

**10 August 2022**

**Atalaya Mining Plc.**  
 (“Atalaya” and/or the “Company”)  
**Q2 and H1 2022 Financial Results**

***Continued balance sheet strength supports ongoing investment programme and interim dividend***

Atalaya Mining Plc (AIM: ATYM; TSX: AYM) is pleased to announce its quarterly and six-monthly results for the period ended 30 June 2022 (“Q2 2022” and “H1 2022” respectively) together with its Unaudited Interim Condensed Consolidated Financial Statements.

The Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 June 2022 are also available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on Atalaya’s website at [www.atalayamining.com](http://www.atalayamining.com).

**Highlights**

- EBITDA of €14.7 million for Q2 2022 and €41.4 million for H1 2022, despite high input costs and negative provisional pricing adjustments
- Significant investment in projects that are expected to reduce cash costs and carbon emissions, including the 50 MW solar plant and E-LIX Phase I plant
- Continued balance sheet strength, including net cash of €67.6 million, supporting ongoing investment programme
- Interim dividend of US\$0.036 per ordinary share declared

**Q2 and H1 2022 Financial Results Summary**

| Period ended 30 June                                   |                        | Q2 2022         | Q2 2021  | H1 2022          | H1 2021  |
|--|------------------------|-----------------|----------|------------------|----------|
| Revenues from operations                               | €k                     | <b>93,418</b>   | 99,724   | <b>179,669</b>   | 197,104  |
| Operating costs  | €k                     | <b>(78,749)</b> | (47,755) | <b>(138,288)</b> | (97,692) |
| <b>EBITDA</b>  | <b>€k</b>              | <b>14,669</b>   | 51,969   | <b>41,381</b>    | 99,412   |
| Profit for the period                                  | €k                     | <b>11,849</b>   | 32,291   | <b>30,106</b>    | 65,993   |
| Basic earnings per share                               | € cents/share          | <b>8.6</b>      | 23.3     | <b>22.1</b>      | 48.1     |
| Cash flows from operating activities                   | €k                     | <b>(6,916)</b>  | 33,296   | <b>21,382</b>    | 73,030   |
| Cash flows used in investing activities <sup>(1)</sup> | €k                     | <b>(19,771)</b> | (6,923)  | <b>(27,323)</b>  | (70,853) |
| Cash flows from financing activities                   | €k                     | <b>17,841</b>   | 1,893    | <b>15,463</b>    | 54,841   |
| Net Cash position <sup>(2)</sup>                       | €k                     | <b>67,554</b>   | 37,777   | <b>67,554</b>    | 37,777   |
| Working capital surplus                                | €k                     | <b>129,280</b>  | 90,961   | <b>129,280</b>   | 90,961   |
| <b>Average realised copper price</b>                   | <b>US\$/lb</b>         | <b>4.32</b>     | 4.27     | <b>4.39</b>      | 3.92     |
| Cu concentrate produced                                | (tonnes)               | <b>63,027</b>   | 74,495   | <b>117,235</b>   | 141,755  |
| Cu production  | (tonnes)               | <b>13,386</b>   | 14,353   | <b>24,847</b>    | 28,332   |
| <b>Cash costs</b>                                      | <b>US\$/lb payable</b> | <b>3.12</b>     | 2.26     | <b>3.22</b>      | 2.15     |
| <b>All-In Sustaining Cost</b>                          | <b>US\$/lb payable</b> | <b>3.33</b>     | 2.52     | <b>3.45</b>      | 2.49     |

<sup>(1)</sup> H1 2021 includes €53 million early payment of the Deferred Consideration to Astor.

<sup>(2)</sup> Includes restricted cash of €350k and bank borrowings of €59.6m at 30 June 2022 and bank borrowings of €55.0m at 30 June 2021

**Alberto Lavandeira, CEO commented:**

*“Today we are announced our financial results for H1 2022, which was a period that included many macroeconomic challenges. Positively, the plant demonstrated strong performance in Q2, processing around 4.0 million tonnes of ore and yielding good recoveries despite lower grades. We expect strong throughput to continue for the remainder of the year.*

*However, as a result of the ongoing conflict in Ukraine and the inflationary environment globally, our costs have increased materially since last year and it is likely that current conditions will persist for some time. High electricity prices are having a notable adverse impact, along with consumables linked to the price of energy, such as explosives and diesel.*

*Thankfully, we have preserved a strong balance sheet and continue to make meaningful investments in the sustainability and growth of our business. In H1, we progressed development of our 50 MW solar plant, which will deliver stable and low-cost electricity from mid-2023. We are also advancing construction of our E-LIX Phase I plant, which is expected to reduce costs and help to unlock value from our polymetallic resources in the Iberian Pyrite Belt. Further, we are conducting exploration and progressing the permitting process at several projects and deposits, including Proyecto Masa Valverde, San Dionisio and Proyecto Touro, which we believe will allow Atalaya to grow its production, reduce unit costs and become a multi-asset copper producer.”*

**Investor Presentation Reminder**

Alberto Lavandeira (CEO) and César Sánchez (CFO) will be holding a live presentation relating to the Q2 and H1 2022 results via the Investor Meet Company platform at 1:00pm BST today.

To register, please visit the following link and click "Add to Meet" Atalaya via:

<https://www.investormeetcompany.com/atalaya-mining-plc/register-investor>

Management will also answer questions that have been submitted via the Investor Meet Company dashboard.

**Q2 and H1 2022 Operating Results Summary**

| <i>Units expressed in accordance with the international system of units (SI)</i> | <b>Unit</b>   | <b>Q2 2022</b> | Q2 2021 | <b>H1 2022</b> | H1 2021 |
|--|---------------|----------------|---------|----------------|---------|
| Ore mined  | <i>Mt</i>     | <b>3.6</b>     | 3.3     | <b>7.5</b>     | 6.6     |
| Waste mined  | <i>Mt</i>     | <b>6.7</b>     | 8.0     | <b>13.6</b>    | 15.5    |
| Ore processed  | <i>Mt</i>     | <b>4.0</b>     | 4.0     | <b>7.5</b>     | 8.0     |
| Copper ore grade   | %             | <b>0.39</b>    | 0.42    | <b>0.38</b>    | 0.42    |
| Copper concentrate grade   | %             | <b>21.23</b>   | 19.27   | <b>21.19</b>   | 19.99   |
| Copper recovery rate   | %             | <b>86.44</b>   | 84.83   | <b>86.26</b>   | 84.85   |
| Copper concentrate   | <i>tonnes</i> | <b>63,027</b>  | 74,495  | <b>117,235</b> | 141,755 |
| Copper contained in concentrate  | <i>tonnes</i> | <b>13,386</b>  | 14,353  | <b>24,847</b>  | 28,232  |
| Payable copper contained in concentrate  | <i>tonnes</i> | <b>12,756</b>  | 13,608  | <b>23,674</b>  | 26,914  |

**Mining**

Ore mined was 3.6 million tonnes in Q2 2022 (Q2 2021: 3.3 million tonnes) and 7.5 million tonnes in H1 2022 (H1 2021: 6.6 million tonnes).

Waste mined was 6.7 million tonnes in Q2 2022 (Q2 2021: 8.0 million tonnes) and 13.6 million tonnes in H1 2022 (H1 2021: 15.5 million tonnes). Waste stripping in H1 2022 was higher than budget as waste mining was prioritised during the temporary plant maintenance stoppage in Q1 2022.

#### *Processing*

The plant processed 4.0 million tonnes of ore during Q2 2022 (Q2 2021: 4.0 million tonnes), consistent with the plant's ability to operate above its 15 million tonne per annum nameplate capacity. Throughput was 7.5 million tonnes in H1 2022 (H1 2021: 8.0 million tonnes) as a result of the Q1 2022 transport sector strike and maintenance stoppage.

Copper grade was 0.39% in Q2 2022 (Q2 2021: 0.42%) and 0.38% in H1 2022 (H1 2021: 0.42%). Lower grades so far in 2022 are the result of blending with lower grade stockpiles due to pit sequencing but are expected to improve in H2 2022.

Copper recoveries were strong despite lower grades, with Q2 2022 at 86.44% (Q2 2021: 84.83%) and 86.26% in H1 2022 (H1 2021: 84.85%) as a result of continuous improvements made at the plant.

#### *Production*

Copper production was 13,386 tonnes in Q2 2022 (Q2 2021: 14,353 tonnes) and 24,847 tonnes in H1 2022 (H1 2021: 28,232 tonnes). Lower production was due to lower grades (pit sequencing) and lower throughput (Q1 2022 plant stoppage), partially offset by higher recoveries.

### **Q2 and H1 2022 Financial Results Highlights**

#### *Income Statement*

Revenues were €93.4 million in Q2 2022 (Q2 2021: €99.7 million) and €179.7 million in H1 2022 (H1 2021: €197.1 million). Lower revenues were the result of lower concentrate sales volumes and negative provisional pricing adjustments in 2022, compared with positive adjustments in the comparative 2021 periods.

Operating costs were €78.7 million in Q2 2022 (Q2 2021: €47.8 million) and €138.3 million (H1 2021: €97.7 million) as a result of significant increases in key input costs such as electricity, diesel, explosives, steel and lime.

EBITDA was €14.7 million in Q2 2022 (Q2 2021: €52.0 million) and €41.4 million in H1 2022 (H1 2021: €99.4 million). The decrease in EBITDA was driven by the combination of lower revenues and higher operating costs compared with the periods in 2021.

Profit after tax was €11.8 million in Q2 2022 (Q2 2021: €32.3 million) or 8.6 cents basic earnings per share (Q2 2021: 23.3 cents) and €30.1 million in H1 2022 (H1 2021: €66.0 million) or 22.1 cents basic earnings per share (Q2 2021: 48.1 cents).

Cash costs were \$3.12/lb payable copper in Q2 2022 (Q2 2021: \$2.26) and \$3.22/lb in H1 2022 (H1 2021: \$2.15/lb), with the increase due to lower production volumes and higher costs associated with electricity and other supplies, partially offset by the weaker Euro.

AISC were \$3.33/lb payable copper in Q2 2022 (Q2 2021: \$2.52/lb) and \$3.45/lb in H1 2022 (H1 2021: \$2.49/lb). The increase in AISC in 2022 was driven by the same factors that increased cash costs. AISC excludes one-off investments in the tailings dam, consistent with prior reporting.

### *Cash Flow Statement*

Cash flows from operating activities before changes in working capital were €14.3 million in Q2 2022 (Q2 2021: €50.1 million) and negative €6.9 million after working capital changes (Q2 2021: €33.3 million). Working capital movement is mainly related to changes in account receivables and payables owed to timing differences. For H1 2022, cash flows from operating activities before changes in working capital were €41.2 million (H1 2021: €106.1) and €21.4 million after working capital changes (H1 2021: €73.0 million).

Cash flows used in investing activities were €19.8 million in Q2 2022 (Q2 2021: €6.9 million) and €27.3 million in H1 2022 (H1 2021: €70.9 million). Major investments in H1 2022 included €11.7 million for the 50 MW solar plant (H1 2021: nil), €2.9 million in sustaining capex (H1 2021: €3.4 million) and €6.4 million to increase the tailings dam (H1 2021: €6.8 million). Cash flows from investing activities in the H1 2021 period included the early payment of the deferred consideration to Astor.

Cash flows from financing activities were €17.8 million in Q2 2022 (Q2 2021: €1.9 million) and €15.5 million in H1 2022 (H1 2021: €54.8 million). Unsecured debt facilities were drawn in H1 2022 in order to finance the 50 MW solar plant, while in H1 2021, unsecured debt facilities were drawn to fund the payment of deferred consideration to Astor.

### *Balance Sheet*

Consolidated cash and cash equivalents were €127.1 million at 30 June 2022 (31 December 2021: €107.5 million).

Net of current and non-current borrowings of €59.6 million, net cash was €67.6 million as at 30 June 2022, compared to €86.8 million as at 31 March 2022 and €60.1 million as at 31 December 2021.

Inventories of concentrate valued at cost were €8.4 million at 30 June 2022 (31 December 2021: €5.2 million). As at 30 June 2022, total working capital was €129.3 million, compared to €120.1 million as at 31 March 2022 and €102.4 million as at 31 December 2021.

## **Update on Key Input Costs**

### *Electricity Market in Spain*

As a result of the continued conflict in Ukraine and its impact on energy markets, especially in Europe, electricity prices in Spain were significantly higher than historical levels during Q2 and H1 2022. Market prices reached unprecedented levels of over €500/MWh in March 2022, before moderating and averaging approximately €190/MWh in April and May 2022. In mid-June 2022, the legislated gas price cap for Spain and Portugal took effect. The cap had a positive impact on electricity prices, with rates averaging approximately €145/MWh since the implementation of the new pricing mechanism.

