



9 November 2022

**Atalaya Mining Plc.**  
 (“Atalaya” and/or the “Group”)  
**Q3 and YTD 2022 Financial Results**

***Full year guidance reaffirmed and positive outlook for Q4 and beyond***

Atalaya Mining Plc (AIM: ATYM; TSX: AYM) is pleased to announce its third quarter and nine-month results for the period ended 30 September 2022 (“Q3 2022” or the “Period” and “YTD 2022” respectively) together with its Unaudited Interim Condensed Consolidated Financial Statements.

The Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 September 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**

- Consistent quarter of production, supporting confidence in full year guidance
- EBITDA of €37.1 million in YTD 2022 despite extremely high electricity prices and other input cost inflation, which resulted in EBITDA of negative €4.3 million in Q3 2022
- Maintained a strong balance sheet with net cash of €55.6 million
- Continued investments in growth, future cost reductions and decarbonisation via exploration programme, 50 MW solar plant and E-LIX Phase I project
- Lower power prices post quarter end support positive outlook for Q4 2022 and into 2023 when new power purchase agreement and 50 MW solar plant are expected to materially lower costs

**Q3 and YTD 2022 Financial Results Summary**

Period ended 30 September		<b>Q3 2022</b>	Q3 2021	<b>YTD 2022</b>	YTD 2021
Revenues from operations	€k	<b>82,284</b>	107,161	<b>261,953</b>	304,265
Operating costs	€k	<b>(86,550)</b>	(58,362)	<b>(224,838)</b>	(156,054)
<b>EBITDA</b>	<b>€k</b>	<b>(4,266)</b>	48,799	<b>37,115</b>	148,211
(Loss)/profit for the period	€k	<b>(7,219)</b>	38,206	<b>22,887</b>	104,199
Basic (loss)/earnings per share	€ cents/share	<b>(4.7)</b>	27.5	<b>17.4</b>	75.9
Dividend per share <sup>(2)</sup>	\$/share	<b>0.036</b>	0.395	<b>0.036</b>	0.395
Cash flows from operating activities	€k	<b>(3,810)</b>	51,214	<b>17,572</b>	124,244
Cash flows used in investing activities <sup>(1)</sup>	€k	<b>(8,681)</b>	(6,982)	<b>(36,004)</b>	(77,835)
Cash flows from financing activities	€k	<b>(12,647)</b>	(3,131)	<b>2,816</b>	51,710
Net cash position <sup>(3)</sup>	€k	<b>55,598</b>	88,854	<b>55,598</b>	88,854
Working capital surplus	€k	<b>106,817</b>	126,891	<b>106,817</b>	126,891
<b>Average realised copper price (excluding QPs closed in the period)</b>	<b>US\$/lb</b>	<b>3.52</b>	4.24	<b>4.06</b>	4.17
<b>Average realised copper price (including QPs closed in the period)</b>	<b>US\$/lb</b>	<b>3.83</b>	4.31	<b>4.18</b>	4.08
Cu concentrate produced	(tonnes)	<b>63,400</b>	64,262	<b>180,635</b>	206,018
Cu production	(tonnes)	<b>13,453</b>	13,893	<b>38,300</b>	42,225
<b>Cash costs</b>	<b>US\$/lb payable</b>	<b>3.34</b>	2.19	<b>3.26</b>	2.16
<b>All-In Sustaining Cost (“AISC”)</b>	<b>US\$/lb payable</b>	<b>3.49</b>	2.48	<b>3.47</b>	2.49

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

<sup>(2)</sup> Dividend per share announced on 10 August 2022 and paid on 20 September 2022.

<sup>(3)</sup> Includes restricted cash and bank borrowings at 30 September 2022 and 30 September 2021.

### **Alberto Lavandeira, CEO commented:**

"Q3 was a consistent quarter operationally with good throughput and improved grades compared to earlier quarters in 2022. These trends are expected to continue in Q4 and into 2023 and support our reiterated 2022 guidance.

In terms of financial results, we were impacted by lower copper prices and very high inflationary pressures, most notably the price of electricity including extremely severe spikes in August and September 2022. Since the end of Q3, electricity prices have decreased by around 40%, due to mild weather and growing wind generation in Spain, reduced industrial demand and a good supply of LNG cargoes.

As a result, we expect that costs will moderate in Q4 2022 and look forward to 2023, when we will also benefit from our new long-term power purchase agreement and the start-up of the 50 MW solar plant, which will together provide around 50% of our electricity requirements at highly competitive rates.

With the benefit of a strong balance sheet, we remain committed to investing in growth. Through greenfield exploration, the development of higher-grade orebodies and Touro, and operating a commercial scale E-LIX plant, we are confident that Atalaya will transform into a growth oriented and diversified multi-asset copper producer."

### **Investor Presentation Reminder**

Alberto Lavandeira (CEO) and César Sánchez (CFO) will be holding a live presentation relating to the Q3 and YTD 2022 results via the Investor Meet Company platform at 2:30pm GMT 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.

### **Q3 and YTD 2022 Operating Results Summary**

<i>Units expressed in accordance with the international system of units (SI)</i>	<b>Unit</b>	<b>Q3 2022</b>	Q3 2021	<b>YTD 2022</b>	YTD 2021
Ore mined	<i>Mt</i>	<b>3.8</b>	3.4	<b>11.3</b>	10.0
Waste mined	<i>Mt</i>	<b>5.8</b>	7.8	<b>19.3</b>	23.2
Ore processed	<i>Mt</i>	<b>3.9</b>	3.9	<b>11.5</b>	12.0
Copper ore grade	%	<b>0.41</b>	0.40	<b>0.39</b>	0.41
Copper concentrate grade	%	<b>21.22</b>	21.62	<b>21.20</b>	20.50
Copper recovery rate	%	<b>84.62</b>	87.24	<b>85.70</b>	85.63
Copper concentrate	<i>tonnes</i>	<b>63,400</b>	64,262	<b>180,635</b>	206,018
Copper contained in concentrate	<i>tonnes</i>	<b>13,453</b>	13,893	<b>38,300</b>	42,225
Payable copper contained in concentrate	<i>tonnes</i>	<b>12,819</b>	13,251	<b>36,494</b>	40,165

*Mining*

Ore mined was 3.8 million tonnes in Q3 2022 (Q3 2021: 3.4 million tonnes) and 11.3 million tonnes in YTD 2022 (YTD 2021: 10.0 million tonnes).

Waste mined was 5.8 million tonnes in Q3 2022 (Q3 2021: 7.8 million tonnes) and 19.3 million tonnes in YTD 2022 (YTD 2021: 23.2 million tonnes).

#### *Processing*

The plant processed ore of 3.9 million tonnes during Q3 2022 (Q3 2021: 3.9 million tonnes), consistent with the plant's ability to operate above its 15 million tonne per annum nameplate capacity. Throughput was 11.5 million tonnes in YTD 2022 (YTD 2021: 12.0 million tonnes), with the decline a result of the Q1 2022 transport sector strike and related maintenance stoppage.

Copper grade was 0.41% in Q3 2022 (Q3 2021: 0.40%) and 0.39% in YTD 2022 (YTD 2021: 0.41%). Lower grades in YTD 2022 were the result of blending with lower grade stockpiles during H1 2022 due to pit sequencing, however, in Q4 2022 grades are expected to be higher than the average grade processed in YTD 2022.

Copper recoveries in Q3 2022 were 84.62%, which was consistent with expectations but below the comparative period last year (Q3 2021: 87.24%) as a result of the characteristics of the ore processed during the quarter. Copper recoveries in YTD 2022 were 85.70% (YTD 2021: 85.63%).

#### *Production*

Copper production was 13,453 tonnes in Q3 2022 (Q3 2021: 13,893 tonnes) and 38,300 tonnes in YTD 2022 (YTD 2021: 42,225 tonnes). Lower production for the nine-month period was due to lower grades (pit sequencing) and lower throughput (Q1 2022 plant maintenance stoppage).

### **Q3 and YTD 2022 Financial Results Highlights**

#### *Income Statement*

Revenues were €82.3 million in Q3 2022 (Q3 2021: €107.2 million) and €262.0 million in YTD 2022 (YTD 2021: €304.3 million). Lower revenues were the result of lower copper prices during the 2022 periods, as well as lower copper concentrate volumes sold in YTD 2022 compared to the YTD 2021 period.

Operating costs were €86.6 million in Q3 2022 (Q3 2021: €58.4 million) and €224.8 million in YTD 2022 (YTD 2021: €156.1 million) as a result of significant increases in key input costs such as electricity, diesel, explosives, steel and lime. Compared to the prior periods in 2021, the increase in the cost of electricity in Q3 2022 and YTD 2022 was €20.2 million and €49.6 million, respectively.

EBITDA was negative €4.3 million in Q3 2022 (Q3 2021: positive €48.8 million) and positive €37.1 million in YTD 2022 (YTD 2021: positive €148.2 million). The decrease in EBITDA was driven by the combination of lower revenues and significantly higher operating costs compared with the equivalent periods in 2021.

Loss after tax was €7.2 million in Q3 2022 (Q3 2021: €38.2 million profit) or a 4.7 cents loss per basic share (Q3 2021: 27.5 cents earnings per basic share) and a €22.9 million profit in YTD 2022 (YTD 2021: €104.2 million profit) or a 17.4 cents earnings per basic share (YTD 2021: 75.9 cents profit per basic share).

Cash costs were \$3.34/lb payable copper in Q3 2022 (Q3 2021: \$2.19) and \$3.26/lb payable copper in YTD 2022 (YTD 2021: \$2.16/lb), with the increases due to significantly higher costs associated with electricity and other supplies and lower production volumes, partially offset by the weaker Euro.

