Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2023

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Company Overview

Atalaya Mining		2018	2019	2020	2021	2022	2023
Ore mined	t	10,753,598	10,366,903	13,604,801	13,535,470	14,884,361	14,944,638
Ore processed	t	9,819,839	10,453,116	14,833,916	15,822,610	15,410,459	15,790,098
Copper contained in concentrate	t	42,114	44,950	55,890	56,097	52,269	51,667
Cash cost	$/lb	1.94	1.80	1.95	2.18	3.16	2.79
AISC	$/lb	2.26	2.14	2.21	2.48	3.37	3.09
Realised copper price (excl. QPs)	$/lb	2.89	2.73	2.78	4.22	3.96	3.80
EBITDA	€`000	53,542	61,333	67,444	199,114	55,314	73,100
Working Capital surplus / (deficit)	€`000	8,435	3,598	(17,904)	102,430	84,047	68,618
Net cash position	€`000	33,070	8,077	(15,233)	60,073	53,085	54,320
Cash at bank	€`000	33,070	8,077	37,767	107,517	126,448	121,007

Key Company Events

2014: The Company appointed a new management team, including Alberto Lavandeira, its current chief executive officer (“CEO”).

2015: The Company changed its name to Atalaya Mining plc and obtained the Mining Permit and Restoration Plan approval for Proyecto Riotinto. The Company also completed a £64.9 million capital raise in 2015 to fund the re-development of Proyecto Riotinto.

2016: Commercial production at Proyecto Riotinto was declared and Atalaya reached a processing capacity of 9.5 Mtpa towards the end of the year.

2017: Atalaya exercised an option to acquire 10% of the share capital of Cobre San Rafael S.L. (“Cobre San Rafael”), the owner of Proyecto Touro. The Company also approved an expansion project to increase processing capacity at Proyecto Riotinto from 9.5 Mtpa to 15.0 Mtpa and completed a £31 million placing to fund development. Expansion capacity was achieved in January 2020.

2018: Atalaya completed a positive pre-feasibility study for Proyecto Touro. The Company also agreed the buy out of the royalty agreement with Rumbo 5. Cero, S.L. ("Rumbo").

2019: Atalaya reaches full mechanical completion of 15Mtpa expansion project.

2020: The Company received a negative Environmental Impact Statement (Declaración de Impacto Ambiental) from the Xunta de Galicia in respect of Proyecto Touro. The Company also acquired Proyecto Masa Valverde, a polymetallic project located in Huelva, Spain.

2021: Atalaya approved its inaugural dividend of $0.395 per ordinary share (approximately €47.3 million) and, effective for FY2022, the Company adopted a dividend policy to make an annual payout of between 30% and 50% of free cash flow payable in two half-yearly instalments. In December 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., and in Q3 2022, Atalaya increased its ownership interest in POM to 99.9%.

2022: The Company approved the construction of the first phase of an industrial-scale plant that utilises the E-LIX System to produce high value copper and zinc metals from the complex sulphide concentrates sourced from Proyecto Riotinto.
Atalaya announced the conclusion of Astor Management AG ("Astor") litigation.

2023: Atalaya was granted in April the Unified Environmental Authorisation (Autorización Ambiental Unificada) in respect of Proyecto Masa Valverde and for Proyecto Riotinto a substantial modification to the existing Unified Environmental Authorisation for which allows for the expansion of tailings capacity and is expected to facilitate the potential development of regional deposits such as San Dionisio and San Antonio. In November, the Company announced its intention to move to the Main Market of the London Stock Exchange and its intention to re-domicile the Company by transferring its registered office from the Republic of Cyprus to the Kingdom of Spain, subject to receipt of shareholder approval and regulatory consents. On December 2023 shareholder approved the Re-domiciliation.

Main assets

Proyecto Riotinto

Proyecto Riotinto is a mining and processing complex that produces copper concentrates. It is located between the municipalities of Minas de Riotinto, Nerva and El Campillo in the province of Huelva (Andalucía, Spain), approximately 65 km northwest of Seville and 70 km northeast of the port of Huelva. Atalaya owns and operates Proyecto Riotinto through its wholly owned subsidiary, Atalaya Riotinto Minera, S.L.U.

Proyecto Riotinto consists of an operating open pit mine (Cerro Colorado), the 15 Mtpa Riotinto Processing Plant and supporting infrastructure. In addition, the development stage San Dionisio and San Antonio deposits are located adjacent to the Cerro Colorado pit.

E-LIX Phase I Plant

The E-LIX Phase I Plant is an industrial-scale processing plant that utilises the E-LIX System and is located at Proyecto Riotinto.

The E-LIX System is a newly developed and innovative electrochemical extraction process that utilises singular catalysts and physicochemical conditions to dissolve the valuable metals contained within sulphide concentrates in order to produce high-value copper and zinc metals from complex sulphide concentrates.

The E-LIX System was developed by Lain Technologies Ltd (“Lain Tech”) with the financial support of Atalaya. Over a period of six years, Atalaya and Lain Tech conducted continuous evaluation, de-risking and testing of the process, including through the development of a semi-industrial pilot plant in 2019 to demonstrate the feasibility of the system. In 2020, Atalaya reached agreement with Lain Tech to use Lain Tech patents on an exclusive basis within the Iberian Pyrite Belt in Spain and Portugal.

Riotinto District- Proyecto Masa Valverde ("PMV")

Proyecto Masa Valverde is a development stage volcanogenic massive sulphide (“VMS”) type project located in the province of Huelva (Andalucía, Spain), approximately 80 km west-northwest of Sevilla and 32 km north northeast of the port of Huelva. Atalaya has owned PMV since October 2020 through its wholly owned subsidiary Atalaya Masa Valverde, S.L.U.

Development of PMV contemplates underground mining of the Masa Valverde and Majadales deposits, which would be accessed by constructing a ramp. Mined material would then be transported by public road to the Riotinto Processing Plant for processing. This development scenario is consistent with Atalaya’s strategy of developing the Riotinto Processing Plant into a central processing hub for Atalaya’s assets in the Riotinto District.

Proyecto Touro

Proyecto Touro is a brownfield copper project located in the Galicia region of northwest Spain that is currently in the permitting process. Proyecto Touro is accessible via a network of existing bitumen sealed roads. Proyecto Touro is located in the “San Rafael” concession, which is an exploitation permit held by Cobre San Rafael. Atalaya exercised an option to acquire a 10% interest in Cobre San Rafael in February 2017 as part of an earn-in agreement that enables Atalaya to acquire up to an 80% ownership interest as certain development milestones are met.

Proyecto Ossa Morena

Proyecto Ossa Morena consists of a package of investigation permits that are strategically distributed along prospective zones of the Ossa Morena Metallogenic Belt in southwest Spain.

In December 2021, Atalaya announced the acquisition of a 51% interest in Atalaya Ossa Morena, S.L. (formerly, Rio Narcea Nickel, S.L.), which owned 17 investigation permits. The acquisition also provided a 100% interest in three investigation permits that are located along the Ossa Morena Metallogenic Belt. In 2022, Atalaya increased its ownership interest in Proyecto Ossa Morena to 99.9%, following completion of a capital increase of Atalaya Ossa Morena, S.L. for the purposes of funding exploration activities.

Proyecto Riotinto East

In December 2020, Atalaya entered into a Memorandum of Understanding with Geotrex, S.L. to acquire a 100% beneficial interest in three investigation permits, which covered approximately 12,368 hectares, located immediately east of Proyecto Riotinto (Peñas Blancas and Cerro Negro) and further to the southeast, near Sevilla (Los Herreros). After a short drilling campaign, the Los Herreros investigation permit was rejected in June 2022. Proyecto Riotinto East consists of the remaining two investigation permits, Peñas Blancas and Cerro Negro, totalling 10,016 hectares.