Market electricity prices averaged approximately €180/MWh in Q2 2022 and approximately €205/MWh in H1 2022, a sharp increase over the H1 2021 average of around €60/MWh. An increase or decrease in realised electricity prices of €100/MWh results in an increase or decrease, respectively, to the Company's annual operating costs of around €37 million.

### *Cost of Key Consumables*

In addition to elevated electricity prices, the Company continues to experience material cost inflation in many key consumables. These include explosives, diesel, tyres, grinding media and lime for which

prices have increased 40 – 90% from levels observed in late 2021 for several of these cost inputs. The Company continues to pursue cost savings and efficiency initiatives, however, prices of these inputs are heavily linked to energy costs and CO<sub>2</sub>, which remain elevated globally.

### **50 MW Solar Plant**

Development progress continues at Atalaya's 50 MW solar plant, which will become a reliable source of low cost and carbon-free energy for Proyecto Riotinto. Equipment orders have been placed and deliveries of key materials are expected to arrive on site during Q4 2022. Planned start-up of the solar plant continues to be Q2 2023. In H1 2022, the Company incurred capex of €11.7 million related to the 50 MW solar plant.

Combined, the 50 MW solar plant and the previously announced long-term power purchase agreement ("PPA") will guarantee that over 50% of the electricity requirements at Proyecto Riotinto are sourced at competitive terms. Once the 50 MW solar plant is operational and the new long-term PPA is in effect, the annual impact on cash costs would be a reduction of around \$0.35/lb copper payable compared to a scenario where actual H1 2022 electricity prices were realised for a full year.

### **E-LIX Phase I Plant**

Development progress continues at Atalaya's E-LIX Phase I plant, which will produce high value copper and zinc metals from complex sulphide concentrates produced from material sourced within the Riotinto District. The E-LIX System is expected to provide numerous benefits including higher metal recoveries, lower transportation and concentrate treatment charges and reduced carbon emissions. The Company expects the plant to be ready for commissioning by the end of 2022.

Atalaya has placed all equipment orders and has started initial construction activities on the site. In H1 2022, the Company incurred capex of €5.8 million related to the E-LIX Phase I plant, of which €5.3 million are long term loans to Lain Technologies.

### **Outlook for 2022**

#### *Production*

As announced on 14 July 2022, Atalaya expects 2022 copper production to be 52,000 – 54,000 tonnes. Good operating performance from the plant is expected to continue, with full year copper grade and copper recoveries expected to average 0.40% and 85 – 87%, respectively.

#### *Operating Costs*

As a result of the elevated prices of electricity and other key consumables, the Company now expects 2022 cash costs to be \$2.95 – 3.25/lb copper payable and AISC to be \$3.25 – 3.45/lb copper payable. These new ranges are based on an assumed electricity market price range of €150 – 175/MWh for H2 2022. Should the electricity market price be lower than expected, cash costs and AISC may be lower than the revised guidance.

#### *Capital Expenditures*

Atalaya continues to make significant investments in growth and the long-term sustainability of its operations. For 2022, the main components of the capex budget are associated with the 50 MW solar plant, the E-LIX Phase I plant, expansion of the Riotinto tailings facility as well as sustaining capex. The Company is maintaining its prior guidance for full year 2022 capital expenditures.

### *Exploration*

The Company continues to maintain an exploration budget of €10 million for 2022. However, due to the availability of equipment and delays owing to high temperatures during the summer, the budget might be only partially utilised.

### **2022 Interim Dividend**

In October 2021, Atalaya declared its inaugural dividend and also announced the implementation of a sustainable dividend policy that provides capital returns to its shareholders and allows for continued investments in its portfolio of low capital intensity growth projects. The dividend policy consists of an annual pay-out of 30 – 50% of free cash flow generated during the applicable financial year and is payable in two half-yearly instalments.

Accordingly, the Company's Board of Directors has elected to declare an interim dividend for H1 2022 of US\$0.036 per ordinary share ("Interim Dividend"), which is equivalent to approximately 3 pence per share.

The record date for the Interim Dividend will be 19 August 2022 and the shares will become ex-dividend on 18 August 2022. Shareholders will also have the option to receive the Interim Dividend in Sterling or Euros, should they elect to do so by communicating their currency election to the Company by no later than 31 August 2022. The exchange rates for payment in Sterling and Euros will be fixed by the Company on 5 September 2022 and subsequently announced.

### **Update on Asset Portfolio**

#### *Riotinto 15 Mtpa Plant – Process Optimisation*

During H1 2022, several improvement initiatives were implemented and tested, with the goal of lowering reagent consumption, improving copper recoveries and reducing cash costs.

#### *Riotinto District – San Dionisio and San Antonio*

On 13 April 2022, the Company announced new independent Mineral Resource Estimates ("MRE") for the San Dionisio and San Antonio deposits at Proyecto Riotinto. San Dionisio includes a potentially open pit resource, with separate copper-rich and polymetallic zones, that represents an extension of the existing Cerro Colorado pit, as well as an underground polymetallic resource. San Antonio is an underground polymetallic deposit located less than one kilometre east of the Cerro Colorado pit.

The Company expects to complete a preliminary economic assessment ("PEA") for San Dionisio by the end of 2022, including an evaluation of a scenario that combines Cerro Colorado reserves with higher grade material from San Dionisio, potentially providing an uplift to copper production by increasing the blended head grade.

#### *Riotinto District – Proyecto Masa Valverde ("PMV")*

On 5 April 2022, the Company announced a new MRE for PMV's Masa Valverde and Majadales deposits. Highlights included a significant increase in tonnage and contained copper, silver and gold compared to the prior estimate, as well as an initial Indicated Mineral Resource at Masa Valverde. The mineralisation includes zones that are copper-rich and low-zinc, which could deliver higher grade material for processing at the existing Riotinto plant with minimal plant modifications.



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Exploration activities continue at PMV, with four drill rigs currently operating including two rigs at the Campanario Trend and two at anomalies west of the Masa Valverde deposit. Initial drilling results from Campanario were announced subsequent to the end of the quarter and included intersections of massive and semi-massive sulphides at shallow depths.

In addition, the permitting process continues, and the Company expects to complete a PEA for PMV by the end of 2022.

#### *Proyecto Touro*

Atalaya remains fully committed to the development of the Touro copper project in Galicia, which could become a new source of copper production for Europe. The Company continues to engage with the many stakeholders in the region in advance of its plans to submit a new project design.

In June, the Company commissioned a new acid water treatment plant at Touro, which will address the legacy issues associated with water runoff from the historical mine. The construction of the plant was contemplated in the original project proposal, but Atalaya volunteered to fix the historical acid water issues prior to submitting the Environmental Impact Assessment ("EIA") in order to demonstrate its operating philosophy and the benefits of modern operating systems.

Atalaya continues to be confident that its approach to Touro, which includes a fully HDPE plastic lined thickened tailings facility with zero discharge, is consistent with international best practice and will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to the development of the project.

#### *Other Regional Exploration*

At Riotinto East, various exploration activities continue including field mapping, rock sampling, soil geochemistry and reinterpretation of geophysical data. The Company expects to begin drilling targets later this year once the investigation permit is granted.

At Proyecto Ossa Morena ("POM"), the Company has been focused on permitting, environmental and social matters. Subsequent to Q2 2022, Atalaya increased its ownership interest in POM to 99.9%, up from 51%, following completion of a capital increase that will fund exploration activities. An initial drilling campaign is expected to begin soon at the Hinchona copper-gold target and at the flagship Alconchel-Pallares copper-gold project.





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

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**About Atalaya Mining Plc**

Atalaya is an AIM and TSX-listed mining and development group which produces copper concentrates and silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15 Mtpa processing plant, which has the potential to become a centralised processing hub for ore sourced from its wholly owned regional projects around Riotinto that include Proyecto Masa Valverde and Proyecto Riotinto East. In addition, the Group has a phased earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in the northwest of Spain, as well as a 99.9% interest in Proyecto Ossa Morena. For further information, visit [www.atalayamining.com](http://www.atalayamining.com)





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**ATALAYA MINING PLC  
MANAGEMENT'S REVIEW AND  
UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
30 June 2022**

# Management's review

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 June 2022 and 2021

## 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 2021 and 30 June 2022 and results of operations for the three and six months ended 30 June 2022 and 2021.

This report has been prepared as of 9 August 2022. 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 2022. 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 2021, and the unaudited interim condensed consolidated financial statements for the period ended 30 June 2021. These documents can be found on Atalaya's website at [www.atalayamining.com](http://www.atalayamining.com).

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

# Management's review

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 June 2022 and 2021

## 1. Incorporation and description of the 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 ("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 2022.

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, elsewhere in Europe and Latin America.

The Group currently owns four mining projects: Proyecto Riotinto (including Proyecto Riotinto Este), Proyecto Touro, Proyecto Masa Valverde, Proyecto Ossa Morena and 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 Iberian Pyrite Belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville. A brownfield expansion of this mine was completed in 2019 and successfully commissioned by 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 entered into a definitive purchase agreement to acquire 100% of the shares of Cambridge Minería 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.

### *Proyecto Ossa Morena*

In December 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., which owned several investigation permits in the Ossa Morena Metallogenic Belt in Spain. In July 2022, Atalaya increased its stake in the company to 99.9% as a result of an equity raise to fund the exploration activities under the investigation permits.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

### 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 2022 and 2021, respectively.

| <i>Units expressed in accordance with the international system of units (SI)</i> | <b>Unit</b>     | <b>Three month period ended 30 Jun 2022</b> | Three month period ended 30 Jun 2021 | <b>Six month period ended 30 Jun 2022</b> | Six month period ended 30 Jun 2021 |
|--|-----------------|---|--------------------------------------|---|------------------------------------|
| Ore mined  | t               | <b>3,572,871</b>                            | 3,291,938                            | <b>7,527,518</b>                          | 6,620,327                          |
| Waste mined  | t               | <b>6,740,305</b>                            | 8,021,599                            | <b>13,578,935</b>                         | 15,456,033                         |
| Ore processed  | t               | <b>3,980,820</b>                            | 4,025,327                            | <b>7,528,307</b>                          | 8,031,117                          |
| Copper ore grade   | %               | <b>0.39</b>                                 | 0.42                                 | <b>0.38</b>                               | 0.42                               |
| Copper concentrate grade   | %               | <b>21.23</b>                                | 19.27                                | <b>21.19</b>                              | 19.99                              |
| Copper recovery rate   | %               | <b>86.44</b>                                | 84.83                                | <b>86.26</b>                              | 84.85                              |
| Copper concentrate   | t               | <b>63,027</b>                               | 74,495                               | <b>117,235</b>                            | 141,755                            |
| Copper contained in concentrate  | t               | <b>13,386</b>                               | 14,353                               | <b>24,847</b>                             | 28,332                             |
| Payable copper contained in concentrate  | t               | <b>12,756</b>                               | 13,608                               | <b>23,674</b>                             | 26,914                             |
| Cash cost*   | US\$/lb payable | <b>3.12</b>                                 | 2.26                                 | <b>3.22</b>                               | 2.15                               |
| All-in sustaining cost*  | US\$/lb payable | <b>3.33</b>                                 | 2.52                                 | <b>3.45</b>                               | 2.49                               |

(\* ) Refer Section 5 of this Management Review.

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

#### *Three months operational review*

The plant processed 4.0 million tonnes of ore during Q2 2022 as it returned to normalised throughput rates following the Q1 2022 transport sector strike and maintenance stoppage, which lowered throughput to 3.5 million tonnes that quarter. Processing rates in Q2 2022 were consistent with throughput in Q2 2021 of 4.0 million tonnes, highlighting the plant's ability to operate above its 15 million tonne per annum nameplate capacity.

Copper grade was 0.39% in Q2 2022, representing an increase from 0.37% in Q1 2022 but below the comparative period in Q2 2021 of 0.42%. Lower grades so far in 2022 are the result of blending with lower grade stockpiles due to pit sequencing.

Copper recoveries in Q2 2022 were strong at 86.44%, above Q1 2022 of 86.07% and despite lower grades, higher than the Q2 2021 comparative period.

Copper production in Q2 2022 was 13,386 tonnes, which represents an increase of 16.8% over Q1 2022. The increase is due to good performance of the processing plant, the return to a normalised period following the temporary plant maintenance stoppage in Q1 2022, as well as higher copper grades and improved copper recoveries.

On-site copper concentrate inventories at the end of Q2 2022 were approximately 7,169 tonnes. All concentrate in stock at the beginning of the period was delivered to the port at Huelva.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

#### Six months operational review

Production of copper contained in concentrate during H1 2022 was 24,847 tonnes, compared with 28,332 tonnes in the same period of 2021. Payable copper in concentrates was 23,674 tonnes compared with 26,914 tonnes of payable copper in H1 2021.

Ore mined in H1 2022 was 7,527,518 tonnes compared with 6,620,327 tonnes during H1 2021. Ore processed was 7,528,307 tonnes versus 8,031,117 tonnes in H1 2021 with low-grade stockpiles processed in both periods.