AISC were \$3.49/lb payable copper in Q2 2022 (Q2 2021: \$2.48/lb) and \$3.47/lb payable copper in YTD 2022 (YTD 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 negative €4.2 million in Q3 2022 (Q3 2021: positive €45.0 million) and negative €3.8 million after working capital changes (Q3 2021: positive €51.2 million). Working capital movements are mainly related to changes in account receivables and payables due to timing differences. For YTD 2022, cash flows from operating activities before changes in working capital were positive €37.0 million (YTD 2021: positive €151.1 million) and positive €17.6 million after working capital changes (YTD 2021: positive €124.2 million).

Cash flows used in investing activities were €8.7 million in Q3 2022 (Q3 2021: €7.0 million) and €36.0 million in YTD 2022 (YTD 2021: €77.8 million). Major investments in YTD 2022 included €12.1 million for the 50 MW solar plant (YTD 2021: nil), €4.5 million in sustaining capex (YTD 2021: €4.5 million) and €9.4 million to increase the tailings dam (YTD 2021: €9.5 million). The YTD 2021 period included the early payment of the deferred consideration to Astor.

Cash flows from financing activities were negative €12.6 million in Q3 2022 (Q3 2021: negative €3.1 million) as a result of debt repayments and the payment of the interim 2022 dividend. Cash flows from financing activities were positive €2.8 million in YTD 2022 (YTD 2021: positive €51.7 million). Unsecured debt facilities were drawn in YTD 2022 in order to finance the 50 MW solar plant, while in YTD 2021, unsecured debt facilities were drawn to fund the payment of deferred consideration to Astor.

#### *Balance Sheet*

Consolidated cash and cash equivalents were €107.6 million at 30 September 2022 (31 December 2021: €107.5 million).

Net of current and non-current borrowings of €52.0 million, net cash was €55.6 million as at 30 September 2022, compared to €60.1 million as at 31 December 2021.

Inventories of concentrate valued at cost were €5.8 million at 30 September 2022 (31 December 2021: €5.2 million). As at 30 September 2022, total working capital was €106.8 million, compared to €102.4 million as at 31 December 2021.

### **Electricity Market in Spain**

#### *Situation Update*

The ongoing conflict in Ukraine continues to impact global energy markets, especially with respect to natural gas prices in Europe, which caused the price of electricity in Spain to reach unprecedented levels of over €500/MWh in March 2022.

The governments of Spain and Portugal responded to the energy crisis by implementing a gas price cap, which took effect in mid-June 2022. While the legislation had a positive impact on market electricity prices, it also introduced a new mechanism whereby certain power consumers must make additional "adjustment" payments to compensate gas power plants that are disadvantaged by the gas price cap. As a result, consumers like Atalaya have been subject to realised electricity prices that are significantly higher than the observed spot market rates.

During Q3 2022, European gas prices increased to levels well beyond the previous peaks in March 2022, following the curtailment of gas deliveries via Nord Stream 1 and then the indefinite curtailment of gas deliveries following the damage to the Nord Stream pipelines in late September 2022. In

addition, Spain experienced a historic heat wave in late August 2022, triggering high energy demand and electricity prices near the March 2022 peaks.

As a result, the Company's realised electricity price for Q3 2022 was around €290/MWh, the highest quarterly average so far in 2022. Of this total, the market price component averaged around €150/MWh and the gas price "adjustment" component accounted for the remainder. For reference, the Company's annual average electricity price for 2021 was around €65/MWh. As previously disclosed, an increase in realised electricity prices of €100/MWh results in an increase to the Company's annual operating costs of around €37 million.

Subsequent to the end of Q3 2022, expected realised electricity prices have decreased by around 40%, as a result of mild weather and growing wind generation in Spain, lower industrial demand for electricity and gas in Europe and a growing supply of LNG cargoes into Europe. Should these positive trends continue for the remainder of Q4 2022, the Company's financial performance would benefit meaningfully from moderated electricity costs.

#### *Electricity Procurement Strategy*

Looking forward into 2023, the Company's cost structure is expected to benefit materially from the new long-term power purchase agreement ("PPA") and start-up of Atalaya's 50 MW solar plant. Combined, the PPA and the 50 MW solar plant will provide over 50% of the Company's electricity requirements at an average final cost of less than €40/MWh, representing a reduction of almost 90% from the average realised electricity price of around €290/MWh in Q3 2022. Compared to Q3 2022 average prices, the PPA and 50 MW solar plant would imply annual cost savings of around €50 million.

Construction of the 50 MW solar plant is progressing, with the delivery of panels to site in the coming weeks and orders in place for all critical equipment. Targeted start-up is mid-2023.

Atalaya continues to evaluate additional renewable power projects, including the installation of wind turbines at Riotinto dedicated to self-consumption. In September 2022, an evaluation tower was installed to test the area's wind characteristics and compare measurements to extensive historical ground level data. Based on preliminary measurements, it is estimated that the wind turbines could potentially produce around 15% of current electricity needs. Such initiatives would build on Atalaya's ongoing strategy to develop new sources of reliable, low cost and carbon-free electricity for its operations.

Longer term, the Company is optimistic on the electricity market in Spain, which is a leading producer of renewable energy in Europe. Since 2020, Spain has added over 6 GW of solar photovoltaic capacity and significant additions are expected to come onstream in the next 6-12 months. As a result, electricity prices are expected to decrease in the coming years, with the futures market indicating rates of €40-50/MWh by the end of the decade.

### **Outlook for 2022**

#### *Production*

As announced in the Company's Q3 2022 Operations Update, full year copper production guidance remains at 52,000 – 54,000 tonnes. The copper grade for Q4 2022 is expected to be higher than the average grade processed in YTD 2022.

#### *Operating Costs*

The cost guidance ranges that were announced in the Company's Q2 and H1 2022 Financial Results are also unchanged. Cash costs and AISC for 2022 are expected to be in the range of \$2.95 – 3.25/lb copper payable and \$3.25 – 3.45/lb copper payable, respectively. Although input cost inflation remains

high, realised electricity prices so far in Q4 2022 have decreased meaningfully from the average price realised in Q3 2022, which was the highest quarterly average in YTD 2022.

#### *Capital Expenditures*

Total capital expenditures for 2022 are expected to be consistent with the original guidance provided by the Company in its 2021 Annual Results.

#### *Exploration*

The Company's original exploration budget for 2022 was €10 million. As previously disclosed, equipment availability issues and high temperatures during the summer have delayed drilling campaigns, and as a result, the Company now expects 2022 exploration spending to be less than €5 million.

### **Asset Portfolio Update**

#### *Growth Strategy*

Atalaya continues to execute on its strategy of growing its resource base and production potential from assets located in regions with modern infrastructure and long histories as mining districts.

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

The Company is advancing a preliminary economic assessment ("PEA") which will include the evaluation of a scenario that combines Cerro Colorado reserves with higher grade material from San Dionisio, targeting an uplift to copper production by increasing the blended head grade. The permitting process for San Dionisio is currently underway.

Subsequent to the end of the Period, a NI 43-101 Technical Report for Proyecto Riotinto, including the San Dionisio open pit and the San Dionisio and San Antonio underground deposits, was filed on SEDAR in order to fulfil the Company's reporting obligations in Canada.

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

Atalaya continues to advance its exploration programme at PMV. At present, there are three drill rigs on site – the first is devoted to resource definition at the Campanario Trend, the second is completing infill and step out drilling at the Masa Valverde ("MV") deposit, while the third has commenced first drill testing of Fix Loop Electromagnetic ("FLEM") anomalies at the Mojarra Trend, located 1km north and parallel to the Campanario Trend.

Initial drilling results from Campanario were announced in July 2022 and included shallow high grade intervals such as 18.10m at 1.19% Cu, 0.08% Zn, 0.32% Pb and 36.66 g/t Ag from 43.20m (hole CA21) and 35.20m at 0.70% Cu, 1.53% Zn, 1.39% Pb and 62.50 g/t Ag from 77.80m (hole CA15).

Atalaya is currently progressing a PEA which will consider operating PMV as a satellite deposit by processing mined material at Riotinto's 15 Mtpa plant. The permitting process for PMV is ongoing.

#### *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. Running parallel with the permitting process, the Company is focused on numerous initiatives related to securing the social license, including engaging with the many stakeholders in the region in advance of its plans to submit a new improved project design. Positive and favourable feedback from numerous meetings with municipalities, farmers and fishermen associations and other industries indicate meaningful support towards the development of a new and modern mining project.

The Company is now operating a new water treatment plant at Touro, which is addressing the legacy issues associated with acid water runoff from the historical mine, which closed in 1987. The construction of the treatment plant was contemplated in the original project proposal, but Atalaya volunteered to fix the historical acid water issues prior to the new Environmental Impact Assessment (“EIA”) in order to demonstrate its operating philosophy and the benefits of modern operating systems. The field work carried out by Atalaya has resulted in an immediate and visible improvement of the water systems surrounding the project. Atalaya continues to be confident that its approach to Touro, which includes fully plastic lined thickened tailings with zero discharge, is consistent with the 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 Activities*

At Riotinto East, the Peñas Blancas investigation permit was granted. Drill target definition is in progress and the first drill testing of selected anomalies is expected by year end.

At Proyecto Ossa Morena, the first drilling campaign is now underway at the Hinchona copper-gold target, with four holes having been completed. Drilling at the flagship Alconchel-Pallares copper-gold project is expected to commence during Q4 2022.