Our Purpose

Our Strategy

Operational Expertise that Delivers

Atalaya Mining continues to build on its success at Proyecto Riotinto, increasing production and capacity, with a view to becoming a multi-asset producer. It maintains a focus on the development of sustainable, scalable and low-risk assets in mining-favourable jurisdictions.

Our Mission

Responsibly Increasing Long Term Value for All Stakeholders

Atalaya Mining implements its strategic objectives to ensure the ongoing stable growth of the Company. Protecting and enhancing the value for all stakeholders is of paramount importance, and the Company continuously looks at opportunities to achieve this.

The Company seeks to provide society with the essential raw materials required for economic growth and the energy transition.

Atalaya Mining is focused on conducting responsible mining that positively impacts local communities, the environment and all our stakeholders.

Our Values

A Committed Duty to a Safe and Ethical Working Environment

Atalaya Mining is committed to responsible mining and upholds its core principles of honesty and accountability. The Company works with all stakeholders to ensure that its values are completely aligned with the local community and environment.

Performance Highlights

Operational Highlights

	Unit	2024	2023	2022
		Guidance	Actual	Actual
Copper concentrate	t	-	**249,321**	249,543
Copper contained in concentrate	t	51,000-53,000	**51,667**	52,269
Payable copper contained in concentrate	t	-	**49,174**	49,773

Key messages

- Stable copper producer of >50 ktpa from Cerro Colorado pit alone.
- 15.8 Mt of ore processed in 2023, matching the previous record achieved in 2021.

Financial Highlights

	Unit	2023	2022
Revenues	€k	**340,346**	361,846
EBITDA	€k	**73,100**	55,314
Dividend per share [(1)]	$/share	**0.0900**	0.0745
Realised copper price (excluding QPs)	$/lb	**3.80**	3.96
Cash cost	$/lb payable	**2.79**	3.16
All-in sustaining cost (AISC)	$/lb payable	**3.09**	3.37
Net cash position	€k	**54,320**	53,085
Cash at bank	€k	**121,007**	126,448

[(1)] *Represents the total dividend for each fiscal year, consisting of an Interim Dividend (paid) and a proposed Final Dividend (subject to shareholder approval at next AGM*

Key Messages

- Higher EBITDA in 2023 despite lower realised copper prices.
- Cash costs of US$2.79/lb and AISC of US$3.09/lb, which are competitive with Atalaya's intermediate copper producer peers.
- Healthy liquidity position with €121.0 million cash at bank at 31 December 2023.

Atalaya at a Glance

Atalaya is an AIM-listed mining and development group that produces copper concentrates including silver by-product at its wholly owned Proyecto Riotinto site in southwest Spain.

Key qualities of the Company include:

- Assets located in established and stable mining jurisdiction
- Pipeline of low risk growth projects with competitive capital intensities
- Proven management team of explorers, developers and operators
- Strong focus on ESG
- Robust balance sheet

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 was completed in 2019.

Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain and 100% of Proyecto Masa Valverde, a polymetallic project located in Huelva (Spain) and 28 km southwest of Proyecto Riotinto.

The Company's objective is to explore, develop and operate mining assets located in several jurisdictions throughout the well-known belts of base and precious metal mineralisation in Spain, Europe and Latin America.

For further details on the principal activities of the Group and the Company, please refer to www.atalayamining.com.

Cerro Colorado (Proyecto Riotinto)

Ownership	Mine Activity	Commodity	Location	Ore Reserve*	Resources	2023 actual Cu production
100%	Open pit mining in operation	Cu, Ag	Huelva, Spain	185 Mt at 0.38% Cu (P&P)	200.7 Mt at 0.37% Cu (M&I)	51,667 tonnes

** NI 43-101 compliant Reserves and Resources as at December 2020*

San Dionisio / San Antonio (Proyecto Riotinto)

Ownership	Mine Activity	Commodity	Location	Ore Reserve	Resources*	Growth
100%	Potential for open pit and underground mining	Cu, Zn, Pb, Ag	Huelva, Spain	-	San Dionisio open pit: 56.1 Mt at 0.91% Cu and 1.14% Zn (M&I) San Dionisio underground: 12.4 Mt at 1.01% Cu and 2.54% Zn (Inferred) San Antonio underground: 11.8 Mt at 1.32% Cu and 1.79% Zn (Inferred)	Potential to increase production by increasing head grade

** NI 43-101 compliant Resources as at December 2020*

Proyecto Riotinto is operated through Atalaya Riotinto Minera, S.L.U. a fully owned entity established under the laws of Spain.

Proyecto Masa Valverde (Riotinto District)

Ownership	Mine Activity	Commodity	Location	Resources*	Growth
100%	Potential for underground mining. AAU and exploitation permit have been granted.	Cu, Zn, Pb, Ag and Au	Huelva, Spain	Masa Valverde: 16.9 Mt at 0.66% Cu, 1.55% Zn and 0.65% Pb (Indicated) 73.4 Mt at 0.61% Cu, 1.24% Zn and 0.61% Pb (Inferred) Majadales: 3.1 Mt at 0.94% Cu, 3.08% Zn and 1.43% Pb (Inferred)	Strong exploration upside potential in the immediate surroundings.

** NI 43-101 compliant Resource estimate as at March 2022*

In 2020, Atalaya entered into a definitive purchase agreement to acquire the Masa Valverde polymetallic project in Huelva. The mining rights are owned by Atalaya Masa Valverde, S.L.U. a fully owned subsidiary of Atalaya.

In 2023, AMV was granted with the Unified Environmental Authorisation (or in Spanish, Autorización Ambiental Unificada ("AAU")) by the Junta de Andalucía ("JdA").

Proyecto Touro

Ownership	Mine Activity	Commodity	Location	Ore Reserve*	Resources*	Growth
10% with an earn-in agreement up to 80%	Open pit mining in permitting stage	Cu, Ag	A Coruña, Spain	90.9 Mt at 0.43% Cu (P&P)	129.9 Mt at 0.39% Cu (M&I) and 46.5 Mt at 0.37% Cu (Inferred)	Option to acquire 100% of the adjacent exploration concessions

** NI 43-101 compliant Reserves and Resources as at September 2017*

In 2017, Atalaya signed a phased, earn-in agreement for up to 80% ownership of Proyecto Touro, a brownfield copper project in northwest Spain. The mining rights are owned by Cobre San Rafael, S.L.

Proyecto Ossa Morena

Ownership	Mine Activity	Commodity	Location	Resources*	Growth
99.9%	Exploration stage, with multiple areas being drilled at present.	Cu, Au and Fe	Huelva, Spain	Alconchel: 7.8 Mt at 0.66% Cu and 0.17 g/t Au (M&I) and 15.0 Mt at 0.47% Cu and 0.14 g/t Au (Inferred)	Strong exploration upside potential throughout the overall land package.

** Historical data*

In 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., which owned a package of investigation permits in the Ossa- Morena Metallogenic Belt, as well as several 100% owned investigation permits. In 2022, Atalaya increased its ownership in Rio Narcea Nickel, S.L. to 99.9% following the completion of a capital increase to fund exploration activities.

Letter from the Chair

Dear Shareholder

Despite the effects of the continuing external geopolitical tensions, the Atalaya executive team have, once more, delivered consistent operational performance, in a safe and environmentally responsible manner, at Proyecto Riotinto. At the same time, work has continued on the asset portfolio for operational sustainability and the continued growth potential for the company.

At Riotinto, mining and processing continued its excellent track record, with throughput again exceeding plant nameplate capacity, processing 15.8 million tonnes of ore at an average process plant feed grade of 0.38% copper that was consistent with reserve estimates and slightly below budgeted figures.

Contained Copper production, at 51,667 tonnes was slightly below guidance as a result of lower grades but this was partly offset by high plant availability and ore throughput plus an improved recovery rate of approximately 87%.

Cash Costs and All-in Sustaining Costs for 2023 of $2.79/lb and $3.09/lb respectively were lower than the $3.16/lb and $3.37/lb in 2022 mainly due to the continuing normalisation of the electricity price and other external cost pressures.