Ore grade during H1 2022 was 0.38% Cu compared with 0.42% Cu in H1 2021. Copper recovery was 86.26% versus 84.85% in H1 2021. Concentrate production amounted to 117,235 tonnes below H1 2021 production of 141,755 tonnes.

### 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 Basis of Reporting. The Company is aware that the inflationary pressure on the goods and services required for its business and the geopolitical developments in Ukraine and its impact on energy prices may still have further effects or impact 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 updated its production guidance in its Q2 2022 Operations Update and has now also updated its cost guidance as follows.

|                          | Unit           | Guidance 2022   |
|--------------------------|----------------|-----------------|
| Ore mined                | million tonnes | 15.5            |
| Waste mined              | million tonnes | 23.4            |
| Ore processed            | million tonnes | 15.2 – 15.4     |
| Copper ore grade         | %              | 0.40            |
| Copper recovery rate     | %              | 85 – 87         |
| Contained copper         | tonnes         | 52,000 – 54,000 |
| Cash costs *             | \$/lb payable  | 2.95 – 3.25     |
| All-in sustaining cost * | \$/lb payable  | 3.25 – 3.45     |

(\*) These new ranges are based on an assumed electricity market price range of €150 – 175/MWh for H2 2022

As announced in the Company's Q2 2022 Operations update, full year copper production is expected to be 52,000 – 54,000 tonnes. The average copper grade is expected to increase in H2 2022 due to pit sequencing and full year guidance is 0.40%. Copper recoveries are expected to be 85 – 87% for the full year.

The Company's original cost guidance was based on a range of potential economic outcomes including regarding electricity costs and overall inflation. So far in 2022, the prices of electricity and other key consumables have remained elevated and as a result, the Company now expects 2022 cash costs to be in the range of \$2.95 – 3.25/lb copper payable and AISC to be in the range of \$3.25 – 3.45/lb copper payable. These new ranges are based on an assumed electricity market price range of €150 – 175/MWh for H2 2022. In addition, the Company continues to expect to spend approximately €12.5 million in 2022 as part of the project to increase the capacity of the tailings dam. AISC are presented net of the one-off project to increase the capacity of the tailings dam.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

### 4. Overview of the Financial Results

The following table presents summarised consolidated income statements for the three and six months ended 30 June 2022, with comparatives for the three and six months ended 30 June 2021, respectively.

| (Euro 000's)                      | Three month<br>period ended<br>30 Jun 2022 | Three month<br>period ended 30<br>Jun 2021 | Six month<br>period ended<br>30 Jun 2022 | Six month<br>period ended 30<br>Jun 2021 |
|-----------------------------------|--|--|--|--|
| <b>Revenue</b>                    | <b>93,418</b>                              | 99,724                                     | <b>179,669</b>                           | 197,104                                  |
| Costs of sales                    | <b>(78,200)</b>                            | (45,753)                                   | <b>(132,989)</b>                         | (93,779)                                 |
| Administrative and other expenses | <b>(868)</b>                               | (1,452)                                    | <b>(4,451)</b>                           | (3,025)                                  |
| Exploration expenses              | <b>88</b>                                  | (279)                                      | <b>(364)</b>                             | (399)                                    |
| Care and maintenance expenditure  | <b>(55)</b>                                | (284)                                      | <b>(770)</b>                             | (502)                                    |
| Other income                      | <b>286</b>                                 | 13   | <b>286</b>                               | 13                                       |
| <b>EBITDA</b>                     | <b>14,669</b>                              | 51,969                                     | <b>41,381</b>                            | 99,412                                   |
| Depreciation/amortisation         | <b>(8,785)</b>                             | (6,882)                                    | <b>(16,305)</b>                          | (15,826)                                 |
| Net foreign exchange (loss)/gain  | <b>7,521</b>                               | (900)                                      | <b>10,094</b>                            | 2,031                                    |
| Net finance cost                  | <b>(626)</b>                               | (247)                                      | <b>(941)</b>                             | (330)                                    |
| Tax                               | <b>(930)</b>                               | (11,649)                                   | <b>(4,123)</b>                           | (19,294)                                 |
| <b>Profit for the period</b>      | <b>11,849</b>                              | 32,291                                     | <b>30,106</b>                            | 65,993                                   |

#### Three months financial review

Revenues for the three-month period ended 30 June 2022 amounted to €93.4 million (Q2 2021: €99.7 million). Lower revenues compared with the same quarter in the previous year were driven by lower volumes of concentrate sold and negative provisional pricing adjustments for the Q2 2022 period.

Realised prices were US\$4.32/lb copper during Q2 2022 compared with US\$4.27/lb copper in Q2 2021. The realised price during the quarter, excluding QPs, was approximately US\$4.28/lb.

Operating costs for the three-month period ended 30 June 2022 amounted to €78.2 million, compared with €45.8 million in Q2 2021. Unit operating costs in Q2 2022 were higher than in Q2 2021 due to the high cost of electricity, diesel and other supplies as result of inflation and the geopolitical situation in Ukraine.

Cash costs of US\$3.12/lb payable copper during Q2 2022 compared with US\$2.26/lb payable copper in the same period last year. Q2 2022 operating costs were higher than in Q2 2021, mainly due to lower volumes produced and the increase in costs associated with electricity and other supplies, despite the stronger US Dollar/Euro rate which partially offset the higher operating costs of the period. AISC for Q2 2022, excluding one-off investments in the tailings dam, were US\$3.33/lb payable copper compared with US\$2.52/lb payable copper in Q2 2021.

Sustaining capex for Q2 2022 amounted to €2.0 million compared with €1.4 million in Q2 2021. Sustaining capex mainly related to continuous enhancements in the processing systems of the plant. In addition, the Company invested €3.9 million in the project to increase the tailings dam during Q2 2022 (Q2 2021: €4.0 million). Stripping costs capitalised during Q2 2022 amounted to €20k (Q2 2021: €1.5 million).

Capex associated with the construction of the 50 MW solar plant amounted to €11.3 million in Q2 2022, while investments in the Phase I E-LIX System plant totalled €5.8 million, of which €5.3 million was booked as long term loans to Lain Technologies Ltd.

Administrative and other expenses amounted to €0.9 million (Q2 2021: €1.5 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.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

#### *Three months financial review (cont.)*

Exploration costs on Atalaya's projects portfolio for the three-month period ended 30 June 2022 amounted to negative €88k (Q2 2021: €0.3 million) mainly as result of cost capitalisation made during the period in Proyecto Masa Valverde.

The Company continues with the overall exploration budget of €10 million. However, due to the availability of the equipment and delays due to high temperatures during the summer, the budget might be only partially used.

EBITDA for the three months ended 30 June 2022 amounted to €14.7 million compared with Q2 2021 of €52.0 million.

The main item below the EBITDA line is depreciation and amortisation of €8.8 million (Q2 2021: €6.9 million). Net financing costs for Q2 2022 amounted to €0.6 million (Q2 2021: €0.2 million).

#### *Six month financial review*

Revenues for the six-month period ended 30 June 2022 amounted to €179.7 million (H1 2021: €197.1 million).

Copper concentrate production during the six-month period ended 30 June 2022 was 117,235 tonnes (H1 2021: 141,755 tonnes) with 115,321 tonnes of copper concentrates sold in the period (H1 2021: 138,833 tonnes). Lower production levels in H1 2022 were mainly the result of lower grades and lower throughput in Q1 2022 following the transport sector strike. Inventories of concentrates as at the reporting date were 7,169 tonnes (31 Dec 2021: 5,254 tonnes).

Realised copper prices for H1 2022 were US\$4.39/lb copper compared with US\$3.92/lb copper in the same period of 2021. 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 2022.

Operating costs for the six-month period ended 30 June 2022 amounted to €133.0 million, compared with €93.8 million in H1 2021. Unit operating costs in H1 2022 were higher than in H1 2021 due to the high cost of electricity, diesel and other supplies as result of inflation and the geopolitical situation in Ukraine.

Cash costs of US\$3.22/lb payable copper during H1 2022 compare with US\$2.15/lb payable copper in the same period last year. Higher cash cost was due to lower production levels and the increase in cost of electricity and other supplies, despite the stronger US Dollar/Euro rate in H1 2022 which partially offset the higher operating costs. AISC excluding investment in the tailings dam in the six month period were US\$3.45/lb payable copper compared with US\$2.49/lb payable copper in H1 2021. The increase is mainly attributable to the cash cost, despite lower capitalised stripping costs, which amounted to €0.7 million in H1 2022 compared with €5.7 million invested in H1 2021.

Sustaining capex for the six-month period ended 30 June 2022 amounted to €2.9 million, compared with €3.4 million in the same period the previous year. Sustaining capex related to enhancements in processing systems of the plant. In addition, the Company invested €6.4 million in the project to increase the tailings dam, compared with €6.8 million in 2021.

Capex associated with the construction of the 50 MW solar plant amounted to €11.7 million in H1 2022, while investments in the Phase I E-LIX System plant totalled €5.8 million, of which €5.3 million was booked as long term loans to Lain Technologies, Ltd..

Corporate costs for the first six-month period ended June 2022 were €4.5 million, compared with €3.0 million in H1 2021. 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 2022 and amounted to €0.4 million plus €1.4 million capitalised as permits in Proyecto Masa Valverde, compared with €0.4 million in H1 2021.

EBITDA for the six months ended 30 June 2022 amounted to €41.4 million, compared with €99.4 million in H1 2021.

Depreciation and amortisation amounted to €16.3 million for the six-month period ended 30 June 2022 (H1 2021: €15.8 million) as a result of the higher throughput and finished assets under construction.

Net finance costs for H1 2022 amounted to €0.9 million (H1 2021 €0.3 million).



## Management's review

(All amounts in Euro thousands unless otherwise stated)  
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### 4. Overview of the Financial Results (cont.)

#### Copper prices

The average realised copper price increased by 1% from US\$4.27 per pound in Q2 2021 to US\$4.32 per pound in Q2 2022.

The average prices of copper for the three months ended 30 June 2022 and 2021 are summarised below:

| (USD)                                       | Three month<br>period ended<br>30 Jun 2022 | Three month<br>period ended 30<br>Jun 2021 | Six month<br>period ended<br>30 Jun 2022 | Six month<br>period ended 30<br>Jun 2021 |
|---|--|--|--|--|
| Realised copper price per lb                | 4.32                                       | 4.27                                       | 4.39                                     | 3.92                                     |
| Market copper price per lb (period average) | 4.32                                       | 4.40                                       | 4.43                                     | 4.13                                     |

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 but excluding adjustment of €10.5 million in the profit and loss account to value open QPs mark to market as at 30 June 2022. Lower realised prices than market averages in H1 are mainly due to the final settlement of invoices where QP was fixed in the previous quarter due to a long open period when copper prices were higher. Q2 2022 realised price excluding QPs was approximately US\$4.28/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") "realised prices" and "Net Cash/Debt" 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 prices do not include period end mark to market adjustments in respect of provisional pricing. Realised price is consistent with the widely accepted industry standard definition.

Net debt is the face value of the current and non current financial debt less cash at bank.

## Management's review

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### 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 2022 and 31 December 2021.

#### Liquidity information

| (Euro 000's)   | 30 Jun 2022    | 31 Dec 2021    |
|--|----------------|----------------|
| Unrestricted cash and cash equivalents at Group level        | 70,218         | 48,375         |
| Unrestricted cash and cash equivalents at Operation level    | 56,565         | 43,722         |
| Restricted cash and cash equivalents at Operation level      | 350            | 15,420         |
| <b>Consolidated cash and cash equivalents <sup>(1)</sup></b> | <b>127,133</b> | <b>107,517</b> |
| Net cash position <sup>(2)</sup>                             | 67,554         | 60,073         |
| Working capital surplus                                      | 129,280        | 102,430        |

<sup>(1)</sup> A significant portion of the cash balances are held in US Dollar and converted to Euro with the official exchange rate at 30 June 2022

<sup>(2)</sup> Includes borrowings

Unrestricted cash and cash equivalents (which include cash at both Group level and Operation level) as at 30 June 2022 increased to €126.8 million from €92.1 million at 31 December 2021. The increase in cash balances is the result of net cash flow generated in the period and drawdown of debt to fund development of the 50 MW solar plant. Restricted cash of €0.4 million represented the amount in escrow out of which the Company has paid interest of €9.6 million on 7 and 8 April 2022 (following the trial in February and March 2022) and €1.1 million on 16 May 2022 to Astor under the Master Agreement. Following the payment made in May 2022, the balance (less an amount representing £280,000, or ~€350k being the remaining liability to Astor on costs) reverted to the Company and it has been classified as unrestricted cash.

As of 30 June 2022, Atalaya reported a working capital surplus of €129.3 million, compared with a working capital surplus of €102.4 million at 31 December 2021. The main liability of the working capital is trade payables related to Proyecto Riotinto contractors and, to a lesser extent, short-term loans following the drawdown of credit facilities during Q2 2022.