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

Construction of the E-LIX Phase I plant continues to advance, including the assembly of metal structures and the delivery of equipment to site. As announced in the Q3 Operations Update, the Company expects the plant to be ready for commissioning by Q1 2023.

Once operational, the E-LIX plant is expected to produce high purity copper and zinc metals on site, allowing the Company to potentially achieve higher metal recoveries from complex ore, lower transportation and concentrate treatment charges and a reduced carbon footprint.

*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)





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



## **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.

## **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 September 2022 and results of operations for the three and nine months ended 30 September 2022 and 2021.

This report has been prepared as of 8 November 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 September 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 September 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.



## 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 September 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, Proyecto Touro, Proyecto Masa Valverde and Proyecto Ossa Morena. In addition, the Company has an earn-in agreement to acquire three investigation permits at Proyecto Riotinto Este.

### *Proyecto Riotinto*

The Company owns and operates through a wholly owned subsidiary, “Proyecto Riotinto”, an open-pit copper mine located in the 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 31 March 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.

## 2. Overview of Operational Results

### Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three and nine months ended 30 September 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 Sep 2022</b>	Three month period ended 30 Sep 2021	<b>Nine month period ended 30 Sep 2022</b>	Nine month period ended 30 Sep 2021
Ore mined	t	<b>3,816,688</b>	3,420,922	<b>11,344,206</b>	10,041,248
Waste mined	t	<b>5,753,382</b>	7,789,790	<b>19,332,317</b>	23,245,823
Ore processed	t	<b>3,923,498</b>	3,944,934	<b>11,451,805</b>	11,976,051
Copper ore grade	%	<b>0.41</b>	0.40	<b>0.39</b>	0.41
Copper concentrate grade	%	<b>21.22</b>	21.62	<b>21.20</b>	20.50
Copper recovery rate	%	<b>84.62</b>	87.24	<b>85.70</b>	85.63
Copper concentrate	t	<b>63,400</b>	64,262	<b>180,635</b>	206,018
Copper contained in concentrate	t	<b>13,453</b>	13,893	<b>38,300</b>	42,225
Payable copper contained in concentrate	t	<b>12,819</b>	13,251	<b>36,494</b>	40,165
Cash cost*	US\$/lb payable	<b>3.34</b>	2.19	<b>3.26</b>	2.16
All-in sustaining cost*	US\$/lb payable	<b>3.49</b>	2.48	<b>3.47</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 3.9 million tonnes consistent with throughput in Q3 2021 of 3.9 million tonnes, highlighting the plant's ability to operate above its 15 million tonne per annum nameplate capacity.

Copper grade was 0.41% in Q3 2022, representing an increase from the comparative period in Q3 2021 of 0.40%.

Copper recoveries in Q3 2022 were 84.62%, which were consistent with expectations but below Q3 2021 due to the characteristics of the ore processed during the quarter.

Copper production in Q3 2022 was 13,453 tonnes, which was in line with production in Q3 2021.

On-site copper concentrate inventories at the end of Q3 2022 were approximately 4,349 tonnes.

#### *Nine months operational review*

Ore processed in YTD 2022 was 11,451,805 tonnes, below the comparable period in YTD 2021 as a result of the Q1 2022 transportation sector strike and temporary maintenance shutdown.

Ore grade during YTD 2022 was 0.39% Cu compared with 0.41% Cu in YTD 2021, due to lower grades earlier in 2022 as a result of blending with lower grade stockpiles due to pit sequencing. Copper recovery was 85.70% versus 85.63% in YTD 2021. Concentrate production amounted to 180,635 tonnes, which was below YTD 2021 production of 206,018 tonnes.

Production of copper contained in concentrate during YTD 2022 was 38,300 tonnes, below the comparable with 42,225 tonnes in 2021. Payable copper in concentrates was 36,494 tonnes compared with 40,165 tonnes of payable copper in YTD 2021.

### 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 along with the geopolitical developments in Ukraine and its impact on energy prices may still have further impact on how the Company can manage its operations and is accordingly keeping its guidance under regular review. Should the Company consider the current guidance no longer achievable, then the Company will provide a further update.

#### Operational guidance

Guidance for Proyecto Riotinto is unchanged from previously announced outlook.

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

As announced in the Company's Q3 2022 Operations update, full year copper production guidance continues to be 52,000 – 54,000 tonnes. The copper grade for Q4 2022 is expected to be higher than the average grade processed in YTD 2022.

The cost guidance ranges that were announced in the Company's Q2 and H1 2022 Financial Results are also unchanged. Cash costs and AISC for 2022 are expected to be in the range of \$2.95 – 3.25/lb copper payable and \$3.25 – 3.45/lb copper payable, respectively. Although input cost inflation remains high, realised electricity prices so far in Q4 2022 have decreased meaningfully from Q3 2022 levels, including the spikes in August 2022. This decrease is primarily the result of lower European gas prices, which have benefitted from mild weather and sufficient supply of LNG cargoes.

#### 4. Overview of the Financial Results

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

(Euro 000's)	<b>Three month period ended 30 Sep 2022</b>	Three month period ended 30 Sep 2021	<b>Nine month period ended 30 Sep 2022</b>	Nine month period ended 30 Sep 2021
<b>Revenues</b>	<b>82,284</b>	107,161	<b>261,953</b>	304,265
Costs of sales	<b>(84,768)</b>	(55,358)	<b>(217,757)</b>	(149,137)
Administrative and other expenses	<b>(905)</b>	(2,287)	<b>(5,356)</b>	(5,312)
Exploration expenses	<b>(92)</b>	(423)	<b>(456)</b>	(822)
Care and maintenance expenditure	<b>(789)</b>	(281)	<b>(1,559)</b>	(783)
Other income	<b>4</b>	(13)	<b>290</b>	-
<b>EBITDA</b>	<b>(4,266)</b>	48,799	<b>37,115</b>	148,211
Depreciation/amortisation	<b>(9,039)</b>	(7,808)	<b>(25,344)</b>	(23,634)
Net foreign exchange gain	<b>5,633</b>	2,936	<b>15,727</b>	4,967
Net finance cost	<b>(510)</b>	(456)	<b>(1,451)</b>	(786)
Tax	<b>963</b>	(5,265)	<b>(3,160)</b>	(24,559)
<b>(Loss)/Profit for the period</b>	<b>(7,219)</b>	38,206	<b>22,887</b>	104,199

##### *Three months financial review*

Revenues for the three-month period ended 30 September 2022 amounted to €82.3 million (Q3 2021: €107.2 million). Lower revenues compared with the same quarter in the previous year were driven by lower realised copper prices compared with Q3 2021 partially offset by stronger US Dollar rate against the Euro.

Realised prices including QPs closed in the Period were \$3.83/lb copper during Q3 2022 compared with \$4.31/lb copper in Q3 2021. The realised price, excluding QPs closed in the Period were approximately \$3.52/lb during the quarter.

Costs of sales for the three-month period ended 30 September 2022 amounted to €84.8 million, compared with €55.4 million in Q3 2021. Unit operating costs in Q3 2022 were significantly higher than in Q3 2021 due to the high cost of electricity, diesel and other supplies as result of inflation and the geopolitical situation in Ukraine.

Cash costs in Q3 2022 were \$3.34/lb payable copper compared with \$2.19/lb payable copper in the same period last year. Q3 2022 operating costs were higher than in Q3 2021 mainly due to the significantly higher cost of electricity (€20.2 million higher) and other supplies, despite the stronger US Dollar/Euro rate which offset a portion of the higher operating costs. AISC for Q3 2022, excluding one-off investments in the tailings dam, were \$3.49/lb payable copper compared with \$2.48/lb payable copper in Q3 2021.

Sustaining capex for Q3 2022 amounted to €1.6 million compared with €1.1 million in Q3 2021. Sustaining capex mainly related to continuous enhancements in the processing systems of the plant. In addition, the Company invested €2.9 million in the project to increase the tailings dam during Q3 2022 (Q3 2021: €2.8 million). Stripping costs capitalised during Q3 2022 amounted to €nil (Q3 2021: €2.5 million).

Capex associated with the construction of the 50 MW solar plant amounted to €0.4 million in Q3 2022, while investments in the E-LIX Phase I plant totalled €6.5 million, of which €4.9 million was booked as long term loans to Lain Technologies Ltd.

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

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

Administrative and other expenses amounted to €0.9 million (Q3 2021: €2.3 million) and include non-operating costs of the Cyprus office, corporate legal and consultancy costs, on-going listing costs, officers and directors' emoluments, and salaries and related costs of the corporate office.

Exploration costs on Atalaya's projects portfolio for the three-month period ended 30 September 2022 amounted to €0.1 million (Q3 2021: €0.4 million) while an additional €0.9 million in project costs were capitalised.

EBITDA for the three months ended 30 September 2022 amounted to negative €4.3 million compared with positive EBITDA for Q3 2021 of €48.8 million.

The main item below the EBITDA line is depreciation and amortisation of €9.0 million (Q3 2021: €7.8 million). Net financing costs for Q3 2022 amounted to €0.5 million (Q3 2021: €0.5 million).

##### *Nine months financial review*

Revenues for the nine-month period ended 30 September 2022 amounted to €262.0 million (YTD 2021: €304.3 million). Reduced revenues were driven by lower copper prices and lower volumes of concentrate sold in YTD 2022 partially offset by stronger average US Dollar rates against Euro.

Copper concentrate production during the nine-month period ended 30 September 2022 was 180,635 tonnes (YTD 2021: 206,018 tonnes) with 181,541 tonnes of copper concentrates sold in the period (YTD 2021: 213,966 tonnes). Lower production levels were mainly the result of lower grades and lower throughput following the transport sector strike in Q1 2022. Inventories of concentrates as at the reporting date were 4,349 tonnes (31 Dec 2021: 4,232 tonnes).