Revenue for 2023 was €340.3 million, compared to €361.8 million in 2022, with the reduction essentially due to the lower production volumes. EBITDA for 2023 was €73.1 million, compared to €55.3 million in 2022 with the increase mainly due to the reduction in costs, spearheaded by a decrease in the electricity prices.

In keeping with our dividend policy, a final dividend of US$0.04 per share has been proposed for approval by shareholders at the Annual General Meeting. This would give a total dividend in respect of 2023 of US$0.09 per share, whilst maintaining a strong Balance Sheet for continued investment in sustainable production through reserve replacement as well as our longer-term growth projects.

Progress continues at the E-LIX processing plant. The first copper cathodes were produced in December 2023, resulting from the early partial commissioning of sections of the plant. Full commissioning and ramp-up of the facility is expected during the year with the aim of producing high-purity copper and zinc metals on site, higher metal recoveries from complex polymetallic ores, a reduced carbon footprint, and lower transportation and concentrate treatment charges.

In the north of Spain, the Company remains fully committed to the development of the Touro copper project that has the potential to become a new significant source of copper production for Atalaya and, indeed, for Europe. In this respect, the company continues to focus on numerous initiatives related to the social licence and water treatment in the zone in parallel with the permitting process.

As part of the Company's ongoing efforts to reduce costs and carbon footprint, construction is nearing completion at the 50 MW solar plant at Riotinto. The first section was commissioned early in the year, with the ramp-up of the remaining areas expected in the following months. When fully operational, the solar plant is expected to provide approximately 22% of the Riotinto project's current electricity needs. The solar plant combined with the long-term Power Purchase Agreement (PPA), announced last year, will provide over 50% of the current electricity requirements at a rate well below historical prices in Spain. The Company continues wind-speed testing and evaluation for the potential installation of wind turbines at Riotinto, which could supply additional low cost and carbon-free electricity.

In April 2023 Proyecto Riotinto was granted a substantial modification to the existing Unified Environmental Authorisation (AAU)) by the Junta de Andalucía that allows for the expansion of the mine footprint and the tailings capacity, an important step towards developing the previously reported contiguous deposits such as San Dionisio and San Antonio. Work continues on the preparatory work and necessary permitting applications associated with the first target, the on-strike San Dionisio deposit, which forms a key component of the integrated mine plan, as outlined in the 2023 Riotinto PEA, to provide an early increase in the blended plant feed grade.

In other areas of potential growth, the exploitation permits for the Masa Valverde and Majadales deposits were officially granted In November 2023, following the granting of the AAU in March 2023. Various optimisation workstreams are ongoing.

Management and strategic Report

Following the Extraordinary General Meeting held in December 2023, the Company commenced a re-domiciliation process, transferring its registered office from the Republic of Cyprus to the Kingdom of Spain.

At the date of this reporting, the Company is also progressing its application to the Financial Conduct Authority ("FCA") to admit its ordinary shares to the premium listing segment of the Official List and to trading on the London Stock Exchange main market for listed securities. Admission remains subject to a number of conditions including the approval by the FCA of a prospectus which will be completed after the release of the Company's 2023 Annual Results.

I would like to take this opportunity to express my appreciation for the continued dedication and commitment of the management and staff. At the same time, I would like to thank all board members for their support, guidance, and continued engagement with all aspects of the Company's activities, and also our valued shareholders for their continued and appreciated support.

Roger Davey

Chair of Atalaya Mining Plc

18 March 2024

Directors' and Officers' Statement

Statement by the members of the Board of Directors and the Company officers responsible for the drafting of the consolidated and Company financial statements in accordance with the provisions of the Cyprus Law 190(I)/2007 on transparency requirements.

We, the Members of the Board of Directors and the Company officers responsible for the drafting of the consolidated and Company financial statements of Atalaya Mining plc for the year ended 31 December 2023, confirm that, to the best of our knowledge:

1) The consolidated financial statements and the Company financial statements on pages 123 to 191:
    a. have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. For the year ending 31 December 2023, the standards applicable for IFRS's as adopted by the EU are aligned with the IFRS's as issued by the IASB, and,
    b. give a true and fair view of the assets, liabilities, financial position and profit or loss of Atalaya Mining Plc and the undertakings included in the consolidated and Company financial statement taken as a whole; and
2) The Management Report includes a fair review of the development and performance of the cash business and the position of Atalaya Mining Plc and the undertakings included in the consolidated and Company financial statements as a whole, together with a description of the principal risks and uncertainties that they face, and
3) The adoption of a going concern basis for the preparation of the consolidated and Company financial statements continues to be appropriately based on the foregoing and having reviewed the forecast financial position of the Group and Company.

The Officers and the Directors of the Company as at the dated of this statement are as set out below:

Alberto Lavandeira
Chief Executive Officer

Cesar Sanchez
Chief Financial Officer

By Order of the Board of Directors,
Roger Davey
Chair
Nicosia, 18 March 2024

Basis of Reporting

The Board of Directors of Atalaya Mining Plc (the "Company" or "Atalaya") presents its Group's and Company's Management Report together with the audited consolidated financial statements (hereinafter "financial statements") of the Company and its subsidiaries (the "Group") and the separate financial statements of the Company for the year ended 31 December 2023. These documents can be found on the Atalaya website at www.atalayamining.com.

The Company is a Cypriot incorporated public company with a primary listing on AIM of the London Stock Exchange. The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. For the year ending 31 December 2023, the standards applicable for IFRS's as adopted by the EU are aligned with the IFRS's as issued by the IASB. The currency referred to in this document is the Euro ("EUR"), unless otherwise specified.

Introduction

This report provides an overview and analysis of the financial results of operations of the Group, to enable the reader to assess material changes in the financial position between 31 December 2022 and 31 December 2023 and the results of operations for the twelve month periods ended 31 December 2022 and 31 December 2023.

Forward Looking Statements

This report may include certain "forward-looking statements" and "forward-looking information" applicable under securities laws. Except for statements of historical fact, certain information contained herein constitutes 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 all required third party regulatory and governmental approvals that 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 be correct. Factors that 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.

Alternative Performance 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 on-site cash operating costs, and off-site 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 cash cost.

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

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

OUR BUSINESS MODEL: STRATEGIC FOCUS FOR GROWTH

Atalaya is a group of companies with a presence in 3 countries (hereinafter "ATYM", "Company", "ATYM Group" or "Group") that, with a vision of becoming a multi-asset, mid-tier base metals producer, performs activities in the mining sector throughout its entire value chain (exploration, development and production of copper concentrate, transportation and sale). The Group comprises 14 companies, subsidiaries, joint arrangements and associates incorporated in 3 countries (mainly in Spain, Cypus and United Kingdom). The Group's main companies and the summarized corporate organization chart are presented in note 2.3 of the 2023 consolidated Financial Statements..

Organic Growth

Atalaya considers its exploration and R&D business to be strategic. In the context of dynamic permanent management of the business portfolio various opportunities were analysed, in the last years resulting in these announcements:

- In January 2022, Atalaya announced the construction of the first phase of the industrial-scale plant ("Phase I") that utilises the E-LIX System ("E-LIX"). This plant produces high value copper and zinc metals from the complex sulphide concentrates sourced from Proyecto Riotinto.

  Highlights:
  - Unlock significant value from Atalaya's portfolio of polymetallic resources in the Riotinto District by materially increasing the recoveries of copper, zinc, lead and precious metals from complex sulphide ores.
  - Producing high-purity metals on-site reducing transportation costs, treatment charges and penalties associated with producing and delivering conventional concentrates.
  - Reduce Atalaya's carbon footprint through a reduction in land and sea freight and by utilising power from Proyecto Riotinto's solar plant.

Proyecto Touro.