The increase in working capital resulted from higher cash balances and inventory levels.

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

| (Euro 000's)   | Three month period ended 30 Jun 2022 | Three month period ended 30 Jun 2021 | Six month period ended 30 Jun 2022 | Six month period ended 30 Jun 2021 |
|--|--------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| Cash flows (used in) / from operating activities       | (6,916)                              | 33,296                               | 21,382                             | 73,030                             |
| Cash flows used in investing activities                | (19,771)                             | (6,923)                              | (27,323)                           | (70,853)                           |
| Cash flows from financing activities                   | 17,841                               | 1,893                                | 15,463                             | 54,841                             |
| Net (decrease) / increase in cash and cash equivalents | (8,846)                              | 28,266                               | 9,522                              | 57,018                             |
| Net foreign exchange differences                       | 7,521                                | 900                                  | 10,094                             | (2,031)                            |
| Total net cash flow for the period                     | (1,325)                              | 29,166                               | 19,616                             | 54,987                             |

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

#### *Three months cash flows review*

Cash and cash equivalents decreased by €1.3 million during the three months ended 30 June 2022. This was due to the net results of cash used in operating activities amounting to €6.9 million, the cash used in investing activities amounting to €19.8 million, the cash generated from financing activities totalling €17.8 million and net foreign exchange differences of €7.5 million.

Cash generated from operating activities before working capital changes was €14.3 million. Atalaya increased its trade receivables in the period by €13.1 million, increased its inventory levels by €0.6 million and decreased its trade payables by €6.0 million.

Investing activities during the quarter consumed €19.8 million, relating mainly to the 50 MW solar plant construction, tailings dam project and continuous enhancements in the processing systems of the plant.

Financing activities during the quarter increased by €17.8 million mainly as result of the use of unsecured credit facilities for the financing of the 50 MW solar plant.

#### *Six months cash flows review*

Cash and cash equivalents increased by €19.6 million during the six months ended 30 June 2022. This was due to cash from operating activities amounting to €21.4 million, cash used in investing activities amounting to €27.3 million, cash from financing activities amounting to €15.5 million and net foreign exchange differences of €10.1 million.

Cash generated from operating activities before working capital changes was €41.2 million. Atalaya increased its trade payables in the period by €3.7 million, increased its inventory levels by €13.7 million and increased its trade receivable balances by €8.0 million.

Investing activities during the six-month period amounted to €27.3 million, relating mainly to the 50 MW solar plant construction, tailings dam project, acquisition of land around Riotinto and continuous enhancements in the processing systems of the plant.

Financing activities during the six-month period ended 30 June 2022 increased by €15.5 million driven by the use of unsecured credit facilities for the financing of the 50 MW solar plant. The financing was made by unsecured credit lines by three major Spanish banks having a three to six-year tenure and an average annual interest rate of approximately 1.7%.

#### **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 2022, Atalaya recognised a foreign exchange profit of €7.5 million and €10.1 million, respectively. Foreign exchange profits mainly related to changes in the period in EUR and USD conversion rates, as all sales are cashed and occasionally held in USD.

## Management's review

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

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

| (Euro 000's)                         | Three month<br>period ended<br>30 Jun 2022 | Three month<br>period ended<br>30 Jun 2021 | Six month<br>period ended<br>30 Jun 2022 | Six month<br>period ended<br>30 Jun 2021 |
|--------------------------------------|--|--|--|--|
| <b>Average rates for the periods</b> |  |  |  |  |
| GBP – EUR                            | <b>0.8485</b>                              | 0.8621                                     | <b>0.8424</b>                            | 0.8680                                   |
| USD – EUR                            | <b>1.0647</b>                              | 1.2058                                     | <b>1.0934</b>                            | 1.2053                                   |
| <b>Spot rates as at</b>              |  |  |  |  |
| GBP – EUR                            | <b>0.8582</b>                              | 0.8581                                     | <b>0.8582</b>                            | 0.8581                                   |
| USD – EUR                            | <b>1.0387</b>                              | 1.1884                                     | <b>1.0387</b>                            | 1.1884                                   |

### 7. Corporate Social Responsibility

The second quarter of the year has been significant in terms of social responsibility activities for Atalaya Mining and its wholly owned Fundación Atalaya Riotinto.

Of particular interest was the reestablishing of the school visits to the mine program, after two years cancelled due to the COVID restrictions. This program brings groups of students from the surrounding primary and secondary schools and include a one-day visit full of activities, and a guided tour inside the facilities, where they learn not only about the mining process but the history and environment of the area. Also, during the quarter, the second edition of Atalaya's training program for unemployed people from the local communities has finalised. After two months of fruitful hands-on training working with Atalaya and its contractors, the students have received their diploma and are ready to seek for job opportunities in much a better position.

Also, Atalaya has continued its support to the neighbouring municipalities with whom it holds permanent cooperation agreements to promote projects that have a positive impact on the life of the communities. It is worth highlighting the cooperation with Minas de Riotinto municipality, which includes the establishing of a program to support boarding facilities for young kids from working families, a program for training municipal technicians, and another to offer scholarships for local students. Also, some resources have been allocated to the refurbishing of some sporting facilities.

The Foundation has also agreed to support a number of initiatives by local institutions, associations and individuals, including the support to the elderly residence in Zalamea, the contribution to the association that assists local people with Alzheimer's (AFA) that is purchasing a new vehicle, and the association of people retired from Atalaya Rio Tinto Minera.

### 8. Health and Safety

The results for the first six months of 2022 have improved significantly compared to the same period last year, with figures at Q2 2022 of 3.14 for the Frequency Index and 0.07 for the Severity Index, with three lost-time accidents, all of them minor, in this six month period ended 30 June 2022. The change in trend that was already reflected in the first quarter continues and this is the best six-month period in terms of number of accidents since the restart of Proyecto Riotinto.

In the first half of the year, it is worth highlighting the consolidation of the Field Leadership activity and its integration into the company's Management System. Random checks at the entrances and exits to prevent work under the influence of psychoactive substances are operating normally.

In 2022 Atalaya staff will continue to receive training on basic life support and the rules of action in the event of health emergencies at Atalaya, with an information program in the summer months in relation to work in high temperatures.

Finally, regarding the SARCoV-2 global health crisis, in June 2022 it ceased to be compulsory to wear a mask to work at the mining facility, except for access to the infirmary, where all personnel who require it continue to be tested. These measures are almost back to normal pre-pandemic conditions.

## Management's review

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 June 2022 and 2021

### 9. Environment

During Q2 2022, the environmental department has continued executing the actions of environmental monitoring of the activity and management of the natural environment. Key points of the quarter:

- A total rainfall of 54,7 l/m<sup>2</sup> was recorded in Q2 2022, which was around 43% less than in the same period of previous year. The total rain collected for the hydrological year (October 2021 to date) is 367.5 l/m<sup>2</sup>, which is 36% less than the rainfall recorded in the same period of the previous hydrological year.
- The additional measures contemplated in the action plan against dust continued to be implemented, intensifying periodic irrigation, implementing new coordination measures and carrying out exhaustive monitoring of the emissions generated in the operation.
- 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 emissions and fugitive emissions) was carried out in April 2022. Likewise, all the results obtained are within the applicable limit values. The rest of periodic controls have been carried out without incidents
- Environmental inspections were performed daily, mainly focused on chemical storage and handling, housekeeping, waste management, uncontrolled releases and environmentally friendly practices carried out by Proyecto Riotinto and contractors' personnel. Additionally, dust control and drainage system inspections were performed regularly. 75 inspections in total were carried out during the second quarter, including plant, mine area and the contractors' camps.

### 10. 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 2021.

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 inflationary pressure on goods and services required for the business and geopolitical developments in Ukraine.

### 11. 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 2021.

As at 30 June 2022, there are no significant changes in critical accounting policies or estimates to those applied in 2021.

### 12. Other Information

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

**Unaudited interim condensed consolidated financial statements on pages 13 to 36**

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

---

Roger Davey  
Chairman  
Nicosia, 9 August 2022



**Building a better  
working world**

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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 36 contained in the accompanying interim report, which comprise the interim condensed consolidated statement of financial position as at 30 June 2022 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 2022 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  
9 August 2022

# Unaudited Interim Condensed Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 June 2022 and 2021

| (Euro 000's)  | Note | Three month<br>period ended<br>30 Jun 2022 | Three month<br>period ended<br>30 Jun 2021 | Six month<br>period ended<br>30 Jun 2022 | Six month<br>period<br>ended 30<br>Jun 2021 |
|---|------|--|--|--|---|
| Revenue   | 4    | 93,418                                     | 99,724                                     | 179,669                                  | 197,104                                     |
| Operating costs and mine site administrative expenses   |      | (78,021)                                   | (45,598)                                   | (132,632)                                | (93,470)                                    |
| Mine site depreciation and amortization   |      | (8,785)                                    | (6,882)                                    | (16,305)                                 | (15,826)                                    |
| <b>Gross profit</b>   |      | <b>6,612</b>                               | 47,244                                     | <b>30,732</b>                            | 87,808                                      |
| Administration and other expenses   |      | (868)                                      | (1,452)                                    | (4,451)                                  | (3,025)                                     |
| Share-based benefits  | 14   | (179)                                      | (155)                                      | (357)                                    | (309)                                       |
| Exploration expenses  |      | 88   | (279)                                      | (364)                                    | (399)                                       |
| Care and maintenance expenditure  |      | (55)                                       | (284)                                      | (770)                                    | (502)                                       |
| <b>Operating profit</b>   |      | <b>5,598</b>                               | 45,074                                     | <b>24,790</b>                            | 83,573                                      |
| Other income  |      | 286  | 13   | 286                                      | 13  |
| Net foreign exchange (loss)/gain  | 3    | 7,521                                      | (900)                                      | 10,094                                   | 2,031                                       |
| Net finance costs   | 5    | (626)                                      | (247)                                      | (941)                                    | (330)                                       |
| <b>Profit before tax</b>  |      | <b>12,779</b>                              | 43,940                                     | <b>34,229</b>                            | 85,287                                      |
| Tax   | 6    | (930)                                      | (11,649)                                   | (4,123)                                  | (19,294)                                    |
| <b>Profit for the period</b>  |      | <b>11,849</b>                              | 32,291                                     | <b>30,106</b>                            | 65,993                                      |
| <b>Profit for the period attributable to:</b>   |      |  |  |  |   |
| - Owners of the parent  | 7    | 12,058                                     | 32,583                                     | 30,882                                   | 66,441                                      |
| - Non-controlling interests   |      | (209)                                      | (292)                                      | (776)                                    | (448)                                       |
|   |      | <b>11,849</b>                              | 32,291                                     | <b>30,106</b>                            | 65,993                                      |
| <b>Earnings per share from operations attributable to equity holders of the parent during the period:</b>             |      |  |  |  |   |
| Basic earnings per share (EUR cents per share)  | 7    | 8.6  | 23.3                                       | 22.1                                     | 48.1  |
| Fully diluted earnings per share (EUR cents per share)  | 7    | 8.4  | 22.9                                       | 21.7                                     | 47.1  |
| <b>Profit for the period</b>  |      | <b>11,849</b>                              | 32,291                                     | <b>30,106</b>                            | 65,993                                      |
| <b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</b> |      |  |  |  |   |
| Change in fair value of financial assets through other comprehensive income 'OCI'                                     |      | (6)  | (7)  | (6)                                      | 2   |
| <b>Total comprehensive income for the period</b>  |      | <b>11,843</b>                              | 32,284                                     | <b>30,100</b>                            | 65,995                                      |
| <b>Total comprehensive income for the period attributable to:</b>   |      |  |  |  |   |
| - Owners of the parent  | 7    | 12,052                                     | 32,576                                     | 30,876                                   | 66,443                                      |
| - Non-controlling interests   |      | (209)                                      | (292)                                      | (776)                                    | (448)                                       |
|   |      | <b>11,843</b>                              | 32,284                                     | <b>30,100</b>                            | 65,995                                      |