Realised copper prices including QPs closed for YTD 2022 were \$4.18/lb compared with \$4.08/lb in the same period of 2021. Concentrates were sold under offtake agreements in place. The Company did not enter into any hedging agreements in either 2022 or 2021.

Costs of sales for the nine-month period ended 30 September 2022 amounted to €217.8 million, compared with €149.1 million in Q3 2021. Unit operating costs in YTD 2022 were significantly higher than in YTD 2021 due to the significantly higher cost of electricity (€49.6 million higher), diesel and other supplies as result of inflation and the geopolitical situation in the Ukraine.

Cash costs during YTD 2022 were \$3.26/lb payable copper compared with \$2.16/lb payable copper in the same period last year. Higher cash costs were primarily due to the significantly higher electricity price as well as increased costs for other supplies. The stronger US Dollar/Euro rate in YTD 2022 offset a portion of the higher operating costs. AISC excluding investment in the tailings dam in the nine-month period were \$3.47/lb payable copper compared with \$2.49/lb payable copper in YTD 2021. The increase is mainly attributable to the higher cash costs despite lower capitalised stripping costs, which amounted to €0.7 million in YTD 2022 compared with €8.3 million invested in YTD 2021.

Sustaining capex for the nine-month period ended 30 September 2022 amounted to €4.5 million, compared with €4.5 million in the same period the previous year. Sustaining capex related to enhancements in processing systems of the plant. In addition, the Company invested €9.4 million in the project to increase the tailings dam, compared with €9.5 million in 2021.

Capex associated with the construction of the 50 MW solar plant amounted to €12.1 million in YTD 2022, while investments in the E-LIX Phase I plant totalled €12.9 million, of which €10.2 million was booked as long-term loans to Lain Technologies Ltd.

Corporate costs for the first nine-month period ended 30 September 2022 were €5.4 million, compared with €5.3 million in YTD 2021. Corporate costs mainly include the Company's overhead expenses.

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

*Nine months financial review (cont.)*

Exploration costs related to Atalaya's project portfolio for the nine-month period ended 30 September 2022 and amounted to €0.5 million (YTD 2021: €0.8 million) while an additional €2.2 million in project costs were capitalised.

EBITDA for the nine months ended 30 September 2022 amounted to €37.1 million, compared with €148.2 million in YTD 2021.

Depreciation and amortisation amounted to €25.3 million for the nine-month period ended 30 September 2022 (YTD 2021: €23.6 million) as a result of the higher finished assets under construction.

Net finance costs for YTD 2022 amounted to €1.5 million (YTD 2021 €0.8 million).

On 10 August 2022 the Board declared an interim dividend of US\$0.036 per share.

#### Copper prices

The average realised copper price excluding QPs decreased by 17.0% from \$4.24 per pound in Q3 2021 to \$3.52 per pound in Q3 2022. Realised copper prices including QPs closed decreased by 11.0% from \$4.31 per pound in Q3 2021 to \$3.83 per pound in Q3 2022.

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

(USD per pound)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Realised copper price excluding QPs closed	<b>3.52</b>	4.24	<b>4.06</b>	4.17
Realised copper price including QPs closed	<b>3.83</b>	4.31	<b>4.18</b>	4.08
Market copper price (period average)	<b>3.51</b>	4.25	<b>4.12</b>	4.17

Realised copper prices for the reporting period noted above have been calculated using payable copper and including provisional invoices and final settlements of quotation periods ("QPs") together. Higher realised prices than market averages are mainly due to the final settlement of invoices where QP was fixed in the previous quarter due to a short open period when copper prices were higher. Q3 2022 realised price excluding QPs closed was approximately \$3.52/lb, in line with average spot prices for the quarter.

#### 5. Non-GAAP Measures

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

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



## 5. Non-GAAP Measures (cont.)

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 and before silver credits, TC/RCs, penalties freights and other cost items included in the sales invoices and booked as revenues. Realised price is consistent with the widely accepted industry standard definition.

## 6. Liquidity and Capital Resources

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

The following is a summary of Atalaya's cash position and cash flows as at 30 September 2022 and 31 December 2021.

### Liquidity information

(Euro 000's)	30 Sep 2022	31 Dec 2021
Unrestricted cash and cash equivalents at Group level	58,268	48,375
Unrestricted cash and cash equivalents at Operation level	49,029	43,722
Restricted cash and cash equivalents at Operation level	331	15,420
<b>Consolidated cash and cash equivalents</b>	<b>107,628</b>	<b>107,517</b>
Net cash position <sup>(1)</sup>	55,598	60,073
Working capital surplus	106,817	102,430

<sup>(1)</sup> Includes borrowings

Unrestricted cash and cash equivalents (which include cash at both Group level and Operation level) as at 30 September 2022 increased to €107.3 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 €0.3 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 potential liability to Astor on costs) reverted to the Company and it has been classified as unrestricted cash.

As of 30 September 2022, Atalaya reported a working capital surplus of €106.8 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 Q3 2022.

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

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

### Overview of the Group's cash flows

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Cash flows (used in) / from operating activities	<b>(3,810)</b>	51,214	<b>17,572</b>	124,244
Cash flows used in investing activities	<b>(8,681)</b>	(6,982)	<b>(36,004)</b>	(77,835)
Cash flows (used in) / from financing activities	<b>(12,647)</b>	(3,131)	<b>2,816</b>	51,710
Net (decrease) / increase in cash and cash equivalents	<b>(25,138)</b>	41,101	<b>(15,616)</b>	98,119
Net foreign exchange differences	<b>5,633</b>	6,999	<b>15,727</b>	4,968
Total net cash flow for the period	<b>(19,505)</b>	48,100	<b>111</b>	103,087

#### Three months cash flows review

Cash and cash equivalents decreased by €19.5 million during the three months ended 30 September 2022. This was due to cash used in operating activities amounting to €3.8 million, the cash used in investing activities amounting to €8.7 million and the cash used from financing activities totalling €12.6 million and partially offset by net foreign exchange differences of €5.6 million.

Cash generated from operating activities before working capital changes was €4.2 million. Atalaya increased its trade receivables in the period by €9.8 million, decreased its inventory levels by €0.6 million and increased its trade payables by €11.8 million.

Investing activities during the quarter consumed €8.7 million, relating mainly to the 50 MW solar plant construction, tailings dam project, the PP&E portion of the E-LIX Phase I Plant and continuous enhancements in the processing systems of the plant.

Financing activities during the quarter were negative €12.6 million as result of debt repayments and payment of the 2022 interim dividend.

#### Nine months cash flows review

Cash and cash equivalents increased by €0.1 million during the nine-month period ended 30 September 2022. This was due to cash from operating activities amounting to €17.6 million, cash used in investing activities amounting to €36.0 million, cash from financing activities amounting to €2.8 million and net foreign exchange differences of €15.7 million.

Cash generated from operating activities before working capital changes was €37.0 million. Atalaya increased its trade payables in the period by €15.5 million, increased its inventory levels by €13.1 million and increased its trade receivable balances by €17.7 million.

Investing activities during YTD 2022 amounted to €36.0 million, relating mainly to the 50 MW solar plant construction, tailings dam project, the PP&E portion of the E-LIX Phase I Plant, the acquisition of lands around Riotinto and continuous enhancements in the processing systems of the plant.

Financing activities during the YTD 2022 increased by €2.8 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% and are partially offset by schedule repayments during the period.

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

### Foreign exchange

Foreign exchange rate movements can have a significant effect on Atalaya's operations, financial position and results. Atalaya's sales are denominated in U.S. dollars ("USD"), while Atalaya's operating expenses, income taxes and other expenses are mainly denominated in Euros ("EUR") which is the functional currency of the Group, and to a much lesser extent in British Pounds ("GBP").

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

During the three and nine months ended 30 September 2022, Atalaya recognised a foreign exchange profit of €5.6 million and €15.7 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.

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

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
<b>Average rates for the periods</b>				
GBP – EUR	<b>0.8563</b>	0.8553	<b>0.8472</b>	0.8636
USD – EUR	<b>1.0070</b>	1.1788	<b>1.0638</b>	1.1962
<b>Spot rates as at</b>				
GBP – EUR	<b>0.8830</b>	0.8605	<b>0.8830</b>	0.8605
USD – EUR	<b>0.9748</b>	1.1579	<b>0.9748</b>	1.1579

## 7. Sustainability

### Health and Safety

Despite the good trend in the first half of the year 2022, the results for the third quarter have not improved with respect to the same period of the previous year, in consequence, the frequency and severity index, up until 30 September 2022 are 7.0 and 0.16, respectively. In Q3 2022 there were seven minor accidents with sick leave. This means that it is necessary to redouble our efforts to enhance the safety culture, including that of contractors, in order to reach "zero injuries".

The consolidation of the leadership in site field activity and its integration into the company's Management System should be highlighted. Random checks at the entrances and exits to prevent work under the influence of psychoactive substances are operating normally. In this respect, the campaign to raise awareness about working without being under the influence of alcohol and other psychoactive substances continues.

In this quarter, training our staff continued on basic life support and rules of action in the event of health emergencies.

Finally, the Proyecto Riotinto health and safety management system has undergone the legal audit established by the Occupational Risk Prevention Act, with successful outcomes.