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

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

Proyecto Masa Valverde

On 21 October 2020, the Company announced that it entered into a definitive purchase agreement to acquire 100% of the shares of Cambridge Mineria España, S.L. (since renamed Atalaya Masa Valverde, S.L.U.), a Spanish company which fully owns the Masa Valverde polymetallic project located in Huelva (Spain). Under the terms of the agreement Atalaya will make an aggregate of €1.4 million cash payment. The first payment of €0.7m was executed on 10 of January 2024 once the exploitation permits and restoration plan were granted and the second and final payment will be paid when first production is achieved from the concession.

Proyecto Masa Valverde is currently in the permitting process for the remaining permits.

Proyecto Ossa Morena

In December 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., which owns 9 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. During 2022 Atalaya rejected 8 investigation permits.

Atalaya will pay a total of €2.5 million in cash in three instalments and grant a 1% net smelter return ("NSR") royalty over all acquired permits. The first payment of €0.5 million was made following execution of the purchase agreement. The second and third instalments of €1 million each will be made once the environmental impact statement ("EIS") and the final mining permits for any project within any of the investigation permits acquired under the Transaction are secured.

The Ossa-Morena Metallogenic Belt has strong exploration potential for a range of base and precious metals and is north of the Iberian Pyrite Belt where Atalaya operates its flagship Proyecto Riotinto mine.

Riotinto District – Proyecto Riotinto East

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. The Cerro Negro and Herreros permits were denied following the completion of exploration activities.

Cost reduction / ESG initiatives

Atalaya continuously evaluates its cost structure in order to improve its margins and resilience. For example, the installation of a tailings thickener helps to reduce water and lime consumption, thereby reducing input costs. In 2022, Atalaya was the first company in the Spanish mining sector to announce the construction of a solar plant for its own consumption. This solar plant will reduce Riotinto's operating costs and carbon emissions.

Advance Atalaya's existing higher grade brownfield orebodies, including San Dionisio and San Antonio into production

- Potential increase in copper production.
- Potential decrease in cash costs and AISC.
- Increases optionality and mine life.

External Growth

Continue to evaluate external opportunities that leverage core capabilities

- New prospects in the Iberian Pyrite Belt or other safe mining jurisdictions.
- Targeting prospects of material scale, good geology & upside potential via rigorous technical due diligence.
- Focus on copper and other base metals.

Market Overview

The landscape of the global copper market in 2023 revealed a scenario marked by moderate growth amidst persistent challenges, as outlined in the Global Copper Market Overview 2023. This comprehensive breakdown encapsulates key facets of the market dynamics, amalgamating insights from various sources, particularly the provided review.

Supply Dynamics:

The global copper production witnessed a modest increase in 2023. Noteworthy contributions to this growth came from leading copper-producing nations such as the Democratic Republic of the Congo (DRC), Peru, and Chile.

Despite this overall positive trend, Chile faced challenges in the first half of the year due to adverse weather conditions impacting production. However, indications suggest a resilient recovery in the latter half of 2023, underscoring the potential resilience of the global supply chain.

Long-term concerns persist, primarily related to mine disruptions and delays in new project development. These issues raise legitimate worries about meeting future demand, especially in the context of the escalating importance of copper in the ongoing global energy transition.

Demand Landscape:

The demand for refined copper closely mirrored the growth in supply, with an approximate increase of 1.0% in 2023 compared to the previous year, reaching approximately 25.23 million tonnes (Mt), according to the International Wrought Copper Council (IWCC). The surge in demand was primarily propelled by sectors such as construction and infrastructure, particularly in emerging economies. Additionally, the relentless focus on renewable energy and electric vehicles continued to contribute to the demand for copper, given its pivotal role in these technologies.

Looking ahead, the IWCC forecasts a further increase in refined copper demand of 2.6% in 2024, underlining the sustained importance of copper in the global economy.

Market Size and Trends:

The global copper market experienced substantial growth in 2023, reaching an estimated consumption of 25.3 Mt. This upswing was fuelled by increased demand, notably driven by accelerated Chinese economic activity and a 2% year-on-year rise in global demand. Projections for 2024 indicate a potential expansion, with demand expected to reach 26 Mt, signifying a 3% increase.

Contributing to this growth, global copper mine production in 2023 is estimated at 22.3 Mt, with notable contributions from regions like South America and the Democratic Republic of Congo. Furthermore, smelting and refining capacity expansions in China boosted the world's refined copper supply, expected to surpass 26 Mt by 2024.

Asia-Pacific remained the fastest-growing region for copper consumption, propelled by robust growth in the electrical and electronics industries of India and ASEAN countries. North America's electronics sector also played a significant role, while South America, Europe, and the Middle East and Africa continued to be essential contributors to the global market.

Macroeconomic Trends and Challenges:

In 2023, the pace of economic recovery slowed down, with global GDP growth estimated to be around 3%, down from 3.5% in 2022. This deceleration highlights the exhaustion of the post-pandemic recovery phase and its impact on market dynamics.

Supply Risks: While copper production expanded to meet immediate needs, concerns persist regarding potential supply disruptions, particularly in South America. Addressing these concerns is crucial for ensuring long-term market stability.

Price Outlook:

Copper prices rebounded from pandemic lows in 2023, showcasing signs of recovery.

The year was marked by significant price fluctuations, with a volatile trajectory. Starting with relatively high prices, October witnessed a drop, reaching a low of $3.54/lb per tonne. Subsequently, an upward trend towards the end of the year was observed, likely influenced by supply disruptions such as the suspension of operations at Cobre Panama, according to insights from Wood Mackenzie.

Market dynamics, including supply disruptions, geopolitical tensions, and fluctuations in global economic activity, played pivotal roles in influencing these price fluctuations.

The global copper market in 2023 showcased resilience amid challenges, primarily driven by demand from sectors critical to the global energy transition. However, underlying concerns about potential supply disruptions, geopolitical tensions, and slower economic growth necessitate continuous monitoring and proactive measures to ensure a sustainable and stable copper supply chain in the future.

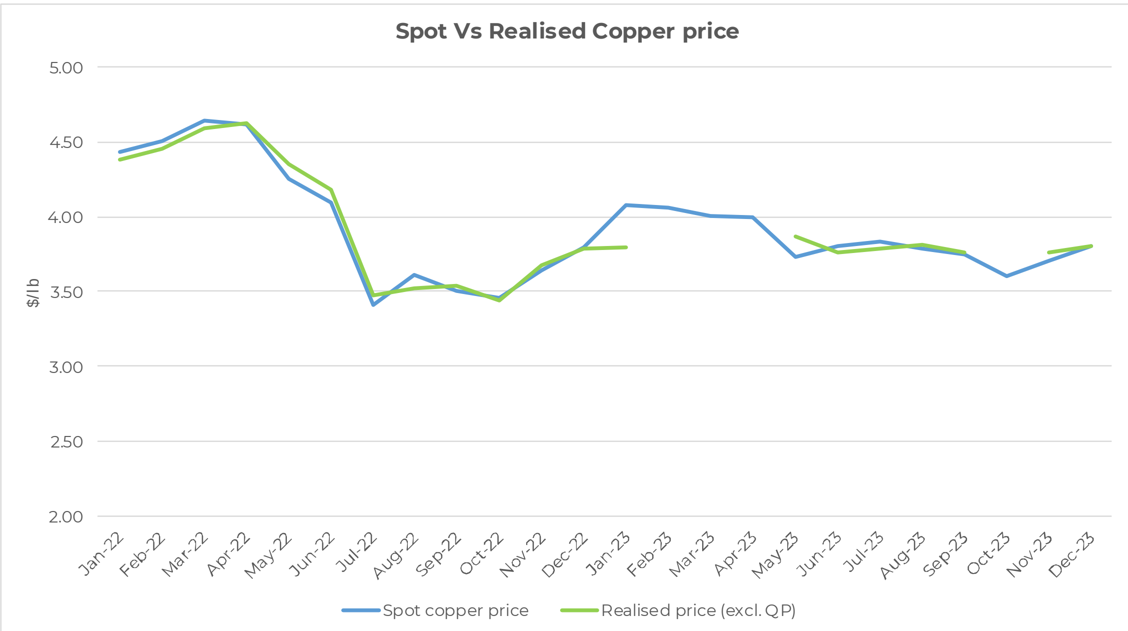
Realised Copper Prices

The average prices of copper for 2023 and 2022 were:

$/lb		**2023**	2022
Realised copper price (excluding QPs)	$/lb	**3.80**	3.96
Market copper price per lb (period average)	$/lb	**3.85**	4.00

Realised copper prices for the reporting period noted above have been calculated using payable copper and excluding both provisional invoices and final settlements of quotation periods ("QPs") together. The realised price during the year, including the QP, was approximately $3.82/lb.