The notes on pages 17 to 36 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 2022 and 2021

| (Euro 000's)                                       | Note | 30 Jun 2022      | 31 Dec 2021    |
|--|------|------------------|----------------|
| <b>Assets</b>                                      |      | <b>Unaudited</b> | <b>Audited</b> |
| <b>Non-current assets</b>                          |      |                  |                |
| Property, plant and equipment                      | 8    | 346,117          | 333,096        |
| Intangible assets                                  | 9    | 56,487           | 57,368         |
| Trade and other receivables                        | 11   | 10,662           | 5,330          |
| Non-current financial assets                       | 11   | 1,101            | 1,101          |
| Deferred tax asset                                 |      | 5,463            | 5,564          |
|  |      | <b>419,830</b>   | <b>402,459</b> |
| <b>Current assets</b>                              |      |                  |                |
| Inventories  | 10   | 38,447           | 24,781         |
| Trade and other receivables                        | 11   | 54,568           | 50,128         |
| Tax refundable                                     |      | 228              | 483            |
| Other financial assets                             |      | 32               | 39             |
| Cash and cash equivalents                          | 12   | 127,133          | 107,517        |
|  |      | <b>220,408</b>   | <b>182,948</b> |
| <b>Total assets</b>                                |      | <b>640,238</b>   | <b>585,407</b> |
| <b>Equity and liabilities</b>                      |      |                  |                |
| <b>Equity attributable to owners of the parent</b> |      |                  |                |
| Share capital                                      | 13   | 13,596           | 13,447         |
| Share premium                                      | 13   | 319,411          | 315,916        |
| Other reserves                                     | 14   | 68,591           | 52,690         |
| Accumulated profit                                 |      | 73,740           | 58,754         |
|  |      | <b>475,338</b>   | <b>440,807</b> |
| Non-controlling interests                          |      | (5,685)          | (4,909)        |
| <b>Total equity</b>                                |      | <b>469,653</b>   | <b>435,898</b> |
| <b>Liabilities</b>                                 |      |                  |                |
| <b>Non-current liabilities</b>                     |      |                  |                |
| Trade and other payables                           | 15   | 3,450            | 3,450          |
| Provisions   | 16   | 28,154           | 26,578         |
| Lease liabilities                                  | 18   | 4,625            | 4,913          |
| Borrowings   | 17   | 43,228           | 34,050         |
|  |      | <b>79,457</b>    | <b>68,991</b>  |
| <b>Current liabilities</b>                         |      |                  |                |
| Trade and other payables                           | 15   | 69,885           | 66,191         |
| Lease liabilities                                  | 18   | 580              | 597            |
| Borrowings   | 17   | 16,351           | 13,394         |
| Current tax liabilities                            |      | 4,312            | 336            |
|  |      | <b>91,128</b>    | <b>80,518</b>  |
| <b>Total liabilities</b>                           |      | <b>170,585</b>   | <b>149,509</b> |
| <b>Total equity and liabilities</b>                |      | <b>640,238</b>   | <b>585,407</b> |

The notes on pages 17 to 36 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 9 August 2022 and were signed on its behalf.

Roger Davey  
Chairman

Alberto Lavandeira  
CEO

# Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

| (Euro 000's)   | Note | Share capital | Share premium <sup>(1)</sup> | Other reserves | Accum. Profits | Total   | NCI     | Total equity |
|--|------|---------------|------------------------------|----------------|----------------|---------|---------|--------------|
| <b>At 1 January 2022</b>                             |      | 13,447        | 315,916                      | 52,690         | 58,754         | 440,807 | (4,909) | 435,898      |
| Adjustment prior year                                |      | -             | -                            | -              | (53)           | (53)    | -       | (53)         |
| <b>Opening balance adjusted</b>                      |      | 13,447        | 315,916                      | 52,690         | 58,701         | 440,754 | (4,909) | 435,845      |
| Profit for the period                                |      | -             | -                            | -              | 30,882         | 30,882  | (776)   | 30,106       |
| Change in fair value of financial assets through OCI |      | -             | -                            | (6)            | -              | (6)     | -       | (6)          |
| Total comprehensive income                           |      | -             | -                            | (6)            | 30,882         | 30,876  | (776)   | 30,100       |
| <b>Transactions with owners</b>                      |      |               |                              |                |                |         |         |              |
| Issuance of share capital                            | 13   | 149           | 3,495                        | -              | -              | 3,644   | -       | 3,644        |
| Recognition of depletion factor                      | 14   | -             | -                            | 12,800         | (12,800)       | -       | -       | -            |
| Recognition of share-based payments                  | 14   | -             | -                            | 357            | -              | 357     | -       | 357          |
| Recognition of non-distributable reserve             | 14   | -             | -                            | 316            | (316)          | -       | -       | -            |
| Recognition of distributable reserve                 | 14   | -             | -                            | 2,726          | (2,726)        | -       | -       | -            |
| Other changes in equity                              |      | -             | -                            | (292)          | (1)            | (293)   | -       | (293)        |
| <b>At 30 June 2022</b>                               |      | 13,596        | 319,411                      | 68,591         | 73,740         | 475,338 | (5,685) | 469,653      |

| (Euro 000's)   | Note | Share capital | Share premium <sup>(1)</sup> | Other reserves | Accum. Profits | Total   | NCI     | Total equity |
|--|------|---------------|------------------------------|----------------|----------------|---------|---------|--------------|
| <b>At 1 January 2021</b>                             |      | 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       |
| <b>Transactions with owners</b>                      |      |               |                              |                |                |         |         |              |
| Issuance of share capital                            | 13   | 6             | 151                          | -              | -              | 157     | -       | 157          |
| Recognition of share-based payments                  | 14   | -             | -                            | 309            | -              | 309     | -       | 309          |
| Recognition of depletion factor                      | 14   | -             | -                            | 6,100          | (6,100)        | -       | -       | -            |
| Recognition of non-distributable reserve             | 14   | -             | -                            | 2,372          | (2,372)        | -       | -       | -            |
| Recognition of distributable reserve                 | 14   | -             | -                            | 3,317          | (3,317)        | -       | -       | -            |
| Other changes in equity                              |      | -             | -                            | -              | (278)          | (278)   | -       | (278)        |
| <b>At 30 June 2021</b>                               |      | 13,445        | 315,865                      | 52,149         | 38,862         | 420,321 | (3,939) | 416,382      |

| (Euro 000's)   | Note | Share capital | Share premium <sup>(1)</sup> | Other reserves | Accum. Profits | Total    | NCI     | Total equity |
|--|------|---------------|------------------------------|----------------|----------------|----------|---------|--------------|
| <b>Audited</b>                                       |      |               |                              |                |                |          |         |              |
| <b>At 1 January 2021</b>                             |      | 13,439        | 315,714                      | 40,049         | (15,512)       | 353,690  | (3,491) | 350,199      |
| Profit for the period                                |      | -             | -                            | -              | 133,644        | 133,644  | (1,418) | 132,226      |
| Change in fair value of financial assets through OCI |      | -             | -                            | (47)           | -              | (47)     | -       | (47)         |
| Total comprehensive income                           |      | -             | -                            | (47)           | 133,644        | 133,597  | (1,418) | 132,179      |
| <b>Transactions with owners</b>                      |      |               |                              |                |                |          |         |              |
| Issuance of share capital                            | 13   | 8             | 202                          | -              | -              | 210      | -       | 210          |
| Recognition of depletion factor                      | 14   | -             | -                            | 6,100          | (6,100)        | -        | -       | -            |
| Recognition of share-based payments                  | 14   | -             | -                            | 899            | -              | 899      | -       | 899          |
| Recognition of non-distributable reserve             | 14   | -             | -                            | 2,372          | (2,372)        | -        | -       | -            |
| Recognition of distributable reserve                 | 14   | -             | -                            | 3,317          | (3,317)        | -        | -       | -            |
| Other changes in equity                              |      | -             | -                            | -              | (299)          | (299)    | -       | (299)        |
| Interim dividends paid                               |      | -             | -                            | -              | (47,290)       | (47,290) | -       | (47,290)     |
| <b>At 31 December 2021</b>                           |      | 13,447        | 315,916                      | 52,690         | 58,754         | 440,807  | (4,909) | 435,898      |

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

The notes on pages 17 to 36 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 2022 and 2021

| (Euro 000's)   | Note | Three<br>month<br>period<br>ended 30<br>Jun 2022 | Three<br>month<br>period<br>ended 30<br>Jun 2021 | Six month<br>period<br>ended 30<br>Jun 2022 | Six month<br>period<br>ended 30<br>Jun 2021 |
|--|------|--|--|---|---|
| <b>Cash flows from operating activities</b>                                  |      |  |  |   |   |
| <b>Profit before tax</b>   |      | <b>12,779</b>                                    | 43,940   | <b>34,229</b>                               | 85,287                                      |
| <b>Adjustments for:</b>  |      |  |  |   |   |
| Depreciation of property, plant and equipment                                | 8    | <b>7,629</b>                                     | 5,882  | <b>14,118</b>                               | 13,493                                      |
| Amortisation of intangibles  | 9    | <b>1,156</b>                                     | 1,000  | <b>2,187</b>                                | 2,333                                       |
| Recognition of share-based payments  | 14   | <b>179</b>                                       | 155  | <b>357</b>                                  | 309   |
| Interest income  | 5    | <b>(14)</b>                                      | (5)  | <b>(15)</b>                                 | (5)   |
| Interest expense   | 5    | <b>(238)</b>                                     | 171  | -   | 247   |
| Unwinding of discounting on mine rehabilitation provision                    | 16   | <b>396</b>                                       | 83   | <b>469</b>                                  | 83  |
| Other provisions   | 16   | -  | 2,617  | -   | 2,617                                       |
| Legal provisions   | 16   | -  | (2,807)  | -   | (278)                                       |
| Net foreign exchange differences   | 3    | <b>(7,521)</b>                                   | (900)  | <b>(10,094)</b>                             | 2,031                                       |
| Unrealised foreign exchange loss on financing activities                     |      | <b>(45)</b>                                      | (72)   | <b>(1)</b>                                  | 11  |
| <b>Cash inflows from operating activities before working capital changes</b> |      | <b>14,321</b>                                    | 50,064   | <b>41,250</b>                               | 106,128                                     |
| <b>Changes in working capital:</b>   |      |  |  |   |   |
| Inventories  | 10   | <b>(638)</b>                                     | (6,849)  | <b>(13,666)</b>                             | (3,569)                                     |
| Trade and other receivables  | 11   | <b>(13,128)</b>                                  | (1,734)  | <b>(7,951)</b>                              | (10,688)                                    |
| Trade and other payables   | 15   | <b>(5,966)</b>                                   | (2,065)  | <b>3,694</b>                                | (11,582)                                    |
| <b>Cash flows from operations</b>  |      | <b>(5,411)</b>                                   | 39,416   | <b>23,327</b>                               | 80,289                                      |
| Tax paid   |      | <b>(1,261)</b>                                   | (5,951)  | <b>(1,458)</b>                              | (7,007)                                     |
| Interest on leases liabilities   | 5    | <b>2</b>   | 2  | <b>(3)</b>                                  | (5)   |
| Interest paid  | 5    | <b>(246)</b>                                     | (171)  | <b>(484)</b>                                | (247)                                       |
| <b>Net cash (used in) / from operating activities</b>                        |      | <b>(6,916)</b>                                   | 33,296   | <b>21,382</b>                               | 73,030                                      |
| <b>Cash flows from investing activities</b>                                  |      |  |  |   |   |
| Purchase of property, plant and equipment                                    | 8    | <b>(18,781)</b>                                  | (6,841)  | <b>(26,032)</b>                             | (17,688)                                    |
| Purchase of intangible assets  | 9    | <b>(1,004)</b>                                   | (87)   | <b>(1,306)</b>                              | (170)                                       |
| Payment of deferred consideration  | 19   | -  | -  | -   | (53,000)                                    |
| Interest received  | 5    | <b>14</b>  | 5  | <b>15</b>                                   | 5   |
| <b>Net cash used in investing activities</b>                                 |      | <b>(19,771)</b>                                  | (6,923)  | <b>(27,323)</b>                             | (70,853)                                    |
| <b>Cash flows from financing activities</b>                                  |      |  |  |   |   |
| Lease payments   | 18   | <b>(155)</b>                                     | (148)  | <b>(315)</b>                                | (309)                                       |
| Proceeds from borrowings   | 17   | <b>17,957</b>                                    | 1,977  | <b>12,135</b>                               | 54,992                                      |
| Proceeds from issuance of shares   | 13   | <b>39</b>  | 64   | <b>3,643</b>                                | 158   |
| <b>Net cash from financing activities</b>                                    |      | <b>17,841</b>                                    | 1,893  | <b>15,463</b>                               | 54,841                                      |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                |      | <b>(8,846)</b>                                   | 28,266   | <b>9,522</b>                                | 57,018                                      |
| Net foreign exchange difference  | 3    | <b>7,521</b>                                     | 900  | <b>10,094</b>                               | (2,031)                                     |
| <b>Cash and cash equivalents:</b>  |      |  |  |   |   |
| At beginning of the period   |      | <b>128,458</b>                                   | 63,588   | <b>107,517</b>                              | 37,767                                      |
| At end of the period   |      | <b>127,133</b>                                   | 92,754   | <b>127,133</b>                              | 92,754                                      |

The notes on pages 17 to 36 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 2022 and 2021

## 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 2022.

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

### Change of name and share consolidation

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

### Principal activities

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, elsewhere in Europe and Latin America.

The Group currently controls four mining projects: Proyecto Riotinto (including Proyecto Riotinto Este), Proyecto Touro, Proyecto Masa Valverde and Proyecto Ossa Morena.

