec 2020
Non-current	**28,163**	25,264
Total	**28,163**	25,264

Rehabilitation provision

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

The discount rate used in the calculation of the net present value of the provision as at 30 June 2021 was 1.36%, which is the average 15-year Spain Government Bond rate from 2016-2020 (31 December 2020: 1.36%, which is the 15-year Spain Government Bond rate). An inflation rate of 1% is applied on annual basis.

15. Provisions (cont.)

Other tax provision

Other tax costs include taxes on (i) construction, installation and works provision and (ii) other local taxes provision amounting to €2.4 million and €0.2 million, respectively.

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 June 2021.

16. Borrowings

(Euro 000's)	30 June 2021	31 Dec 2020
Non-current borrowings		
Credit facilities	**42,242**	-
	42,242	-
Current borrowings		
Credit facilities	**12,735**	-
	12,735	-

The Group had uncommitted credit risks totalling €121.5 million. During Q1 2021, Atalaya drawdown some of its existing credit facilities to pay the Deferred Consideration (Note 18). Interest rates of existing credit facilities, including facilities used to pay the Deferred Consideration, range from 1.60% to 2.45% and the average interest rate on all facilities used and unused is 1.79%. The maximum term of the facilities is three years. In addition, as at 30 June 2021, the Company had used €2.0 million in existing credit facilities.

All borrowings are unsecured.

17. Lease liabilities

(Euro 000's)	30 Jun 2021	31 Dec 2020
Non-current		
Lease liabilities	**4,997**	4,796
	4,997	4,796
Current		
Lease liabilities	**602**	592
	602	592

Lease liabilities

The Group entered into lease arrangements for the renting of land, laboratory equipment and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Depreciation expense regarding leases amounts to €0.3 million (2020: €0.2 million) for the six month period ended 30 June 2021. 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 June 2021, the remaining term of this lease is eleven years and a half.

The duration of the motor vehicle and laboratory equipment lease is for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 30 June 2021, the remaining term of this motor vehicle and laboratory equipment lease is one year and a half, and two years, respectively.

Since the Company acquired 100% of the shares of Cambridge Mineria Espana, S.L. (renamed to Atalaya Masa Valverde, S.L.U.) in October 2020, a lease arrangement for a warehouse rent was included. The duration of the warehouse lease is for a period of thirteen years, payments are due at the beginning of the month escalating based on the yearly Spanish consumer price index. At 30 June 2021, the remaining term of this lease is eleven years and a half.

17. Lease liabilities (cont.)

(Euro 000's)	30 Jun 2021	31 Dec 2020
Minimum lease payments due:		
- Within one year	**602**	592
- Two to five years	**1,827**	2,068
- Over five years	**3,170**	2,728
Present value of minimum lease payments due	**5,599**	5,388

(Euro 000's)	Lease liabilities
Balance 1 January 2021	**5,388**
Additions	**515**
Interest expense	**5**
Lease payments	**(309)**
Balance at 30 June 2021	**5,599**
Balance at 30 June 2021	
- Non-current liabilities	**4,997**
- Current liabilities	**602**
	5,599

18. Deferred consideration

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

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

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of “Excess Cash”. The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the “Trial”). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the “Excess Cash” (the “Summary Judgment application”). The Summary Judgment application was heard on 14-15 June 2021. The Court dismissed Astor’s application and the question as to whether any residual interest is payable to Astor therefore remains to be resolved at Trial.

As previously announced, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

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

18. Deferred consideration (cont.)

The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, on 15 July 2021, the Company transferred €15.4 million to a trust account (the "Trust Account") representing the full amount of interest claimed by Astor to 30 June 2022. The holder of the Trust Account has provided an undertaking to hold the full amount until settlement of the claim to interest or judgment following the Trial. The Company understands the monies held in the Trust Account safeguard the maximum outstanding liability to Astor in relation to the Master Agreement. On that basis, and because the Consideration has been paid in full in accordance with the Master Agreement, Atalaya treats itself as free of the obligations set out in the Master Agreement.

The Company is currently working on other court directions in preparation for the Trial and continues to be confident in its case and is of the view that no interest will be payable to Astor.

19. Acquisition, incorporation and disposal of subsidiaries

There were neither acquisition nor incorporation of subsidiaries during the six month period to 30 June 2021.

20. Winding-up of subsidiaries

There were no subsidiaries wound-up during the six month period to 30 June 2021.