Despite initial optimism, 2023 proved to be a year of volatility in the copper market. Prices started high but faced downward pressures due to global economic concerns and increased supply. While there was a slight recovery in the latter half, the year ended with a cautious outlook, leaving the future trajectory of copper prices in 2024 uncertain.

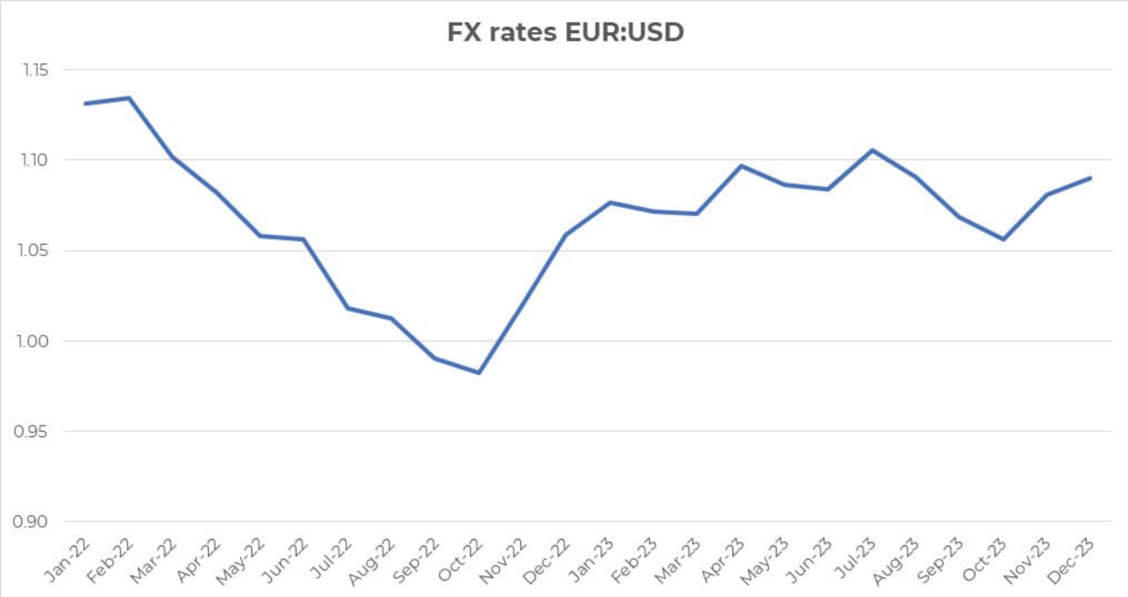


Atalaya's Response

The Group had no hedges on commodities prices during 2023. At the date of this report, the Group is fully exposed to copper prices with no commodities hedging agreements in place.

**February, April and October there weren't excluding QPs invoices.*

Foreign Exchange



While in 2022 the Group had a positive impact with a favourable rate against USD, the year 2023 saw significant volatility in the EUR/USD exchange rate, with a wider-than-average range compared to recent years. Here's a breakdown of the key trends and driving factors for this year:

The year began with the EUR/USD hovering around 1.10, reflecting some cautious optimism about European economic prospects. However, the strengthening US dollar due to hawkish Federal Reserve monetary policy and geopolitical tensions, particularly the Russia-Ukraine war, began to exert downward pressure on the Euro.

By July, the EUR/USD reached its yearly high of 1.1255, but this proved temporary as economic concerns in the Eurozone, including rising inflation and slower growth, weighed on the currency.

The second half of the year witnessed a sustained decline in the Euro, with the EUR/USD dipping below parity (1.00) for the first time since 2002 in September.

This historic drop reflected a divergence in monetary policies between the US and the Eurozone. The Fed continued its aggressive tightening to combat inflation, while the European Central Bank (ECB) remained more dovish, concerned about the potential negative impact of higher rates on the fragile Eurozone economy.

The year ended with the EUR/USD hovering around 1.08, reflecting a weakened Euro and a stronger US dollar due to the aforementioned factors.

<u>Looking Ahead:</u>

The prospects for the EUR/USD pair in 2024 remain uncertain. The relative path of monetary policy in the US and the Eurozone will be a key determinant. Additionally, geopolitical developments and their impact on global risk appetite will also play a crucial role.

Strategic Framework

The business model of Atalaya is founded upon creating value for its stakeholders through operational and developmental excellence. Experience and an unceasing search for improvement are the pillars of its success.

People

We are committed to embarking on a transformative journey by investing in talent, fostering innovation, and creating a workplace culture that inspires resilience and adaptability.

Investing in Human Capital:

Our commitment to people extends beyond conventional employment paradigms. We aim to build a resilient workforce capable of navigating today's challenges and those on the horizon. By fostering a culture of innovation, we empower our people to tackle complex problems with new management approaches, ensuring adaptability in an ever-evolving landscape.

Driving Cultural Transformation:

Our cultural transformation initiative seeks to establish our organization as a secure and supportive space. We actively listen, empathize, and build strong relationships, promoting a workplace where every voice matters. Our flat management structure ensures accessibility, emphasizing that our people are at the core of our success.

Understanding Individual Values:

To inspire and engage our workforce, we are dedicated to understanding the unique values of each individual. We treat our people fairly, recognizing and leveraging their personal motivations and distinctive qualities. This transformative approach challenges the conventional employment relationship, fostering a deeper commitment to our collective success.

High-Performance Culture:

Atalaya is focused on creating a high-performance culture where our people are considered our most valuable asset. This involves continuous communication across all levels, from the operating workforce to the Board of Directors. Our experienced mining team ensures the implementation of safety, health, and security policies.

Proactive Engagement and Relationships:

We actively engage with regulatory bodies, shareholders, local governments, and communities. Our efforts to maintain direct contact with people, rather than relying on media presence, exemplify our commitment to authentic and meaningful connections. Social responsibility through Fundación Atalaya Riotinto underscores our dedication to the communities where we operate.

2023 Achievements and 2024 Priorities:

The company achieved significant milestones in 2023, marking a year of progress and innovation. First and foremost, the company successfully completed a comprehensive job evaluation in line with the collective agreement, ensuring fair and equitable compensation for all employees. In addition, the implementation of flexible remuneration initiatives provided employees with greater flexibility and choice, fostering a dynamic and supportive working environment. The development of an 'Employee Portal' further enhanced communication and engagement within the organisation, promoting transparency and collaboration. In particular, the adoption of an Equality Plan underscored the company's commitment to fostering a diverse and inclusive workplace. Looking ahead to 2024, the company is poised for continued growth and improvement. Goals include training internal auditors to improve internal processes and compliance. The implementation of the Equality Plan will be a focus as the company strives to create an environment where every individual feels valued and respected. Specific talent development training programmes will be introduced, investing in the skills and capabilities of the workforce. In addition, the company aims to introduce technological innovations in HR to streamline processes and increase efficiency. As the company embarks on these ambitious goals, it remains committed to upholding its core values and driving sustainable success for the company and its stakeholders.

Supporting local communities

Atalaya Mining is committed to responsible mining practices and values honesty and accountability.