#### *Proyecto Riotinto*

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

#### *Proyecto Ossa Morena*

In December 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., which owns 17 investigation permits. The acquisition also provided a 100% interest in three investigation permits that are also located along the Ossa- Morena Metallogenic Belt. Subsequent to the end of Q2 2022, Atalaya increased its ownership interest in POM to 99.9%, up from 51%, following completion of a capital increase that will fund exploration activities.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

## 2. Basis of preparation and accounting policies

### 2.1 Basis of preparation

#### (a) Overview

These condensed interim financial statements are unaudited.

The unaudited interim condensed consolidated financial statements for the period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 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 and have been prepared on a historical cost basis except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained below and in note 7.

These unaudited interim condensed consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the consolidated financial statements of the Company and the Group for the year ended 31 December 2021. These unaudited interim condensed consolidated financial statements do not include all 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 annual report for the year ended 31 December 2021.

#### (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.

The Directors have considered scenarios of disruption in Proyecto Riotinto including market volatility in commodity prices for a period of at least 12 months since the approval of these unaudited condensed interim consolidated financial statements, and after reviewing them, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group’s operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future.

Management continues to monitor the impact of geopolitical developments. Currently no significant impact is expected in the operations of the Group.

### 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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have a material impact on the unaudited condensed interim consolidated financial statements of the Group.

#### Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

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

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

#### Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented. However, the Group will review the accounting policies relating to assets under construction for any possible change.

#### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

#### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

### 2.3 Fair value estimation

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

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

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

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

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

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

### 2.3 Fair value estimation

| Financial assets or liabilities<br>(Euro 000's) | Level 1   | Level 2       | Level 3      | Total         |
|---|-----------|---------------|--------------|---------------|
| <b>30 Jun 2022</b>                              |           |               |              |               |
| <b>Other financial assets</b>                   |           |               |              |               |
| Financial assets at FV through OCI              | 38        | -             | 1,101        | 1,139         |
| <b>Trade and other receivables</b>              |           |               |              |               |
| Receivables (subject to provisional pricing)    | -         | 15,524        | -            | 15,524        |
| <b>Total</b>                                    | <b>38</b> | <b>15,524</b> | <b>1,101</b> | <b>16,663</b> |
| <b>31 Dec 2021</b>                              |           |               |              |               |
| <b>Other financial assets</b>                   |           |               |              |               |
| Financial assets at FV through OCI              | 39        | -             | 1,101        | 1,140         |
| <b>Trade and other receivables</b>              |           |               |              |               |
| Receivables (subject to provisional pricing)    | -         | 29,148        | -            | 29,148        |
| <b>Total</b>                                    | <b>39</b> | <b>29,148</b> | <b>1,101</b> | <b>30,288</b> |

### 2.4 Critical accounting estimates and judgements

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

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

A full analysis of critical accounting estimates and judgements is set out in Note 3.3 to the 2021 audited 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 2022 and 2021

## 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. In addition, the Group has spot agreements for the concentrates not committed to off-takers.

### Geographical segments

The Group's mining activities are located in Spain. The commercialisation of the copper concentrates produced in Spain is carried out through Cyprus. Sales transactions to related parties are on 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     |
|---|---------|----------|-----------|-----------|
| <b><u>Three month period ended 30 Jun 2022</u></b>                    |         |          |           |           |
| Revenue – from external customers                                     | 5,910   | 87,508   | -         | 93,418    |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | 3,352   | 11,324   | (7)       | 14,669    |
| Depreciation/amortisation charge                                      | -       | (8,785)  | -         | (8,785)   |
| Net foreign exchange gain   | 4,146   | 3,375    | -         | 7,521     |
| Finance income  | -       | 14       | -         | 14        |
| Finance cost  | -       | (640)    | -         | (640)     |
| Profit before tax   | 7,498   | 5,288    | (7)       | 12,779    |
| Tax   | (892)   | (38)     | -         | (930)     |
| Profit/(loss) for the period  | 6,606   | 5,250    | (7)       | 11,849    |
| <b><u>Six month period ended 30 Jun 2022</u></b>                      |         |          |           |           |
| Revenue – from external customers                                     | 17,740  | 161,929  | -         | 179,669   |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | 12,319  | 29,076   | (14)      | 41,381    |
| Depreciation/amortisation charge                                      | -       | (16,305) | -         | (16,305)  |
| Net foreign exchange gain   | 5,316   | 4,778    | -         | 10,094    |
| Finance income  | -       | 15       | -         | 15        |
| Finance cost  | -       | (956)    | -         | (956)     |
| Profit/(loss) before tax  | 17,635  | 16,608   | (14)      | 34,229    |
| Tax   | (1,916) | (2,207)  | -         | (4,123)   |
| Profit/(loss) for the period  | 15,719  | 14,401   | (14)      | 30,106    |
| Total assets  | 85,742  | 553,321  | 1,175     | 640,238   |
| Total liabilities   | (3,973) | 133,932  | (300,544) | (170,585) |
| Depreciation of property, plant and equipment                         | -       | (14,188) | -         | (14,188)  |
| Amortisation of intangible assets                                     | -       | (2,187)  | -         | (2,187)   |
| Total net additions of non-current assets                             | -       | 39,645   | -         | 39,645    |

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

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

| (Euro 000's)  | Cyprus  | Spain     | Other | Total     |
|---|---------|-----------|-------|-----------|
| <u>Three month period ended 30 Jun 2021</u>                           |         |           |       |           |
| 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    |
| <u>Six month period ended 30 Jun 2021</u>                             |         |           |       |           |
| 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    |

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) |         | Six month period ended 30 Jun 2022 |         | Six month period ended 30 Jun 2021 |
|--------------|---------|------------------------------------|---------|------------------------------------|
|              | Segment | €'000                              | Segment | €'000                              |
| Offtaker 1   | Copper  | 43,005                             | Copper  | 49,280                             |
| Offtaker 2   | Copper  | 60,566                             | Copper  | 40,538                             |
| Offtaker 3   | Copper  | 76,086                             | Copper  | 98,021                             |

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

## 4. Revenue

| (Euro 000's)  | Three month<br>period ended<br>30 Jun 2022, | Three month<br>period ended<br>30 Jun 2021 | Six month<br>period ended<br>30 Jun 2022 | Six month<br>period ended<br>30 Jun 2021 |
|---|---|--|--|--|
| Revenue from contracts with customers <sup>(1)</sup>                                  | <b>103,909</b>                              | 94,488                                     | <b>185,678</b>                           | 187,188                                  |
| Fair value (losses)/gains relating to provisional pricing within sales <sup>(2)</sup> | <b>(10,491)</b>                             | 5,236                                      | <b>(6,009)</b>                           | 9,916                                    |
| <b>Total revenue</b>  | <b>93,418</b>                               | 99,724                                     | <b>179,669</b>                           | 197,104                                  |

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 2022 revenue, there is a transaction price of €4.3 million (€1.7 million in H1 2021) 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<br>months<br>ended<br>30 Jun<br>2022 | Three<br>months<br>ended<br>30 Jun<br>2021 | Six<br>months<br>ended<br>30 Jun<br>2022 | Six<br>months<br>ended<br>30 Jun<br>2021 |
|--|--|--|--|--|
| Interest expense:  |  |  |  |  |
| Other interest   | <b>(246)</b>                               | (83)                                       | <b>(484)</b>                             | (83)                                     |
| Interest on lease liabilities                                    | <b>2</b>                                   | 2  | <b>(3)</b>                               | (5)                                      |
| Unwinding of discount on mine rehabilitation provision (Note 16) | <b>(396)</b>                               | (171)                                      | <b>(469)</b>                             | (247)                                    |
| Interest income <sup>(1)</sup>                                   | <b>14</b>                                  | 5  | <b>15</b>                                | 5  |
|  | <b>(626)</b>                               | (247)                                      | <b>(941)</b>                             | (330)                                    |

(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<br>months<br>ended<br>30 Jun<br>2022 | Three<br>months<br>ended<br>30 Jun<br>2021 | Six<br>months<br>ended<br>30 Jun<br>2022 | Six<br>months<br>ended<br>30 Jun<br>2021 |
|---|--|--|--|--|
| Income taxes  |  |  |  |  |
| Current income tax expense                                    | <b>(930)</b>                               | (11,649)                                   | <b>(4,123)</b>                           | (19,294)                                 |
| Income tax expense recognised in statement of profit and loss | <b>(930)</b>                               | (11,649)                                   | <b>(4,123)</b>                           | (19,294)                                 |

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

### 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:

| <b>(Euro 000's)</b>   | <b>Three<br/>months<br/>ended<br/>30 Jun<br/>2022</b> | Three<br>months<br>ended<br>30 Jun<br>2021 | <b>Six<br/>months<br/>ended<br/>30 Jun<br/>2022</b> | Six<br>months<br>ended<br>30 Jun<br>2021 |
|---|---|--|---|--|
| Profit attributable to equity holders of the parent   | <b>12,058</b>   | 32,583                                     | <b>30,882</b>                                       | 66,441                                   |
| Weighted number of ordinary shares for the purposes of basic earnings per share (000's)         | <b>139,859</b>  | 139,730                                    | <b>139,634</b>                                      | 138,179                                  |
| Basic profit per share (EUR cents/share)  | <b>8.6</b>  | 23.3                                       | <b>22.1</b>   | 48.1                                     |
| Weighted number of ordinary shares for the purposes of fully diluted earnings per share (000's) | <b>143,736</b>  | 142,527                                    | <b>142,235</b>                                      | 140,966                                  |
| Fully diluted profit per share (EUR cents/share)  | <b>8.4</b>  | 22.9                                       | <b>21.7</b>   | 47.1                                     |

At 30 June 2022 there are nil warrants (Note 13) and 3,543,500 options (Note 13) (2021: nil warrants and 3,866,250 options) which have been included when calculating the weighted average number of shares for 2022.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 June 2022 and 2021

## 8. Property, plant and equipment

| (Euro 000's)                 | Land and buildings | Right-of-use assets | Plant and machinery | Assets under construction <sup>(1)</sup> | Deferred mining costs <sup>(2)</sup> | Other assets <sup>(3)</sup> | Total          |
|------------------------------|--------------------|---------------------|---------------------|--|--------------------------------------|-----------------------------|----------------|
| <b>Cost</b>                  |                    |                     |                     |  |                                      |                             |                |
| At 1 January 2021            | 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        |
| Additions                    | (207)              | 214                 | 430                 | 9,933                                    | 4,075                                | -                           | 14,445         |
| Increase in rehab.           |                    |                     |                     |  |                                      |                             |                |
| Provision                    | 655                | -                   | -                   | -  | -                                    | -                           | 655            |
| Reclassifications            | -                  | -                   | 12,547              | (12,547)                                 | -                                    | -                           | -              |
| Advances                     | 44                 | -                   | -                   | -  | -                                    | -                           | 44             |
| <b>At 31 December 2021</b>   | <b>65,003</b>      | <b>7,076</b>        | <b>283,346</b>      | <b>22,860</b>                            | <b>51,667</b>                        | <b>801</b>                  | <b>430,753</b> |
| <b>Additions</b>             | <b>2,383</b>       | <b>-</b>            | <b>621</b>          | <b>22,334</b>                            | <b>691</b>                           | <b>-</b>                    | <b>26,029</b>  |
| <b>Increase in rehab.</b>    |                    |                     |                     |  |                                      |                             |                |
| <b>Provision</b>             | <b>1,107</b>       | <b>-</b>            | <b>-</b>            | <b>-</b>                                 | <b>-</b>                             | <b>-</b>                    | <b>1,107</b>   |
| <b>Reclassifications</b>     | <b>15,300</b>      | <b>-</b>            | <b>4,979</b>        | <b>(20,279)</b>                          | <b>-</b>                             | <b>-</b>                    | <b>-</b>       |
| <b>Advances</b>              | <b>3</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>                                 | <b>-</b>                             | <b>-</b>                    | <b>3</b>       |
| <b>At 30 June 2022</b>       | <b>83,796</b>      | <b>7,076</b>        | <b>288,946</b>      | <b>24,915</b>                            | <b>52,358</b>                        | <b>801</b>                  | <b>457,892</b> |
| <b>Depreciation</b>          |                    |                     |                     |  |                                      |                             |                |
| At 1 January 2021            | 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         |
| Charge for the period        | 2,136              | 301                 | 10,177              | -  | 1,560                                | 13                          | 14,187         |
| <b>At 31 December 2021</b>   | <b>16,026</b>      | <b>1,546</b>        | <b>67,991</b>       | <b>-</b>                                 | <b>11,380</b>                        | <b>714</b>                  | <b>97,657</b>  |
| <b>Charge for the period</b> | <b>2,157</b>       | <b>158</b>          | <b>9,994</b>        | <b>-</b>                                 | <b>1,797</b>                         | <b>12</b>                   | <b>14,118</b>  |
| <b>At 30 June 2022</b>       | <b>18,183</b>      | <b>1,704</b>        | <b>77,985</b>       | <b>-</b>                                 | <b>13,177</b>                        | <b>726</b>                  | <b>111,775</b> |
| <b>Net book value</b>        |                    |                     |                     |  |                                      |                             |                |
| <b>At 30 June 2022</b>       | <b>65,613</b>      | <b>5,372</b>        | <b>210,961</b>      | <b>24,915</b>                            | <b>39,181</b>                        | <b>75</b>                   | <b>346,117</b> |
| At 31 December 2021          | 48,977             | 5,530               | 215,355             | 22,860                                   | 40,287                               | 87                          | 333,096        |

<sup>(1)</sup> Assets under construction at 30 June 2022 were €24.9 million (2021: €25.5 million) which include sustaining capital expenditures, tailings dams project and solar plant.