## 7. Sustainability (cont.)

### Environment

During the third quarter of 2022, the environmental department has continued environmental monitoring of the site activities and management of the natural environment. Key points of the quarter:

- Four minor environmental incidents (spillages over unpaved and paved areas) were registered.
- A total rainfall of 37,9 l/m<sup>2</sup> was recorded in Q3 2022, which was around 119% more than in the same period of previous year. The total rain collected for the hydrological year (October 2021 to September 2022) is 405,4 l/m<sup>2</sup>, which is 32% less than the rainfall recorded in the previous hydrological year.
- On 22 June 2022 the document to request AAI (Plant Environmental Permit) for E-LIX Phase I Plant was submitted.
- The additional measures included in the action plan for dust control continued to be implemented, increasing 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-point (diffuse) emissions into the atmosphere have been carried out, and the results of the controls are within the limit values set out in the regulations. The rest of periodic and mandatory controls have been carried out without incidents. In addition, during the quarter, several reports were handed to the Administration bodies.
- Environmental inspections were performed daily, mainly focused on chemical storage and handling, housekeeping, waste management, uncontrolled releases and environmentally friendly practices carried out in the project by ARM's and contractors' personnel. Additionally, dust control and drainage system inspections were performed regularly. 96 inspections in total were carried out during the third quarter, including, plant, mine area and the contractors' camps.

### Corporate Social Responsibility

Social responsibility activities have made steady progress in the third quarter of the year, with Atalaya Mining and its wholly owned Fundación Atalaya Riotinto leading multiple initiatives to reinforce its support to the communities surrounding the projects.

In this regard, Atalaya is working with the municipalities in various projects, based on the already long standing collaboration agreements in place. Example of this includes the agreements made with the municipality of Campofrío, that will support a street refurbishment project that includes the acquisition and installation of urban furniture, ornamental items and a new fountain. Also, the municipality of Zalamea La Real has implemented the second phase of its integral project to solve historical issues with its municipal water supply system. Finally, La Granada de Riotinto and Atalaya have agreed to start the refurbishment of a public playground and the municipal sporting facilities.

The Foundation has also agreed to support a number of initiatives by local institutions, associations and individuals, including the support to the publication of a book by a local writer, the sponsoring of a local cycling team formed by Atalaya's employees and the release of an album by a local renowned musician.

## **8 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 COVID-19, inflationary pressure on goods and services required for the business and geopolitical developments worldwide.

## **9 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 September 2022, there are no significant changes in critical accounting policies or estimates to those applied in 2021.

## **10 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 subsequent pages**

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

# Unaudited Interim Condensed Consolidated Income Statements

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 2022 and 2021

(Euro 000's)	Note	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Revenue	4	<b>82,284</b>	107,161	<b>261,953</b>	304,265
Operating costs and mine site administrative expenses		<b>(84,450)</b>	(55,063)	<b>(217,082)</b>	(148,533)
Mine site depreciation and amortization		<b>(9,039)</b>	(7,808)	<b>(25,344)</b>	(23,634)
<b>Gross (loss)/profit</b>		<b>(11,205)</b>	44,290	<b>19,527</b>	132,098
Administration and other expenses		<b>(905)</b>	(2,287)	<b>(5,356)</b>	(5,312)
Share-based benefits	15	<b>(318)</b>	(295)	<b>(675)</b>	(604)
Exploration expenses		<b>(92)</b>	(423)	<b>(456)</b>	(822)
Care and maintenance expenditure		<b>(789)</b>	(281)	<b>(1,559)</b>	(783)
<b>Operating (loss)/profit</b>		<b>(13,309)</b>	41,004	<b>11,481</b>	124,577
Other income		<b>4</b>	(13)	<b>290</b>	-
Net foreign exchange gain	3	<b>5,633</b>	2,936	<b>15,727</b>	4,967
Net Finance costs	5	<b>(510)</b>	(456)	<b>(1,451)</b>	(786)
<b>(Loss)/Profit before tax</b>		<b>(8,182)</b>	43,471	<b>26,047</b>	128,758
Tax	6	<b>963</b>	(5,265)	<b>(3,160)</b>	(24,559)
<b>(Loss)/Profit for the period</b>		<b>(7,219)</b>	38,206	<b>22,887</b>	104,199
<b>(Loss)/Profit for the period attributable to:</b>					
- Owners of the parent	7	<b>(6,608)</b>	38,422	<b>24,274</b>	104,863
- Non-controlling interests		<b>(611)</b>	(216)	<b>(1,387)</b>	(664)
		<b>(7,219)</b>	38,206	<b>22,887</b>	104,199
<b>(Loss)/Earnings per share from operations attributable to equity holders of the parent during the period:</b>					
Basic (loss)/earnings per share (EUR cents per share)	7	<b>(4.7)</b>	27.5	<b>17.4</b>	75.9
Fully diluted (loss)/earnings per share (EUR cents per share)	7	<b>(4.6)</b>	26.7	<b>17.0</b>	74.2
<b>(Loss)/Profit for the period</b>		<b>(7,219)</b>	38,206	<b>22,887</b>	104,199
<b>Other comprehensive (loss)/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'		<b>(6)</b>	(36)	<b>(12)</b>	(34)
<b>Total comprehensive (Loss)/income for the period</b>		<b>(7,225)</b>	38,170	<b>22,875</b>	104,165
<b>Total comprehensive (Loss)/income for the period attributable to:</b>					
- Owners of the parent	7	<b>(6,614)</b>	38,386	<b>24,262</b>	104,829
- Non-controlling interests		<b>(611)</b>	(216)	<b>(1,387)</b>	(664)
		<b>(7,225)</b>	38,170	<b>22,875</b>	104,165

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

# Unaudited Interim Condensed Consolidated Statement of Financial Position

(All amounts in Euro thousands unless otherwise stated)

As at 30 September 2022 and 2021

(Euro 000's)	Note	30 Sep 2022	31 Dec 2021
<b>Assets</b>		<b>Unaudited</b>	<b>Audited</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	346,303	333,096
Intangible assets	10	56,205	57,368
Trade and other receivables	12	13,860	5,330
Non-current financial assets	12	1,101	1,101
Deferred tax asset		4,749	5,564
		<b>422,218</b>	<b>402,459</b>
<b>Current assets</b>			
Inventories	11	37,897	24,781
Trade and other receivables	12	61,162	50,128
Tax refundable		221	483
Other financial assets		27	39
Cash and cash equivalents	13	107,628	107,517
		<b>206,935</b>	<b>182,948</b>
<b>Total assets</b>		<b>629,153</b>	<b>585,407</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	14	13,596	13,447
Share premium	14	319,411	315,916
Other reserves	15	68,904	52,690
Accumulated profit		62,035	58,754
		<b>463,946</b>	<b>440,807</b>
Non-controlling interests		(6,297)	(4,909)
<b>Total equity</b>		<b>457,649</b>	<b>435,898</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	16	3,450	3,450
Provisions	17	28,661	26,578
Lease liabilities	19	4,505	4,913
Borrowings	18	34,770	34,050
		<b>71,386</b>	<b>68,991</b>
<b>Current liabilities</b>			
Trade and other payables	16	81,681	66,191
Lease liabilities	19	558	597
Borrowings	18	17,260	13,394
Current tax liabilities		619	336
		<b>100,118</b>	<b>80,518</b>
<b>Total liabilities</b>		<b>171,504</b>	<b>149,509</b>
<b>Total equity and liabilities</b>		<b>629,153</b>	<b>585,407</b>

The notes on subsequent pages 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 8 November 2022 and were signed on its behalf.

Roger Davey  
Chairman

Alberto Lavandeira  
Director and Chief Executive Officer

# Unaudited Interim Condensed Consolidated Statements of Changes in Equity

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 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>		<b>13,447</b>	<b>315,916</b>	<b>52,690</b>	<b>58,754</b>	<b>440,807</b>	<b>(4,909)</b>	<b>435,898</b>
Adjustment prior year		-	-	-	(53)	(53)	-	(53)
<b>Opening balance adjusted</b>		<b>13,447</b>	<b>315,916</b>	<b>52,690</b>	<b>58,701</b>	<b>440,754</b>	<b>(4,909)</b>	<b>435,845</b>
Profit for the period		-	-	-	24,274	24,274	(1,388)	22,886
Change in fair value of financial assets through OCI		-	-	-	(12)	-	(12)	-
Total comprehensive income		-	-	(12)	24,274	24,262	(1,388)	22,874
<b>Transactions with owners</b>								
Issuance of share capital	14	149	3,495	-	-	3,644	-	3,644
Recognition of depletion factor	15	-	-	12,800	(12,800)	-	-	-
Recognition of share-based payments	15	-	-	675	-	675	-	675
Recognition of non-distributable reserve	15	-	-	316	(316)	-	-	-
Recognition of distributable reserve	15	-	-	2,726	(2,726)	-	-	-
Other changes in equity		-	-	(291)	-	(291)	-	(291)
Dividends		-	-	-	(5,098)	(5,098)	-	(5,098)
<b>At 30 September 2022</b>		<b>13,596</b>	<b>319,411</b>	<b>68,904</b>	<b>62,035</b>	<b>463,946</b>	<b>(6,297)</b>	<b>457,649</b>

(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		-	-	-	104,863	104,863	(664)	104,119
Change in fair value of financial assets through OCI		-	-	(34)	-	(34)	-	(34)
Total comprehensive income		-	-	(34)	104,863	104,829	(664)	104,165
<b>Transactions with owners</b>								
Issuance of share capital	14	6	151	-	-	157	-	157
Recognition of share-based payments	15	-	-	605	-	605	-	605
Recognition of depletion factor	15	-	-	6,100	(6,100)	-	-	-
Recognition of non-distributable reserve	15	-	-	2,372	(2,372)	-	-	-
Recognition of distributable reserve	15	-	-	3,317	(3,317)	-	-	-
Other changes in equity		-	-	-	(279)	(279)	-	(279)
<b>At 30 September 2021</b>		<b>13,445</b>	<b>315,865</b>	<b>52,409</b>	<b>77,283</b>	<b>459,002</b>	<b>(4,155)</b>	<b>454,847</b>