Our engagement with local communities goes beyond extraction and focuses on building sustainable relationships that contribute positively to the social fabric. In 2023, our initiative, Fundación Atalaya, spearheaded 52 action programs and invested €0.7 million in the communities surrounding Proyecto Riotinto. This significant investment demonstrates our commitment to the well-being of these areas. Our global tax contributions of €5.9 million further confirm our role as responsible corporate citizens, contributing to the economic development of the regions in which we operate. Our active participation in local community events at both Proyecto Riotinto and Proyecto Touro highlights our dedication to fostering a sense of community and shared prosperity. Looking ahead to 2024, our strategic priorities involve a stronger commitment to local community projects in Proyecto Riotinto and Touro. This reflects our dedication to making a meaningful and lasting impact. Additionally, our focus on increasing community engagement in Touro demonstrates our commitment to understanding and addressing the unique needs of each community. As Atalaya Mining grows, we acknowledge the interdependence between our success and the prosperity of the communities we operate in. Our commitment to supporting local communities is not only a corporate responsibility but also a crucial aspect of our vision for responsible and sustainable mining practices. We aim to ensure that our presence contributes positively to the overall development of the regions we call home.

In 2023, 68% of Atalaya Riotinto's workforce came from neighbouring villages, maintaining the same percentage as in 2022. This consistency highlights our commitment to nurturing local employment opportunities. We have also established strategic agreements with municipalities to ensure that our vision for promoting local employment extends to other contractors engaged in our projects.

PORTFOLIO

We have a portfolio of growth projects that allows us to remain competitive by developing sustainable operations over the long term. Furthermore, Atalaya continues refining and upgrading the quality of their asset portfolio to ensure that our capital is deployed effectively to generate enhanced and sustainable returns for the shareholders.

Importance of cost management

Atalaya is a world-class processing plant in Europe. Management actively manages our asset portfolio to improve its overall competitive position, providing metals for the energy transition, a more sustainable world and.

Establishing high performance

Consolidation our internal growth with production levels of 15 Mtpa with a contained All-in sustaining cost.

Creating opportunities for growth

Exploration activities is consolidated and centrally co-ordinated, covering near-asset and greenfield discovery activities, projects and operations. The integrated team represents a strategic differentiator, enabling the detailed understanding of our world class assets to inform our pursuit of discoveries.

Atalaya has investigation permits surround Riotinto to ensure and increase their reserves and resources.

Creation value for shareholders

We continue to refine and upgrade the quality of our asset portfolio to ensure that our capital is deployed effectively to generate enhanced and sustainable returns for our shareholders.

INNOVATION

Across every aspect of our business, we are thinking innovatively to ensure the safety of our people, to enhance the sustainability of our business, and to deliver enduring value in its many forms for all our stakeholders.

Key actions undertaken by the Company in 2023 included the process of making business management more efficient and agile to be able to adapt to market conditions, as well as the incorporation of new technologies and the digitalization of operations, on the path to achieving the decarbonization and energy transition targets.

Technology and digitalisation

Innovation is a key area of our strategy, focused on safety, sustainability and operating performance. Atalaya is continuing enhancements their activities to treat lower ore grades, increase the recoveries, reduce the water consumption, and finalising the installation of a 50 MW solar plant. We are exploring the integration of windmills to increase the proportion of electricity consumption from renewable sources. Our overall goal is not only to reduce capital intensity and operating costs, but also to improve operational efficiency, ensuring a sustainable and technologically advanced future for our operations.

Reduce consumption of water

Water stewardship is an integral part of our business. Riotinto is water stressed and water scarce area, factors that are becoming more acute due to climate change. Atalaya has a sustainable strategy to reduce the freshwater withdrawals.

Over the years, Proyecto Riotinto has implemented enhancements in the infrastructure responsible for generating water, such as ponds, pumping systems, and bottom drains.

In Touro Project, the construction of a new water treatment plant (WTP) and, since its commissioning, 1.6 million cubic meters (Mm3) of acidic water has already been treated, preventing its direct discharge into the natural watercourses of the region (i.e. Portapego, Felisa and Barral-Angumil streams).

E-LIX System

During the last years Atalaya has provided funding to Lain Tech to develop the E-LIX System and has an agreement with Lain Tech to use its patents.

The E-LIX System was patented in 2014 by Lain Tech and was developed in collaboration with Atalaya from an initial concept in the laboratory to a fully operational pilot plant located at Proyecto Riotinto (the "Pilot Plant").

The E-LIX System is a newly developed electrochemical extraction process developed and owned by Lain Technologies Ltd ("Lain Tech") which is led by Dr. Eva Lain, who holds a PhD in Electrochemistry research from the University of Cambridge.

Through the application of singular catalysts and physicochemical conditions, E-LIX System is able to achieve high metal recoveries under low residence times, by accomplishing rapid reaction rates while overcoming classic surface passivation issues that have typically impaired metal recovery from complex sulphide ores. E-LIX System is considered to be a more environmentally friendly process than existing technologies; it is a zero emissions process that does not consume water nor acid and runs under mild operating conditions (atmospheric pressure and room temperature). Hence, the process is additionally characterised by ease and safety of operation.

Managing Our Risks and Uncertainties

Due to the nature of Atalaya's business in the mining industry, the Group is subject to various risks that could materially impact its future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Atalaya.

Single Asset Concentration

Description:

Atalaya Mining operates under a distinctive model, emphasizing a singular asset—Proyecto Riotinto. This exclusive focus centres on copper concentrate production, with a concurrent silver by-product. A meticulous financial examination is crucial to comprehending associated risks and the strategic approaches employed by the company.

Nature of the Risk:

The risk is inherent in Atalaya's concentrated operational structure, primarily hinging on Proyecto Riotinto. The company's heavy reliance on this single producing asset renders it financially sensitive. Any disruption or adverse event affecting Proyecto Riotinto directly influences the overall financial performance of the entire Group, creating vulnerability associated with dependence on a solitary revenue stream.

Mitigation:

Atalaya has proactively implemented strategic measures to mitigate this inherent risk. Proyecto Riotinto has demonstrated operational resilience since its restart in 2016, consistently maintaining cash costs below the market price for copper, even during cyclical lows. Additionally, the company actively pursues acquisitions in the mining sector to diversify its operational portfolio, thereby reducing reliance on a single asset. The Business Development Department diligently evaluates growth opportunities and transactions, ensuring a structured decision-making process within established authority levels set by the Board. These measures collectively aim to enhance resilience and mitigate the impact of potential disruptions to the single producing asset.

Risk Probability: Low

The probability of this risk materializing is considered low. While Proyecto Riotinto has displayed operational resilience, external factors beyond the company's control could influence its performance.

Risk Level: High

The risk level is categorized as high due to Atalaya's financial sensitivity to Proyecto Riotinto's performance directly impacting the Group's overall financial health. Any disruption or adverse event could significantly jeopardize the company's financial stability. Continued vigilance and proactive strategies are imperative to manage and reduce this high-level risk.

Lack of replacement of reserves:

Description:

This risk revolves around the challenge of continually replacing and expanding Atalaya's mineral resources. The company faces the prospect that the depletion of its mineral reserves may not be adequately offset by future discoveries or acquisitions, posing a potential threat to its long-term operational sustainability.

Nature of the Risk:

The nature of this risk is rooted in the dependency on consistent discoveries or acquisitions to replace depleting mineral reserves. Inadequate replacement measures could lead to a decline in the availability of resources critical for sustained mining operations.

Mitigation:

To mitigate this risk, Atalaya has undertaken ongoing exploration campaigns, particularly in areas close to Proyecto Riotinto, Masa Valverde, and Riotinto East. The company incurred €6.5 million in exploration activities in 2023 and has allocated a budget of €8.0 million for exploration in 2024. This budget encompasses exploration efforts for Proyecto Riotinto, Proyecto Riotinto East, Ossa Morena Proyecto Touro, and Masa Valverde.