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

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

<sup>(4)</sup> Increase in lands related to the rehabilitation provision

The above fixed assets are mainly located in Spain.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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For the period ended 30 June 2022 and 2021

## 9. Intangible assets

| (Euro 000's)               | Permits <sup>(1)</sup> | Licences, R&D<br>and software | Total         |
|----------------------------|------------------------|-------------------------------|---------------|
| <b>Cost</b>                |                        |                               |               |
| At 1 January 2021          | 78,210                 | 8,595                         | 86,805        |
| Additions                  | -                      | 170                           | 170           |
| <b>At 30 June 2021</b>     | <b>78,210</b>          | <b>8,765</b>                  | <b>86,975</b> |
| Additions                  | 2,148 <sup>(1)</sup>   | (170)                         | 1,978         |
| <b>At 31 December 2021</b> | <b>80,358</b>          | <b>8,595</b>                  | <b>88,953</b> |
| Additions                  | 1,306                  | -                             | 1,306         |
| <b>At 30 June 2022</b>     | <b>81,664</b>          | <b>8,595</b>                  | <b>90,259</b> |
| <b>Amortisation</b>        |                        |                               |               |
| On 1 January 2021          | 18,683                 | 8,306                         | 26,989        |
| Charge for the period      | 2,300                  | 33                            | 2,333         |
| <b>At 30 June 2021</b>     | <b>20,983</b>          | <b>8,339</b>                  | <b>29,322</b> |
| Charge for the period      | 2,231                  | 32                            | 2,263         |
| <b>At 31 December 2021</b> | <b>23,214</b>          | <b>8,371</b>                  | <b>31,585</b> |
| Charge for the period      | 2,155                  | 32                            | 2,187         |
| <b>At 30 June 2022</b>     | <b>25,369</b>          | <b>8,403</b>                  | <b>33,772</b> |
| <b>Net book value</b>      |                        |                               |               |
| <b>At 30 June 2022</b>     | <b>56,295</b>          | <b>192</b>                    | <b>56,487</b> |
| At 31 December 2021        | 57,144                 | 224                           | 57,368        |

<sup>(1)</sup> Addition resulting from the acquisition of 51% of Rio Narcea Nickel SL

Increase of permits in 2022 related to the capitalisation of Proyecto Masa Valverde.

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. The Directors have considered scenarios of disruption in Proyecto Riotinto including market volatility in commodity prices, and after reviewing them, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group's operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future. 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 2022 and thus no impairment has been recognised.

## 10. Inventories

| (Euro 000's)           | 30 Jun 2022   | 31 Dec 2021   |
|------------------------|---------------|---------------|
| Finished products      | 8,811         | 5,185         |
| Materials and supplies | 26,986        | 18,216        |
| Work in progress       | 2,650         | 1,380         |
|                        | <b>38,447</b> | <b>24,781</b> |

As of 30 June 2022, copper concentrate produced and not sold amounted to 7,169 tonnes (31 Dec 2021: 5,254 tonnes). Accordingly, the inventory for copper concentrate was €8.4 million (31 Dec 2021: €5.2 million).

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 11. Trade and other receivables

| (Euro 000's)   | 30 Jun 2022   | 31 Dec 2021   |
|--|---------------|---------------|
| <b>Non-current</b>   |               |               |
| Deposits   | 303           | 303           |
| Loans  | 7,663         | 2,332         |
| Other non-current receivables  | 2,696         | 2,695         |
|  | <u>10,662</u> | <u>5,330</u>  |
| <b>Current</b>   |               |               |
| Trade receivables at fair value – <i>subject to provisional pricing</i>                                  | 3,209         | 8,865         |
| Trade receivables from shareholders at fair value – <i>subject to provisional pricing</i><br>(Note 21.3) | 12,315        | 20,283        |
| Other receivables from related parties at amortised cost (Note 21.3)                                     | 56            | 56            |
| Deposits   | 35            | 21            |
| VAT receivables  | 31,619        | 17,300        |
| Tax advances   | 1,273         | -             |
| Prepayments  | 3,098         | 3,303         |
| Other current assets   | 2,963         | 300           |
|  | <u>54,568</u> | <u>50,128</u> |
| Allowance for expected credit losses   | -             | -             |
| <b>Total trade and other receivables</b>   | <u>65,230</u> | <u>55,458</u> |

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

Non-current deposits included €250k (€250k at 31 December 2021) as a collateral for bank guarantees, which was recorded as restricted cash (or deposit).

Loans are related to an agreement entered by the Group and Lain Technologies Ltd in relation to the construction of the pilot plant 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 in E-LIX System facilities. Amounts withdrawn bears interest at 2%.

## 12. Cash and cash equivalents

| (Euro 000's)  | 30 Jun 2022    | 31 Dec 2021    |
|---|----------------|----------------|
| Unrestricted cash and cash equivalents at Group level     | 70,218         | 48,375         |
| Unrestricted cash and cash equivalents at Operation level | 56,565         | 43,722         |
| Restricted cash and cash equivalents at Operation level   | 350            | 15,420         |
| <b>Consolidated cash and cash equivalents</b>             | <u>127,133</u> | <u>107,517</u> |

Restricted cash of €0.4 million represented the amount in escrow out of which the Company has paid interest of €9.6 million on 7 and 8 April 2022 (following the trial in February and March 2022) and €1.1 million on 16 May 2022 to Astor under the Master Agreement. Following the payment made in May 2022, the balance (less an amount representing £280,000, or ~€350k being the remaining liability to Astor on costs) reverted to the Company and it has been classified as unrestricted cash.



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## 12. Cash and cash equivalents (cont.)

Cash and cash equivalents denominated in the following currencies:

| (Euro 000's)                                | 30 Jun 2022    | 31 Dec 2021    |
|---|----------------|----------------|
| Euro – functional and presentation currency | 24,958         | 30,145         |
| Great Britain Pound                         | 1,984          | 36             |
| United States Dollar                        | 100,191        | 77,336         |
|   | <b>127,133</b> | <b>107,517</b> |

## 13. Share capital and share premium

|  | Shares<br>000's | Share Capital<br>Stg£'000              | Share premium<br>Stg£'000 | Total<br>Stg£'000 |                |                |
|--|-----------------|--|---------------------------|-------------------|----------------|----------------|
| <b>Authorised</b>                      |                 |  |                           |                   |                |                |
| Ordinary shares of Stg £0.075 each*    | 200,000         | 15,000                                 | -                         | 15,000            |                |                |
| <hr/>                                  |                 |  |                           |                   |                |                |
| <b>Issued and fully paid</b>           |                 |  |                           |                   |                |                |
|  |                 | 000's                                  | Euro 000's                | Euro 000's        | Euro 000's     |                |
| Issue Date                             | Price (£)       | Details                                |                           |                   |                |                |
| <b>31 December 2020/1 January 2021</b> |                 |  |                           |                   |                |                |
|  |                 |  | 138,141                   | 13,439            | 315,714        | 329,153        |
| 12 Feb 2021                            | 2.015           | Exercised share options <sup>(c)</sup> | 41                        | 4                 | 91             | 95             |
| 18 May 2021                            | 2.015           | Exercised share options <sup>(d)</sup> | 20                        | 1                 | 45             | 46             |
| 18 May 2021                            | 1.475           | Exercised share options <sup>(d)</sup> | 10                        | 1                 | 15             | 16             |
| 15 Dec 2021                            | 1.475           | Exercised share options <sup>(e)</sup> | 9                         | 2                 | 43             | 45             |
| 15 Dec 2021                            | 2.015           | Exercised share options <sup>(e)</sup> | 15                        | -                 | 8              | 8              |
| <hr/>                                  |                 |  |                           |                   |                |                |
| <b>31 December 2021/1 January 2022</b> |                 |  |                           |                   |                |                |
|  |                 |  | 138,236                   | 13,447            | 315,916        | 329,363        |
| 22 Jan 2022                            | 1.440           | Exercised share options <sup>(b)</sup> | 314                       | 28                | 512            | 540            |
| 22 Jan 2022                            | 2.015           | Exercised share options <sup>(b)</sup> | 321                       | 29                | 746            | 775            |
| 22 Jan 2022                            | 2.045           | Exercised share options <sup>(b)</sup> | 400                       | 36                | 941            | 977            |
| 22 Jan 2022                            | 1.475           | Exercised share options <sup>(b)</sup> | 451                       | 42                | 754            | 796            |
| 22 Jan 2022                            | 3.090           | Exercised share options <sup>(b)</sup> | 135                       | 12                | 505            | 517            |
| 23 June 2022                           | 1.475           | Exercised share options <sup>(a)</sup> | 23                        | 2                 | 37             | 39             |
| <b>30 June 2022</b>                    |                 |  | <b>139,880</b>            | <b>13,596</b>     | <b>319,411</b> | <b>333,007</b> |

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## 13. Share capital and share premium (cont.)

### Authorised capital

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

### Issued capital

- a) On 23 June 2022, the Company announced that it has issued 22,500 ordinary shares of 7.5p in the Company ("Option Shares") pursuant to an exercise of share options by an employee.
- b) On 26 January 2022, the Company announced that it was notified that PDMRs exercised a total of 1,350,000 options. Further details (including details of sales of shares following the exercise of options) are given in Note 24.
- c) 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.
- d) 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.
- e) On 15 December 2021, the Company was notified that certain employees exercised options over 24,500 ordinary shares of £0.075 at a price between £1.475 and £2.015, thus creating a share premium of €50k.

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 2022:

| Grant date      | Expiry date     | Exercise price £ | Share options    |
|-----------------|-----------------|------------------|------------------|
| 29 May 2019     | 28 May 2024     | 2.015            | 666,500          |
| 30 June 2020    | 29 June 2030    | 1.475            | 516,000          |
| 24 June 2021    | 23 June 2031    | 3.090            | 1,016,000        |
| 26 January 2022 | 25 January 2032 | 4.160            | 120,000          |
| 22 June 2022    | 30 June 2027    | 3.575            | 1,225,000        |
| <b>Total</b>    |                 |                  | <b>3,543,500</b> |

|                                  | Weighted average exercise price £ | Share options    |
|----------------------------------|-----------------------------------|------------------|
| At 1 January 2022                | 2.154                             | 3,841,750        |
| Options executed during the year | 1.844                             | (1,643,250)      |
| Granted during the year          | 3.627                             | 1,345,000        |
| <b>30 June 2022</b>              | <b>2.857</b>                      | <b>3,543,500</b> |

### Warrants

As at 30 June 2022 and 2021 there were no warrants.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 14. Other reserves

| (Euro 000's)   | Share option | Bonus share | Depletion factor <sup>(1)</sup> | Fair value reserve of financial assets at FVOCI <sup>(2)</sup> | Non-Distributable reserve <sup>(3)</sup> | Distributable reserve <sup>(4)</sup> | Total         |
|--|--------------|-------------|---------------------------------|--|--|--------------------------------------|---------------|
| At 1 January 2021  | 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        |
| Recognition of share-based payments                                | 590          | -           | -                               | -  | -  | -                                    | 590           |
| Change in fair value of financial assets at fair value through OCI | -            | -           | -                               | (49)   | -  | -                                    | (49)          |
| <b>At 31 December 2021</b>   | <b>9,086</b> | <b>208</b>  | <b>24,978</b>                   | <b>(1,147)</b>   | <b>8,000</b>                             | <b>11,565</b>                        | <b>52,690</b> |
| Recognition of share-based payments                                | <b>357</b>   | -           | -                               | -  | -  | -                                    | <b>357</b>    |
| Recognition of depletion factor                                    | -            | -           | <b>12,800</b>                   | -  | -  | -                                    | <b>12,800</b> |
| Recognition of non-distributable reserve                           | -            | -           | -                               | -  | <b>316</b>                               | -                                    | <b>316</b>    |
| Recognition of distributable reserve                               | -            | -           | -                               | -  | -  | <b>2,726</b>                         | <b>2,726</b>  |
| Change in fair value of financial assets at fair value through OCI | -            | -           | -                               | (6)  | -  | -                                    | (6)           |
| Other changes in reserves  | -            | -           | -                               | -  | -  | <b>(292)</b>                         | <b>(292)</b>  |
| <b>At 30 June 2022</b>   | <b>9,443</b> | <b>208</b>  | <b>37,778</b>                   | <b>(1,153)</b>   | <b>8,316</b>                             | <b>13,999</b>                        | <b>68,591</b> |

(1) Depletion factor reserve  
At 30 June 2022, the Group has recognised €12.8 million (H1 2021: disposed €0.1 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 2021 to distributable reserves.