21. Related party transactions

The following transactions were carried out with related parties:

21.1 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 June 2021**	Three months ended 30 June 2020	**Six months ended 30 June 2021**	Six months ended 30 June 2020
Directors' remuneration and fees	**240**	247	**505**	512
Directors´ bonus [(1)]	**438**	-	**438**	-
Share option-based benefits and other benefits to directors	**55**	56	**111**	112
Key management personnel fees	**136**	125	**260**	249
Key management bonus [(1)]	**265**	-	**265**	-
Share option-based and other benefits to key management personnel	**51**	79	**130**	158
	1,185	507	**1,709**	1,031

(1) These amounts related to the performance bonus for 2020 approved by the Board of Directors of the Company during H1 2021. Director's bonus relates to the amount approved for the CEO as an executive director and key management bonus relates to the amount approved for other key management personnel which are not directors of Atalaya Mining plc. Bonuses for 2019 were approved and paid in H2 2020, and hence no amounts are disclosed for the comparative H1 2020 period.

21.2 Share-based benefits

On 25 June 2021, the Company announced that in accordance with the Company's Long Term Inventive Plan 2020 which was approved by shareholders at the Annual General Meeting on 25 June 2020, it has granted 1,150,000 share options to Persons Discharging Managerial Responsibilities and other management.

21. Related party transactions (cont.)

21.3 Transactions with related parties/shareholders

i) Transaction with shareholders

(Euro 000's)	Three months ended 30 June 2021	Three months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
Trafigura– Revenue from contracts	**29,055**	4,555	**50,930**	12,948
	29,055	4,555	**50,930**	12,948
(Losses)/gain relating provisional pricing within sales	**(1,380)**	1,704	**(1,650)**	1,299
Trafigura – Total revenue from contracts	**27,675**	6,259	**49,280**	14,247

ii) Period-end balances with related parties

(Euro 000's)	30 Jun 2021	31 Dec 2020
Receivables from related parties:		
Recursos Cuenca Minera S.L.	**56**	56
Total (Note11)	**56**	56

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

iii) Period-end balances with shareholders

(Euro 000's)	30 Jun 2021	31 Dec 2020
Trafigura – Debtor balance- subject to provisional pricing	**3,378**	3,946
Total (Note 11)	**3,378**	3,946

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

22. 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.

23. 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.

24. Significant events

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

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

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

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

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

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

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

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

On 17 May 2021, the Company was notified that Harry Liu, Director of the Company, sold 5,000 ordinary shares in Atalaya at an average price of 356.0 pence per share.

On 18 May 2021, the Company was notified that Harry Liu, Director of the Company, sold 3,698 ordinary shares in Atalaya at an average price of 358.0 pence per share.

On 26 May 2021, Liberty Metals & Mining Holdings, LLC, shareholder of the Company, reduced its % of voting rights from 14.17% to 12.97%.

On 25 June 2021, the Company announced that in accordance with the Company's Long Term Inventive Plan 2020 which was approved by shareholders at the Annual General Meeting on 25 June 2020, it has granted 1,150,000 share options to Persons Discharging Managerial Responsibilities and other management.

The Options expire ten years from the deemed date of grant (24 June 2021), have an exercise price of 309.0 pence per ordinary share, based on the average of the mid-market closing prices for the five dealing days immediately preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 29 June 2021, the Company was notified that Harry Liu, Director of the Company, sold 5,000 ordinary shares in Atalaya at an average price of 310.0 pence per share.

25. Events after the Reporting Period

On 1 July 2021 the Company announced that it was notified that Harry Liu, Director of the Company, sold 192 ordinary shares in Atalaya at an average price of 308.0 pence per share.

On 5 July 2021, the Company announced that it was notified, that Alberto Lavandeira, Chief Executive Officer and Managing Director of the Company, purchased 40,000 ordinary shares at an average price of 310.0 pence per share. The Company was also notified on 3 July 2021, that Harry Liu, Director of the Company, sold, on 1 July 2021, 170 ordinary shares in Atalaya at an average price of 309.0 pence per share.

Following the above transactions Mr Lavandeira and Mr. Liu are interested in an aggregate of 280,000 and 386,019 ordinary shares of the Company representing 0.20% and 0.28% of the current issued share capital, respectively.

On 4 August 2021, Liberty Metals & Mining Holdings, LLC, shareholder of the Company, reduced its % of voting rights from 11.79% to 10.94%.

On 15 July 2021, the Company transferred €15.4 million to a trust account (the "Trust Account") representing the full amount of interest claimed by Astor to 30 June 2022. The holder of the Trust Account has provided an undertaking to hold the full amount until settlement of the claim to interest or judgment following the trial in February 2022. The Company understands the monies held in the Trust Account safeguard the maximum outstanding liability to Astor in relation to the Master Agreement. On that basis, and because the Consideration has been paid in full in accordance with the Master Agreement, Atalaya treats itself as free of the obligations set out in the Master Agreements (refer to Note 18). The Company is currently working on other court directions in preparation for the Trial and continues to be confident in its case and is of the view that no residual intertest should be payable to Astor.