Probability: Low

The probability of facing challenges in replacing reserves is assessed as low. While Atalaya is actively engaged in exploration activities and has allocated a substantial budget, the inherent uncertainties associated with the success of exploration campaigns contribute to a moderate likelihood of encountering difficulties in replacing reserves.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the continuity of mining operations. While the company is actively addressing this risk through exploration campaigns and budget allocations, the uncertainty in the success of future discoveries or acquisitions contributes to a moderate level of importance assigned to this risk. Atalaya's proactive measures, however, position it well to manage and navigate potential challenges effectively.

Difficulty obtaining additional financing if existing capex project are over budget

Description of the Risk:

Atalaya faces the risk of encountering difficulty in securing additional financing in the event that existing Capex projects surpass their allocated budgets. This risk is influenced by various external factors, including heightened interest rates, recent global financial market volatility, geopolitical tensions, and inflationary pressures.

Nature of the Risk:

The nature of this risk lies in the potential inability of Atalaya to access the necessary funds required to complete planned development projects. Unforeseen circumstances such as increased interest rates or global financial instability could impede the company's ability to secure additional financing, affecting the successful execution of capital projects.

Mitigation:

Atalaya employs a proactive approach to mitigate this risk. The company has a permanent contact with counterparties and potential counterparties to ensure the capacity of funding projects and continuously monitors the financial market conditions, including fluctuations in bank interest rates. This diligent monitoring allows Atalaya to stay informed about potential changes in the financial landscape and make timely, informed decisions to secure financing under favourable terms.

Probability: Medium

The probability of facing difficulty in obtaining additional financing is assessed as medium. While certain factors like geopolitical tensions and market volatility are unpredictable, continuous monitoring allows the company to navigate potential challenges effectively.

Weight: Medium

The weight of this risk is considered medium. While there is a moderate probability of encountering challenges in securing additional financing, Atalaya's active monitoring and strategic approach contribute to effective risk management, preventing it from being classified as high risk.

Underestimation of Capital Expenditure, Finance, and Licence to Operate

Description:

The identified risk revolves around the potential underestimation of Capex for future projects, coupled with challenges in obtaining necessary permitting and financing. Atalaya may face situations where the required capital surpasses initial estimates, leading to financial strain. Additionally, difficulties in securing permits and financing could potentially result in delays in project development.

Nature of the Risk:

The nature of this risk lies in the uncertainty surrounding the accurate estimation of capital requirements and the potential hurdles in obtaining essential permits and financing. Underestimating capex can strain financial resources, while delays in obtaining permits and financing may hinder the timely execution of planned projects.

Mitigation:

To address this risk, Atalaya has implemented a proactive approach. The company monitors project controls rigorously to ensure that approved projects are delivered within the predefined parameters of time, budget, and specified requirements. By maintaining a vigilant oversight on project controls, Atalaya aims to mitigate the risk of exceeding anticipated capital expenditures and to streamline the permitting and financing processes.

Probability: Low

The probability of underestimating capital expenditure, facing challenges in obtaining permits, and experiencing financing difficulties is assessed as low. While Atalaya has implemented proactive measures to mitigate the risk, the inherent uncertainties in future projects, regulatory landscapes, and market conditions contribute to a low likelihood of the risk materializing.

Weight: High

The weight of this risk is deemed high due to its potential impact on project timelines, financial health, and operational efficiency. Inaccurate capital estimations and delays in permitting or financing can significantly affect Atalaya's overall project execution strategy and financial stability. The company assigns a high level of importance to monitoring and mitigating this risk to safeguard its long-term sustainability and growth objectives.

Significant Changes to Commodity Prices

Description:

This risk pertains to the susceptibility of the company´s business to significant changes in commodity prices, specifically a decline in the price of copper and other metals in world markets. Commodity prices, known for their volatility, may experience fluctuations that could adversely impact Atalaya's overall business, operating results, and future prospects.

Nature of the Risk:

The nature of this risk is rooted in the external factor of global market dynamics, particularly the potential for unpredictable and substantial fluctuations in commodity prices. A decline in copper and other metal prices could directly affect the revenue and profitability of Atalaya's mining operations.

Mitigation:

To address this risk, Atalaya has implemented proactive measures. The mine's cash costs are consistently maintained below the market price for copper, even during recent cyclical lows. Additionally, the company adopts a vigilant approach by constantly monitoring commodity prices. Atalaya revisits and refines its hedging strategies and policies to navigate and mitigate the impact of adverse changes in commodity prices.

Probability: Medium

The probability of significant changes to commodity prices is assessed as medium. While the company actively monitors and manages this risk, the inherent unpredictability and volatility associated with global commodity markets contribute to a moderate likelihood of price fluctuations affecting Atalaya's business operations.

Weight: Medium

The weight of this risk is considered medium due to the potential impact on revenue and profitability. While significant changes in commodity prices can pose challenges, Atalaya's proactive measures, such as maintaining cash costs below market prices and active monitoring, contribute to a moderate level of importance assigned to this risk. The company is equipped to navigate and manage the potential impact effectively.

Inflation and Cost Pressure to Supply Chain

Description:

This risk pertains to the potential impact of inflation and cost pressures on the Company´s supply chain, particularly influenced by geopolitical conflicts that have led to substantial increases in prices for specific products, notably affecting electricity prices. The risk involves the potential escalation of operational costs due to external factors beyond the company's control.

Nature of the Risk:

The nature of this risk is rooted in the external dynamics of geopolitical conflicts, which can trigger inflation and elevate costs within the supply chain. The specific impact on electricity prices adds a layer of vulnerability, potentially straining Atalaya's operational budget and financial health.

Mitigation:

To mitigate this risk, Atalaya actively monitors trends in supply prices, specifically focusing on electricity prices affected by geopolitical conflicts. The company seeks to establish long-term agreements wherever available to reduce exposure to volatile prices, providing a strategic buffer against potential cost escalations.

Probability: Medium

The probability of facing inflation and cost pressures to the supply chain is assessed as medium. While the company actively monitors and addresses this risk, the unpredictable nature of geopolitical conflicts and their impact on inflation rates contribute to a moderate likelihood of encountering cost-related challenges in the supply chain.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on operational costs. While Atalaya is proactively managing the risk through monitoring and long-term agreements, the external factors contributing to inflation and cost pressures introduce a moderate level of importance. The company's mitigation strategies position it reasonably well to navigate and mitigate the impact of potential cost escalations.

Limited Number of Customers

Description:

This risk relates to the concentration of sales of Atalaya's concentrate production with a limited number of three customers. A significant portion of the Company's operations are dependent on these customers and any adverse developments in their operations could have a material impact on Atalaya's overall operations and financial stability.

Nature of the Risk:

The nature of this risk lies in the potential vulnerability stemming from a concentrated customer base. Relying on a limited number of offtakers exposes Atalaya to the business dynamics, decisions, and potential challenges faced by these key customers, posing a direct threat to the stability of the company's operations.

Mitigation:

To mitigate this risk, Atalaya actively engages in close and continuous communication with its offtakers. This close contact ensures a comprehensive understanding of their business operations, challenges, and strategies. By maintaining a proactive relationship, Atalaya aims to stay informed and responsive to any changes or developments that may impact its offtakers and, subsequently, its own operations. Additionally, the company signs spot sales agreements out of the annual excess of copper production, providing a strategic measure to diversify its customer base and reduce dependence on a limited number of offtakers.

Probability: Low

The probability of facing challenges due to a limited number of customers is assessed as low. While Atalaya employs proactive measures through close communication with offtakers and diversification strategies, the external factors influencing these offtakers' business dynamics introduce a low likelihood of encountering challenges related to the concentrated customer base.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the company's operations and financial stability. While Atalaya actively manages the risk through close communication with offtakers and diversification efforts, the external factors influencing customer business activities contribute to a moderate level of importance. The company's mitigation strategies position it reasonably well to navigate and mitigate the potential impact of challenges stemming from a limited number of customers.