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## 15. Trade and other payables

| (Euro 000's)               | 30 Jun 2022   | 31 Dec 2021   |
|----------------------------|---------------|---------------|
| <b>Non-current</b>         |               |               |
| Other non-current payables | 3,435         | 3,435         |
| Government grant           | 15            | 15            |
|                            | <u>3,450</u>  | <u>3,450</u>  |
| <b>Current</b>             |               |               |
| Trade payables             | 65,871        | 49,712        |
| Accruals                   | 3,877         | 16,267        |
| VAT payables               | -             | 74            |
| Other                      | 137           | 138           |
|                            | <u>69,885</u> | <u>66,191</u> |

Other non-current payables are related with the acquisition of Atalaya Masa Valverde, SLU formerly Cambridge Minería España, SL and Rio Narcea Nickel, SL

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.

## 16. Provisions

| (Euro 000's)               | Other tax costs | Legal costs | Rehabilitation costs | Total costs |
|----------------------------|-----------------|-------------|----------------------|-------------|
| <b>1 January 2021</b>      | -               | 626         | 24,638               | 25,264      |
| Additions                  | 2,617           | -           | 477                  | 3,094       |
| Reduction of provision     | -               | (278)       | -                    | (278)       |
| Finance cost               | -               | -           | 83                   | 83          |
| <b>At 30 June 2021</b>     | 2,617           | 348         | 25,198               | 28,163      |
| Additions                  | -               | 26          | 178                  | 204         |
| Used of provision          | -               | (8)         | (57)                 | (65)        |
| Reversal of provision      | (2,617)         | (87)        | -                    | (87)        |
| Finance cost               | -               | -           | 980                  | 980         |
| <b>At 31 December 2021</b> | -               | 279         | 26,299               | 26,578      |
| Additions                  | -               | -           | 1,033                | 1,033       |
| Reduction of provision     | -               | -           | 74                   | 74          |
| Finance cost               | -               | -           | 469                  | 469         |
| <b>At 30 June 2022</b>     | -               | 279         | 27,875               | 28,154      |

| (Euro 000's) | 30 Jun 2022   | 31 Dec 2021   |
|--------------|---------------|---------------|
| Non-current  | <u>28,154</u> | <u>26,578</u> |
| <b>Total</b> | <u>28,154</u> | <u>26,578</u> |

### 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 liability as at 30 June 2022 was 1.12% (2021: 1.12%), which is the average of the 15-year Spain Government Bond rate from 2017 to 2021. An inflation rate of 1%-1.96% is applied on annual basis.

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## 16. Provisions (cont.)

### 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 2022. Management has individually reviewed each case and made a provision of €0.3 million (€0.3 million at 31 December 2021) for these claims, which has been reflected in these unaudited condensed interim consolidated financial statements.

## 17. Borrowings

| (Euro 000's)                  | 30 Jun 2022   | 31 Dec 2021   |
|-------------------------------|---------------|---------------|
| <b>Non-current borrowings</b> |               |               |
| Credit facilities             | <u>43,228</u> | <u>34,050</u> |
|                               | <u>43,228</u> | <u>34,050</u> |
| <b>Current borrowings</b>     |               |               |
| Credit facilities             | <u>16,351</u> | <u>13,394</u> |
|                               | <u>16,351</u> | <u>13,394</u> |

The Group had uncommitted credit facilities totalling €119.6 million (€111.0 million at 31 December 2021). During 2022, Atalaya drawn down some of its existing credit facilities to financing the construction of 50 MW solar plant (payable amount of €20.8 million at 30 June 2022) and in 2021 to pay the Deferred Consideration. Interest rates of existing credit facilities, including facilities used to pay the Deferred Consideration, range from 1.10% to 2.45% and the average interest rate on all facilities used and unused is 1.73%. The maximum term of the facilities is six years. All borrowings are unsecured.

At 30 June 2022, the Group had used €59.6 million of its facilities and had undrawn facilities of €59.0 million.

## 18. Lease liabilities

| (Euro 000's)       | 30 Jun 2022  | 31 Dec 2021  |
|--------------------|--------------|--------------|
| <b>Non-current</b> |              |              |
| Lease liabilities  | <u>4,625</u> | <u>4,913</u> |
|                    | <u>4,625</u> | <u>4,913</u> |
| <b>Current</b>     |              |              |
| Lease liabilities  | <u>580</u>   | <u>597</u>   |
|                    | <u>580</u>   | <u>597</u>   |

### 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 €0.2 million (2021: €0.3 million) for the six month period ended 30 June 2022. 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 2022, 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 2022, 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 Minería España, 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 2022, the remaining term of this lease is eleven years and a half.

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## 18. Lease liabilities (cont.)

| (Euro 000's)                                | 30 Jun 2022  | 31 Dec 2021              |
|---|--------------|--------------------------|
| <b>Minimum lease payments due:</b>          |              |                          |
| - Within one year                           | 580          | 597                      |
| - Two to five years                         | 1,972        | 2,014                    |
| - Over five years                           | 2,653        | 2,899                    |
| Present value of minimum lease payments due | <u>5,205</u> | <u>5,510</u>             |
| <br>  |              |                          |
| (Euro 000's)                                |              | <b>Lease liabilities</b> |
| <b>Balance 1 January 2022</b>               |              | 5,510                    |
| Additions                                   |              | -                        |
| Interest expense                            |              | 10                       |
| Lease payments                              |              | <u>(315)</u>             |
| <b>Balance at 30 June 2022</b>              |              | <u>5,205</u>             |
| <br>  |              |                          |
| <b>Balance at 30 June 2022</b>              |              |                          |
| - Non-current liabilities                   |              | 4,625                    |
| - Current liabilities                       |              | <u>580</u>               |
|   |              | <u>5,205</u>             |

## 19. Acquisition, incorporation and disposal of subsidiaries

There were neither acquisition nor incorporation of subsidiaries during the six month period to 30 June 2022.

## 20. Winding-up of subsidiaries

On 4 January 2022, the subsidiary EMED Mining Spain, S.L. was wound up.

## 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 Jun 2022 | Three months ended 30 Jun 2021 | Six months ended 30 Jun 2022 | Six months ended 30 Jun 2021 |
|---|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Directors' remuneration and fees                                  | 238                            | 240                            | 496                          | 505                          |
| Directors' bonus <sup>(1)</sup>                                   | 357                            | 438                            | 357                          | 438                          |
| Share option-based benefits and other benefits to directors       | 64                             | 55                             | 127                          | 111                          |
| Key management personnel fees                                     | 141                            | 136                            | 282                          | 260                          |
| Key management bonus <sup>(1)</sup>                               | 239                            | 265                            | 239                          | 265                          |
| Share option-based and other benefits to key management personnel | 62                             | 51                             | 123                          | 130                          |
|   | <u>1,101</u>                   | <u>1,185</u>                   | <u>1,624</u>                 | <u>1,709</u>                 |

<sup>(1)</sup> These amounts related to the performance bonus for 2021 approved by the Board of Directors of the Company during H1 2022. 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 2020 were approved and paid in H2 2021.

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## 21. Related party transactions (cont.)

### 21.2 Share-based benefits

On 25 June 2022, the Company announced that in accordance with the Company's Long Term Incentive 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 on 30 June 2027, five years from the deemed date of grant (22 June 2022), have an exercise price of 357.50 pence per ordinary share, being the last mid-market closing price on the grant date, and vest in three equal tranches, one third on grant and the balance equally on the first and second anniversary of the grant date.

### 21.3 Transactions with related parties/shareholders

#### i) Transaction with shareholders

| (Euro 000's)                                     | Three months ended 30 Jun 2022 | Three months ended 30 Jun 2021 | Six months ended 30 Jun 2022 | Six months ended 30 Jun 2021 |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Trafigura– Revenue from contracts                | 36,590                         | 29,055                         | 44,808                       | 50,930                       |
| Losses relating provisional pricing within sales | (3,197)                        | (1,380)                        | (1,803)                      | (1,650)                      |
| <b>Trafigura – Total revenue from contracts</b>  | <b>33,394</b>                  | <b>27,675</b>                  | <b>43,005</b>                | <b>49,280</b>                |

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

| (Euro 000's)                             | 30 Jun 2022 | 31 Dec 2021 |
|--|-------------|-------------|
| <b>Receivables from related parties:</b> |             |             |
| Recursos Cuenca Minera S.L.              | 56          | 56          |
| <b>Total (Note11)</b>                    | <b>56</b>   | <b>56</b>   |

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

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

| (Euro 000's)   | 30 Jun 2022   | 31 Dec 2021   |
|--|---------------|---------------|
| Trafigura – Debtor balance- subject to provisional pricing | 12,315        | 20,283        |
| <b>Total (Note 11)</b>                                     | <b>12,315</b> | <b>20,283</b> |

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.



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## 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 events in Ukraine from 24 February 2022 are impacting the Global Economy but cannot yet be predicted in full. The main concern now is the rising prices for energy, fuel and other raw materials and rising inflation, which may affect household incomes and business operating costs. The financial effect of the current crisis on the Global Economy and overall business activities cannot be estimated with reasonable certainty at this stage.

- On 4 January 2022 the subsidiary EMED Mining Spain, S.L. was wound down.
- On 6 January 2022, the Company announced the approval of the construction of the first phase of an industrial scale plant ("Phase I") that utilises the E-LIX System ("E-LIX"), which will produce high value copper and zinc metals from the complex sulphide concentrates sourced from Proyecto Riotinto.
- On 26 January 2022, the Company announced that it was notified that certain PDMRs (persons discharging managerial responsibilities) executed options 1,350,000 ordinary shares.
- On 27 January 2022, Atalaya announced that, in accordance with the Company's Long Term Incentive Plan 2020, it has granted 120,000 share options an employee.
- On 3 February 2022, the Company announced the results of five additional drill holes from its ongoing resource definition drilling programme at Proyecto Masa Valverde ("PMV"). PMV is located in southern Spain approximately 28 km to the south of Atalaya's 15Mtpa mill at Proyecto Riotinto.
- On 22 February 2022, the Company announced that it was notified on 21 February 2022, that certain PDMRs, sold 550,000 ordinary shares in Atalaya, at a price of 440.0 pence per share.
- On 21 March 2022, further to the Trial in relation to Astor which took place between 21 February and 1 March 2022, the Judgment was handed down. The Judgment deals with matters of principle. The points that the Judge has decided will dictate the amount of interest that is payable.
- On 24 March 2022, Atalaya announced that Mr. Harry Liu has stepped down as a Non-Executive Director of the Company with immediate effect.
- On 4 April 2022, new shareholders of the Company, Newline Insurance Company Limited, Brit Reinsurance (Bermuda) Limited, Brit Syndicates Limited, Odyssey Reinsurance Company, acquired 5.08% of voting rights. In addition, Allianz Global Investors GmbH, shareholder of the Company, increased its % of voting rights from below 3% to 3.92%.
- On 5 April 2022, Atalaya announced a new Mineral Resource Estimate, prepared in accordance with CIM guidelines and disclosure requirements of NI 43-101, for its 100% owned Proyecto Masa Valverde.
- On 7 April 2022, the Company noted the announcement on 1 April 2022 by ICBC Standard Bank Plc ("ICBCS") confirming the sale of the entire holding of Yanggu Xiangguang Copper Co. Ltd ("XGC").

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## 24. Significant events (cont.)

- On 13 April 2022, Atalaya announced new Mineral Resource Estimates, prepared in accordance with CIM guidelines and disclosure requirements of NI 43-101, for its San Dionisio and San Antonio deposits.
- On 4 May 2022, Allianz Global Investors GmbH, shareholder of the Company, increased its % of voting rights from below 3.92% to 4.07%.
- On 19 May 2022 the Board of Directors of the Company appointed Kate Harcourt as an independent Non-Executive Director of the Company.
- On 19 May 2022, a PDMR of the Company, purchased 13,500 ordinary shares in Atalaya at an average price of 364.0 pence per share
- On 23 June 2022, the Company has issued 22,500 ordinary shares of 7.5p in the Company pursuant to an exercise of share options by an employee.
- On 24 June 2022, the Company granted 1,225,000 share options to PDMRs and other employees.

## 25. Events after the Reporting Period

- In July 2022, Atalaya increased its ownership interest in Proyecto Ossa Morena to 99.9%, up from 51%, following completion of a capital increase that will fund exploration activities.