(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	14	8	202	-	-	210	-	210
Recognition of depletion factor	15	-	-	6,100	(6,100)	-	-	-
Recognition of share-based payments	15	-	-	899	-	899	-	899
Recognition of non-distributable reserve	15	-	-	2,372	(2,372)	-	-	-
Recognition of distributable reserve	15	-	-	3,317	(3,317)	-	-	-
Other changes in equity		-	-	-	(299)	(299)	-	(299)
Dividends paid		-	-	-	(47,290)	(47,290)	-	(47,290)
<b>At 31 December 2021</b>		<b>13,447</b>	<b>315,916</b>	<b>52,690</b>	<b>58,754</b>	<b>440,807</b>	<b>(4,909)</b>	<b>435,898</b>

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

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



# Unaudited Interim Condensed Consolidated Statement of Cash Flows

(All amounts in Euro thousands unless otherwise stated)

For to the period ended 30 September 2022 and 2021

(Euro 000's)	Note	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
<b>Cash flows from operating activities</b>					
<b>(Loss)/Profit before tax</b>		<b>(8,182)</b>	43,471	<b>26,047</b>	128,758
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment	9	<b>7,899</b>	6,662	<b>22,017</b>	20,155
Amortisation of intangibles	10	<b>1,140</b>	1,146	<b>3,327</b>	3,479
Recognition of share-based payments	15	<b>318</b>	295	<b>675</b>	604
Interest income	5	<b>(1)</b>	(15)	<b>(16)</b>	(20)
Interest expense	5	-	385	-	632
Unwinding of discounting on mine rehabilitation provision	17	<b>249</b>	84	<b>718</b>	167
Other provisions	17	-	-	-	2,617
Legal provisions	17	-	-	-	(278)
Net foreign exchange differences	3	<b>(5,633)</b>	(6,999)	<b>(15,727)</b>	(4,968)
Unrealised foreign exchange loss on financing activities		<b>(26)</b>	(48)	<b>(27)</b>	(37)
<b>Cash inflows from operating activities before working capital changes</b>		<b>(4,236)</b>	44,981	<b>37,014</b>	151,109
<b>Changes in working capital:</b>					
Inventories	11	<b>550</b>	5,880	<b>(13,116)</b>	2,311
Trade and other receivables	12	<b>(9,784)</b>	6,599	<b>(17,735)</b>	(4,089)
Trade and other payables	16	<b>11,797</b>	(4,304)	<b>15,491</b>	(15,886)
<b>Cash flows from operations</b>		<b>(1,673)</b>	53,156	<b>21,654</b>	133,445
Tax paid		<b>(1,875)</b>	(3)	<b>(3,333)</b>	(8)
Interest on leases liabilities	5	<b>(12)</b>	(385)	<b>(15)</b>	(632)
Interest paid	5	<b>(250)</b>	(1,554)	<b>(734)</b>	(8,561)
<b>Net cash (used in) / from operating activities</b>		<b>(3,810)</b>	51,214	<b>17,572</b>	124,244
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	9	<b>(7,824)</b>	(6,906)	<b>(33,856)</b>	(24,594)
Purchase of intangible assets	10	<b>(858)</b>	(91)	<b>(2,164)</b>	(261)
Payment of deferred consideration		-	-	-	(53,000)
Interest received	5	<b>1</b>	15	<b>16</b>	20
<b>Net cash used in investing activities</b>		<b>(8,681)</b>	(6,982)	<b>(36,004)</b>	(77,835)
<b>Cash flows from financing activities</b>					
Lease payments	19	-	(154)	<b>(315)</b>	(463)
Net (repayments)/proceeds from borrowings	18	<b>(7,549)</b>	(2,977)	<b>4,586</b>	52,015
Proceeds from issuance of shares	14	-	-	<b>3,643</b>	158
Dividends		<b>(5,098)</b>	-	<b>(5,098)</b>	-
<b>Net cash from financing activities</b>		<b>(12,647)</b>	(3,131)	<b>2,816</b>	51,710
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(25,138)</b>	41,101	<b>(15,616)</b>	98,119
Net foreign exchange difference	3	<b>5,633</b>	6,999	<b>15,727</b>	4,968
<b>Cash and cash equivalents:</b>					
At beginning of the period		<b>127,133</b>	92,754	<b>107,517</b>	37,767
At end of the period		<b>107,628</b>	140,854	<b>107,628</b>	140,854

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)  
For the period ended 30 September 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 September 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, Proyecto Touro, Proyecto Masa Valverde and Proyecto Ossa Morena. In addition, the Group has an earn-in agreement to acquire three investigation permits at Proyecto Riotinto Este.

#### *Proyecto Riotinto*

The Company owns and operates through a wholly owned subsidiary, "Proyecto Riotinto", an open-pit copper mine located in the 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

## 1. Incorporation and summary of business (cont.)

### Principal activities (cont.)

*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. In Q3 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.

## 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 September 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, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained below.

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. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

## 2. Basis of preparation and accounting policies

### 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.

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.

#### 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

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

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

#### *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 September 2022 and 2021

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

### 2.3 Fair value estimation (cont.)

Financial assets or liabilities (Euro 000's)	Level 1	Level 2	Level 3	Total
<b>30 Sep 2022</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	27	-	1,101	1,128
<b>Trade and other receivables</b>				
Receivables (subject to provisional pricing)	-	15,524	-	15,524
<b>Total</b>	<b>27</b>	<b>15,524</b>	<b>1,101</b>	<b>16,652</b>
<b>31 Dec 2021</b>				
<b>Other financial assets</b>				
Financial assets at FV through OCI	39		1,101	1,140
Trade and other receivables				0
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 September 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>Three month period ended 30 Sep 2022</b>				
Revenue – from external customers	8,792	73,492	-	82,284
EBITDA	6,190	(10,413)	(43)	(4,266)
Depreciation/amortisation charge	-	(9,039)	-	(9,039)
Net foreign exchange gain	1,511	4,122	-	5,633
Finance income	-	1	-	1
Finance cost	-	(511)	-	(511)
Profit/(loss) before tax	7,701	(15,840)	(43)	(8,182)
Tax	(590)	1,553	-	963
Profit/(loss) for the period	7,111	(14,287)	(43)	(7,219)
<b>Nine month period ended 30 Sep 2022</b>				
Revenue – from external customers	26,532	235,421	-	261,953
EBITDA	18,509	18,663	(57)	37,115
Depreciation/amortisation charge	-	(25,344)	-	(25,344)
Net foreign exchange gain	6,827	8,900	-	15,727
Finance income	-	16	-	16
Finance cost	-	(1,467)	-	(1,467)
Profit/(loss) before tax	25,336	768	(57)	26,047
Tax	(2,506)	(654)	-	(3,160)
Profit/(loss) for the period	22,830	114	(57)	22,887
Total assets	83,189	544,443	1,521	629,153
Total liabilities	(5,544)	141,817	(307,777)	(171,504)
Depreciation of property, plant and equipment	-	22,017	-	22,017
Amortisation of intangible assets	-	3,327	-	3,327
Total net additions of non-current assets	-	50,812	-	50,812

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

(Euro 000's)	Cyprus	Spain	Other	Total
<u>Three month period ended 30 Sep 2021</u>				
Revenue – from external customers	7,303	99,858	-	107,161
EBITDA	4,893	43,931	(25)	48,799
Depreciation/amortisation charge	-	(7,808)	-	(7,808)
Net foreign exchange gain	1,173	1,764	-	2,937
Finance income	-	15	-	15
Finance cost	-	(472)	-	(472)
Profit/(loss) before tax	6,066	37,430	(25)	43,471
Tax	(511)	(4,754)	-	(5,265)
Profit/(loss) for the period	5,555	32,676	(25)	38,206
<u>Nine month period ended 30 Sep 2021</u>				
Revenue – from external customers	29,041	275,224	-	304,265
EBITDA	21,539	126,706	(34)	148,211
Depreciation/amortisation charge	-	(23,634)	-	(23,634)
Net foreign exchange gain	1,568	3,398	2	(4,968)
Finance income	-	20	-	20
Finance cost	-	(807)	-	(807)
Profit/(loss) before tax	23,107	105,683	(32)	128,758
Tax	(2,075)	(22,484)	-	(24,559)
Profit/(loss) for the period	21,032	83,199	(32)	104,199
Total assets	100,463	511,026	1,132	612,621
Total liabilities	(1,636)	(156,138)	-	(157,774)
Depreciation of property, plant and equipment	-	20,155	-	20,155
Amortisation of intangible assets	-	3,479	-	3,479
Total net additions of non-current assets	-	35,553	-	35,553

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)		Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
	Segment	€'000	€'000
Offtaker 1	Copper	<b>60,343</b>	92,708
Offtaker 2	Copper	<b>73,021</b>	67,229
Offtaker 3	Copper	<b>128,577</b>	135,062



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 4. Revenue

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Revenue from contracts with customers <sup>(1)</sup>	89,796	110,363	275,474	297,551
Fair value (losses)/gains relating to provisional pricing within sales <sup>(2)</sup>	(7,512)	(3,202)	(13,521)	6,714
<b>Total revenue</b>	<b>82,284</b>	<b>107,161</b>	<b>261,953</b>	<b>304,265</b>

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

- <sup>(1)</sup> Included within YTD 2022 revenue, there is a transaction price of €5.7 million (€1.7 million in YTD 2021) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.
- <sup>(2)</sup> 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 month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Other interest	(250)	(385)	(734)	(632)
Interest on lease liabilities	(12)	(3)	(15)	(8)
Unwinding of discount on mine rehabilitation provision (Note 16)	(249)	(84)	(718)	(167)
Interest income <sup>(1)</sup>	1	15	16	20
<b>Net interest expense</b>	<b>(510)</b>	<b>(457)</b>	<b>(1,451)</b>	<b>(787)</b>

<sup>(1)</sup> 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 month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
<b>Income taxes</b>				
Current income tax expense/(income)	963	(5,265)	(3,160)	(24,559)
<b>Income tax expense recognised in statement of profit and loss</b>	<b>963</b>	<b>(5,265)</b>	<b>(3,160)</b>	<b>(24,559)</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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For the period ended 30 September 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:

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
(Loss)/Profit attributable to equity holders of the parent	<b>(6,608)</b>	38,422	<b>24,274</b>	104,863
Weighted number of ordinary shares for the purposes of basic earnings per share (000's)	<b>139,879</b>	139,730	<b>139,716</b>	138,190
Basic (loss)/earnings per share (EUR cents/share)	<b>(4.7)</b>	27.5	<b>17.4</b>	75.9
Weighted number of ordinary shares for the purposes of fully diluted (loss)/earnings per share (000's)	<b>143,423</b>	143,639	<b>142,635</b>	141,342
Fully diluted earnings per share (EUR cents/share)	<b>(4.6)</b>	26.7	<b>17.0</b>	74.2

At 30 September 2022 there are nil warrants (Note 14) and 3,543,500 options (Note 14) (2021: nil warrants and 3,866,250 options) which have been included when calculating the weighted average number of shares for 2022.

## 8. Dividends paid

Cash dividends declared and paid during the period:

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Inaugural dividend	-	47,290	-	47,290
Interim dividend	<b>5,098</b>	-	<b>5,098</b>	-
Total cash dividends paid in the period to ordinary shareholders	<b>5,098</b>	47,290	<b>5,098</b>	47,290

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 10 August 2022, the Company's Board of Directors elected to declare an interim dividend for H1 2022 of US\$0.036 per ordinary share, which was equivalent to 3.13 pence per share and amounted to €5.1 million. The interim dividend was paid on 20 September 2022.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 2022 and 2021

## 9. 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	510	507	1,734	14,593	8,267	-	25,611
Reclassifications	-	-	807	-807	-	-	-
At 30 September 2021	64,544	7,076	270,592	29,614	50,135	801	422,762
Additions	-240	-	207	5,793	1,532	-	7,292
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>1378</b>	<b>29,404</b>	<b>691</b>	<b>-</b>	<b>33,856</b>
<b>Increase in rehab. Provision</b>	<b>1,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,365</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>At 30 September 2022</b>	<b>84,054</b>	<b>7,076</b>	<b>289,703</b>	<b>31,985</b>	<b>52,358</b>	<b>801</b>	<b>465,977</b>
<b>Depreciation</b>							
At 1 January 2021	11,671	956	48,134	-	8,528	688	69,977
Charge for the period	3,303	446	14,348	-	2,038	20	20,155
At 30 September 2021	14,974	1,402	62,482	-	10,566	708	90,132
Charge for the period	1,052	144	5,509	-	814	6	7,525
<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>3,291</b>	<b>428</b>	<b>15,574</b>	<b>-</b>	<b>2,705</b>	<b>19</b>	<b>22,017</b>
<b>At 30 September 2022</b>	<b>19,317</b>	<b>1,974</b>	<b>83,565</b>	<b>-</b>	<b>14,085</b>	<b>733</b>	<b>119,674</b>
<b>Net book value</b>							
<b>At 30 September 2022</b>	<b>64,737</b>	<b>5,102</b>	<b>206,138</b>	<b>31,985</b>	<b>38,273</b>	<b>67.6</b>	<b>346,303</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 September 2022 were €32.0 million (2021: €22.9 million) which include sustaining capital expenditures, tailings dams project and 50MW 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 September 2022 and 2021

## 10. Intangible assets

(Euro 000's)	Permits <sup>(1)</sup>	Licences, R&D and software	Total
<b>Cost</b>			
At 1 January 2021	78,210	8,595	86,805
Additions	-	261	261
At 30 September 2021	78,210	8,856	87,066
Additions	2,148 <sup>(1)</sup>	(261)	1,887
<b>At 31 December 2021</b>	<b>80,358</b>	<b>8,595</b>	<b>88,953</b>
<b>Additions</b>	<b>2,164</b>	<b>0</b>	<b>2,164</b>
<b>At 30 September 2022</b>	<b>82,522</b>	<b>8,595</b>	<b>91,117</b>
<b>Amortisation</b>			
At 1 January 2021	18,683	8,306	26,989
Charge for the period	3,430	49	3,479
At 30 September 2021	22,113	8,355	30,468
Charge for the period	1,101	16	1,117
<b>At 31 December 2021</b>	<b>23,214</b>	<b>8,371</b>	<b>31,585</b>
<b>Charge for the period</b>	<b>3,278</b>	<b>49</b>	<b>3,327</b>
<b>At 30 September 2022</b>	<b>26,492</b>	<b>8,420</b>	<b>34,912</b>
<b>Net book value</b>			
<b>At 30 September 2022</b>	<b>56,030</b>	<b>175</b>	<b>56,205</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. 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 September 2022 and thus no impairment has been recognised.

## 11. Inventories

(Euro 000's)	30 Sep 2022	31 Dec 2021
Finished products	5,794	5,185
Materials and supplies	29,410	18,216
Work in progress	2,693	1,380
<b>Total inventories</b>	<b>37,897</b>	<b>24,781</b>

As of 30 September 2022, copper concentrate produced and not sold amounted to 4,349 tonnes (31 Dec 2021: 5,254 tonnes). Accordingly, the inventory for copper concentrate was €5.8 million (31 Dec 2021: €5.2 million).

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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For the period ended 30 September 2022 and 2021

## 11. Inventories (cont.)

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.

## 12. Trade and other receivables

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Non-current</b>		
Deposits	309	303
Loans	10,855	2,332
Other non-current receivables	2,696	2,695
	<b>13,860</b>	5,330
<b>Current</b>		
Trade receivables at fair value – <i>subject to provisional pricing</i>	17,256	8,865
Trade receivables from shareholders at fair value – <i>subject to provisional pricing</i> (Note 22.3)	10,132	20,283
Other receivables from related parties at amortised cost (Note 22.3)	56	56
Deposits	35	21
VAT receivables	25,364	17,300
Tax advances	1,273	-
Prepayments	3,195	3,303
Other current assets	3,851	300
	<b>61,162</b>	50,128
Allowance for expected credit losses	-	-
<b>Total trade and other receivables</b>	<b>75,022</b>	55,458

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 plan to develop the E-LIX System. The Loan is secured with the pilot plant, has a grace period of up to four years and repayment terms depending on future investments in E-LIX System facilities. Amounts withdrawn bears interest at 2%.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 13. Cash and cash equivalents

(Euro 000's)	30 Sep 2022	31 Dec 2021
Unrestricted cash and cash equivalents at Group level	<b>58,268</b>	48,375
Unrestricted cash and cash equivalents at Operation level	<b>49,029</b>	43,722
Restricted cash and cash equivalents at Operation level	<b>331</b>	15,420
<b>Consolidated cash and cash equivalents</b>	<b>107,628</b>	107,517

As at 30 September 2022, the Group's operating subsidiary held restricted cash of €0.3 million of a provision for legal costs related to Astor.

### Cash and cash equivalents denominated in the following currencies:

(Euro 000's)	30 Sep 2022	31 Dec 2021
Euro – functional and presentation currency	<b>71,156</b>	30,145
Great Britain Pound	<b>325</b>	36
United States Dollar	<b>36,147</b>	77,336
<b>Consolidated cash and cash equivalents</b>	<b>107,628</b>	107,517

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 14. Share capital and share premium

			Shares 000's	Share Capital Stg£'000	Share premium Stg£'000	Total Stg£'000
<b>Authorised</b>						
	Ordinary shares of Stg £0.075 each*		200,000	15,000	-	15,000
<hr/>						
<b>Issued and fully paid</b>			<b>000's</b>	<b>Euro 000's</b>	<b>Euro 000's</b>	<b>Euro 000's</b>
Issue Date	Price (£)	Details				
<b>31 December 2020/1 January 2021</b>			<b>138,141</b>	<b>13,439</b>	<b>315,714</b>	<b>329,153</b>
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
			<b>000's</b>	<b>Euro 000's</b>	<b>Euro 000's</b>	<b>Euro 000's</b>
<b>31 December 2021/1 January 2022</b>			<b>138,236</b>	<b>13,447</b>	<b>315,916</b>	<b>329,363</b>
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 September 2022</b>			<b>139,880</b>	<b>13,596</b>	<b>319,411</b>	<b>333,007</b>

The Company's share capital at 30 September 2022 is 139,879,209 ordinary shares of Stg £0.075 each.

### Authorised capital

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

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

(All amounts in Euro thousands unless otherwise stated)

For the period ended 30 September 2022 and 2021

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

### 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 25.
- 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 September 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 exercised during the year	1.844	(1,643,250)
Granted during the year	3.627	1,345,000
<b>30 September 2022</b>	<b>2.857</b>	<b>3,543,500</b>

### Warrants

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



# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 15. Other reserves

(Euro 000's)	Share option	Bonus share	Depletion factor <sup>(1)</sup>	FV 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	605	-	-	-	-	-	605
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	-	-	-	(34)	-	-	(34)
<b>At 30 September 2021</b>	<b>8,792</b>	<b>208</b>	<b>24,978</b>	<b>(1,134)</b>	<b>8,000</b>	<b>11,565</b>	<b>52,409</b>
Recognition of share-based payments	294	-	-	-	-	-	294
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>
<b>Recognition of share-based payments</b>	<b>675</b>	-	-	-	-	-	<b>675</b>
<b>Recognition of depletion factor</b>	-	-	<b>12,800</b>	-	-	-	<b>12,800</b>
<b>Recognition of non-distributable reserve</b>	-	-	-	-	<b>316</b>	-	<b>316</b>
<b>Recognition of distributable reserve</b>	-	-	-	-	-	<b>2,726</b>	<b>2,726</b>
<b>Change in fair value of financial assets at fair value through OCI</b>	-	-	-	<b>(12)</b>	-	-	<b>(12)</b>
<b>Other changes in reserves</b>	-	-	-	-	-	<b>(291)</b>	<b>(291)</b>
<b>At 30 September 2022</b>	<b>9,761</b>	<b>208</b>	<b>37,778</b>	<b>(1,159)</b>	<b>8,316</b>	<b>14,000</b>	<b>68,904</b>

<sup>(1)</sup> Depletion factor reserve

During Q3 2022, the Group has recognised €12.8 million (Q3 2021: disposed €0.1 million) as a depletion factor reserve as per the Spanish Corporate Tax Act.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> Distributable reserve

The Group reclassified at least 10% of the profit of 2021 to distributable reserves.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 16. Trade and other payables

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Non-current</b>		
Other non-current payables	3,435	3,435
Government grant	15	15
	<b>3,450</b>	3,450
<b>Current</b>		
Trade payables	78,371	49,712
Accruals	3,170	16,267
VAT payables	-	74
Other	140	138
	<b>69,885</b>	66,191

Other non-current payables are related with the acquisition of Atalaya Masa Valverde, SLU former Cambridge Minería España, SL and Atalaya Ossa Morena, SLU formerly 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.

## 17. Provisions

(Euro 000's)	Other tax costs	Legal costs	Rehabilitation costs	Total costs
At 1 January 2021	-	626	24,638	25,264
Additions	2,617	-	510	3,127
Reduction of provision	-	(278)	(43)	(321)
Finance cost	-	-	167	167
At 30 September 2021	2,617	348	25,272	28,237
Additions	-	26	145	171
Used of provision	-	(8)	(14)	(22)
Reversal of provision	(2,617)	(87)	-	(2,704)
Finance cost	-	-	980	980
<b>At 31 December 2021</b>	-	<b>279</b>	<b>26,299</b>	<b>26,578</b>
<b>Additions</b>	-	-	<b>1,033</b>	<b>1,033</b>
<b>Reduction of provision</b>	-	-	<b>332</b>	<b>332</b>
<b>Finance cost</b>	-	-	<b>718</b>	<b>718</b>
<b>At 30 September 2022</b>	-	<b>279</b>	<b>28,382</b>	<b>28,661</b>

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Non-current</b>	<b>28,661</b>	26,578
<b>Total</b>	<b>28,661</b>	26,578

## 17. Provisions (cont.)

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 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 September 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.

## Legal provision

The Group has been named a defendant in several legal actions in Spain, the outcome of which is not determinable as at 30 September 2022. Management has individually reviewed each case and made no provision (€0.3 million at 31 December 2021) for these claims during the nine month period ended 30 September 2022.

## 18. Borrowings

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Non-current borrowings</b>		
Credit facilities	<b>34,770</b>	34,050
	<b>34,770</b>	34,050
<b>Current borrowings</b>		
Credit facilities	<b>17,260</b>	13,394
	<b>17,260</b>	13,394

The Group had uncommitted credit facilities risks totalling €112.3 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 €20.2 million at 30 September 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 1.71%. The maximum term of the facilities is six years. All borrowings are unsecured.

At 30 September 2022, the Group had used €52.6 million of its facilities and had undrawn facilities of €59.7 million.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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For the period ended 30 September 2022 and 2021

## 19. Lease liabilities

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Non-current</b>		
Lease liabilities	4,505	4,913
	<b>4,505</b>	4,913
<b>Current</b>		
Lease liabilities	558	597
	<b>558</b>	597

### 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 €0.4 million (2021: €0.3 million) for the nine month period ended 30 September 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 September 2022, the remaining term of this lease is ten 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 September 2022, the remaining term of this motor vehicle and laboratory equipment lease is a quarter, and three quarters, 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 September 2022, the remaining term of this lease is nine years and a quarter.

(Euro 000's)	30 Sep 2022	31 Dec 2021
<b>Minimum lease payments due:</b>		
- Within one year	558	597
- Two to five years	1,964	2,014
- Over five years	2,541	2,899
<b>Present value of minimum lease payments due</b>	<b>5,063</b>	5,510

(Euro 000's)	Lease liabilities
<b>At 1 January 2022</b>	<b>5,510</b>
Additions	-
Interest expense	15
Lease payments	(462)
<b>At 30 September 2022</b>	<b>5,063</b>
<b>At 30 September 2022</b>	
Non-current liabilities	4,505
Current liabilities	558
	<b>5,063</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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

## 20. Acquisition, incorporation and disposal of subsidiaries

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

## 21. Winding-up of subsidiaries

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

## 22. Related party transactions

The following transactions were carried out with related parties:

### 22.1 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 month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Directors' remuneration and fees	262	265	758	770
Directors' bonus <sup>(1)</sup>	-	-	357	438
Share option-based benefits and other benefits to directors	63	130	190	241
Key management salaries	144	139	426	399
Key management bonus <sup>(1)</sup>	-	-	239	265
Share option-based and other benefits to key management personnel	61	220	184	350
	<b>530</b>	754	<b>2,154</b>	2,463

<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.

### 22.2 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 22. Related party transactions (cont.)

### 22.3 Transactions with related parties/shareholders

#### i) Transaction with shareholders

(Euro 000's)	Three month period ended 30 Sep 2022	Three month period ended 30 Sep 2021	Nine month period ended 30 Sep 2022	Nine month period ended 30 Sep 2021
Trafigura– Revenue from contracts	17,270	45,460	62,078	96,390
Freight services	-	-	-	-
	17,270	45,460	62,078	96,390
Losses relating provisional pricing within sales	68	(2,032)	(1,735)	(3,682)
<b>Trafigura – Total revenue from contracts</b>	<b>17,338</b>	<b>43,428</b>	<b>60,343</b>	<b>92,708</b>

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

(Euro 000's)	30 Sep 2022	31 Dec 2021
<i>Receivables from related parties:</i>		
Recursos Cuenca Minera S.L.	56	56
<b>Total (Note12)</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 Sep 2022	31 Dec 2021
Trafigura – Debtor balance- subject to provisional pricing	10,132	20,283
<b>Total (Note 12)</b>	<b>10,132</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.

## 23. 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.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 24. 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.

## 25. 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.

The main significant events disclosed during the nine months ended 30 September 2022 were:

- On 4 January 2022 the subsidiary EMED Mining Spain, S.L. was wound down (refer to Note 21).
- 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.
- Through the year, the Company announced share dealings from persons discharging managerial responsibilities ("PDMR") as follows
  - On 26 January 2022, executed certain options by PDMRs;
  - On 22 February 2022, certain PDMRs had sold ordinary shares of the Company;
  - On 25 August 2022, purchased of 65,000 ordinary shares in Atalaya by a PDMR.
- On 27 January 2022, Atalaya announced that, in accordance with the Company's Long Term Incentive Plan 2020, it had granted 120,000 share options. Further, on 24 June 2022, it was announced the Company has granted 1,225,000 share options to PDMRs and other employees.
- 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.
- 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, funds managed by Hamblin Watsa Investment Counsel Ltd. acquired 5.08% of voting rights.

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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## 25. Significant Events (cont.)

- The Company has been notified on the following transaction by Allianz Global Investors GmbH ("Allianz"):
  - On 4 April 2022, increased its % of voting rights from below 3% to 3.92%;
  - On 4 May 2022, increased its % of voting rights from 3.92% to 4.07%;
  - On 23 August 2022, increased its % of voting rights from 4.07% to 5.09%; and
  - On 29 September 2022, decreased its share of voting rights from 5.09% to 4.93%.
- 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") (via its subsidiary, Hong Kong Xiangguang International Holdings Ltd), in Atalaya.
- On 8 April 2022, the Company transferred €9.6 million to Astor from the trust account already established by Atalaya on 15 July 2021 (refer to Note 13).
- 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 25 April 2022, the Company announced the publication of its inaugural Sustainability Report for the year ended 31 December 2021.
- On 19 May 2022 the Board of Directors appointed Kate Harcourt as an independent Non-Executive Director of the Company.
- On 22 June 2022, the 2022 Annual General Meeting was held, and all the resolutions proposed were duly passed.
- 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.
- 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.

## Dividends

The Company's Board of Directors elected to declare an interim dividend for H1 2022 of US\$0.036 per ordinary share, which was equivalent to 3.13 pence per share and amounted to €5.1 million.

The interim dividend was paid on 20 September 2022.

Further details are given in Note 8.

## 26. Events after the Reporting Period

- On 14 October 2022, Cobas Asset Management SGIIC, S.A., shareholder of the Company, increased its % of voting rights from 5.07% to 10.04%.
- On 25 October 2022, the Board approved a new committee structure, with immediate effect, comprised of: Audit & Financial Risk Committee, Remuneration Committee, Nomination and Governance Committee, Sustainability Committee and a Physical Risk Committee.