Lack of Control Over Key Inputs

Description:

This risk revolves around Atalaya's potential inability to control the availability of key inputs critical to its operations, including electricity price, fuel, explosives, reagents, and steel. These inputs are beyond the direct influence of management, posing a threat to the company's operational stability and cost management.

Nature of the Risk:

The nature of this risk is rooted in the external dependency on key inputs, where fluctuations or disruptions in their availability and pricing can impact Atalaya's operational efficiency and cost structure. This lack of control introduces a level of vulnerability to external market dynamics.

Mitigation:

Atalaya has implemented strategic measures to mitigate this risk. The procurement department is actively expanding its network influence to improve the security of the supply chain for key inputs. In addition, the company has taken proactive steps to manage electricity price volatility by signing a long-term PPA and is in the process of finalising the installation of a 50 MW solar plant, which together are expected to cover more than 50% of the company's current electricity needs at a rate significantly lower than historical prices in Spain. The ongoing evaluation of wind turbines at Riotinto is another initiative that offers the potential for additional low-cost and carbon-free electricity, with final evaluations expected in 2024.

Probability: Medium

The probability of facing challenges due to a lack of control over key inputs is assessed as medium. While Atalaya actively implements mitigation strategies, the external factors influencing the availability and pricing of key inputs introduce a moderate likelihood of encountering operational and cost-related challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on operational efficiency and cost management. While Atalaya actively manages the risk through network expansion, long-term agreements, and sustainable energy initiatives, the external dependency on key inputs contributes to a moderate level of importance. The company's proactive measures position it reasonably well to navigate and mitigate the potential impact of challenges stemming from a lack of control over certain key inputs.

Foreign Exchange Volatility

Description:

This risk is associated with the impact of volatility in the EUR:USD exchange rate on the profitability of the Atalaya Group. Fluctuations in this exchange rate can introduce uncertainties and potential financial challenges to the company's overall financial performance. An additional layer of complexity was introduced in 2023 as the USD gradually lost ground against the EUR, declining approx. by 3.5% throughout the year. Geopolitical tensions, economic shifts, and market sentiments all played their part in shaping this dynamic landscape.

Nature of the Risk:

The nature of this risk stems from the external influence of currency exchange rate fluctuations. The EUR:USD volatility, coupled with the gradual depreciation of the USD, directly affects the financial outcomes of Atalaya, impacting revenue, costs, and overall profitability.

Mitigation:

To mitigate this risk, Atalaya adopts a proactive approach. The company continually monitors the EUR:USD exchange rate, staying vigilant to changes. Additionally, Atalaya regularly revisits and refines its hedging strategies and policies. This strategic risk management measure aims to minimize the impact of currency exchange rate fluctuations on the Group's profitability, especially considering the evolving geopolitical tensions, economic shifts, and market sentiments.

Probability: Medium

The probability of facing challenges due to foreign exchange volatility is assessed as medium. While Atalaya actively monitors and manages this risk, the inherent unpredictability associated with currency exchange rates, compounded by geopolitical and economic factors, introduces a moderate likelihood of encountering financial challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the overall profitability of the Atalaya Group, particularly with the added layer of the USD depreciation. While the company employs proactive measures through constant monitoring and strategic hedging, the external influence of foreign exchange volatility, coupled with broader geopolitical and economic dynamics, contributes to a moderate level of importance. Atalaya's mitigation strategies position it reasonably well to navigate and mitigate the potential impact of challenges stemming from EUR:USD exchange rate fluctuations in a dynamic global environment.

Liquidity Risk

Description:

This risk pertains to the exposure of Atalaya's operations and business model to various financial risks associated with third-party entities. The potential challenges in liquidity management and financial dependencies on external parties could impact the company's operational and financial stability.

Nature of the Risk:

The nature of this risk arises from the inherent financial uncertainties tied to third-party entities. Atalaya's operations are susceptible to liquidity challenges and financial risks originating from external factors, influencing the company's ability to meet its financial obligations.

Mitigation:

To mitigate this risk, Atalaya employs strategic measures. The company actively manages its liquidity and financing structure in alignment with its business model, ensuring a balance that supports operational needs. Additionally, Atalaya maintains a diverse portfolio of banks and funds, spreading its financial dependencies to reduce reliance on any single entity. This risk management approach aims to enhance financial resilience and flexibility.

Probability: Medium

The probability of facing liquidity challenges and financial risks from third-party entities is assessed as medium. While Atalaya actively manages its liquidity and maintains a diverse financial portfolio, the external factors associated with financial dependencies introduce a moderate likelihood of encountering liquidity-related challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on operational and financial stability. While Atalaya's risk mitigation strategies position it reasonably well to navigate liquidity challenges, the external influence of financial risks from third-party entities contributes to a moderate level of importance. The company's proactive measures provide a balanced approach to addressing potential risks associated with liquidity.

Political, Legal, and Regulatory Developments

Description:

This risk focuses on the potential impact of political, legal and regulatory developments on Atalaya. The Company is subject to extensive regulations, concessions, authorisations, licences and permits, all of which are subject to expiration, renewal restrictions and various uncertainties. Tax, customs and royalty laws and regulations also have a potential adverse effect on Atalaya's business, financial condition and results of operations.

Nature of the Risk:

The nature of this risk arises from the dynamic and evolving landscape of political, legal, and regulatory environments. Atalaya's operations are exposed to the uncertainties associated with the expiration and renewal of permits, as well as the potential adverse effects of changing tax, customs, and royalty regulations.

Mitigation:

To mitigate this risk, Atalaya employs a multifaceted approach. The company actively monitors and stays informed about legal and political decisions impacting the mining sector by participating in professional agencies and meetings with peer miners in the area. Atalaya strategically partners with government and local municipalities to foster positive relationships and navigate regulatory landscapes effectively. Specific projects, such as the Environmental Declaration (AAU) and mining permits, undergo meticulous monitoring to achieve successful outcomes. The environmental permit situation at Proyecto Touro is continually assessed. Moreover, Atalaya, with no material exposure in the UK, successfully navigated the Brexit transition period without appreciable impact. Recurrent meetings and analyses conducted by local advisors ensure proactive monitoring and anticipation of taxation implications for significant business decisions.

Probability: Low

The probability of facing challenges due to political, legal, and regulatory developments is assessed as low. While Atalaya actively monitors and strategically engages with stakeholders, the inherent uncertainties associated with evolving regulations introduce a low likelihood of encountering operational and financial challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the regulatory and operational aspects of Atalaya. The company's proactive and multifaceted mitigation strategies position it reasonably well to navigate and mitigate the potential impact of challenges stemming from political, legal, and regulatory developments. The external influence of changing regulations contributes to a moderate level of importance, warranting continuous vigilance and strategic engagement.

Rising extraction cost over time as reserves deplete

Description of the Risk:

The risk involves a potential escalation in extraction costs over time at Cerro Colorado mine as high-grade reserves deplete. The maturity of the mine and the historical exploitation of low-grade minerals contribute to this risk, resulting in increased unit extraction costs due to longer hauling distances and the need to extract lower copper concentration minerals.

Nature of the Risk:

The nature of this risk is rooted in the challenges posed by the depletion of high-grade reserves at the mature Cerro Colorado mine. As the mine transitions to lower-grade minerals, the unit extraction costs are expected to rise, impacting the economic viability of continued mining operations.

Mitigation:

To mitigate this risk, Atalaya employs a multi-faceted strategy. Regular monitoring of copper prices and mineral reserve estimates allows the company to assess the economic feasibility of ongoing mining activities. Additionally, efforts are underway to seek administrative permits for accessing the mineral mass of the San Dionisio project, which holds high-grade ore. This strategic move aims to counterbalance the depletion of high-grade reserves at Cerro Colorado.

Probability: Medium

The probability of extraction costs rising over time as reserves deplete is assessed as medium. The risk is inherent to the mature nature of the Cerro Colorado mine, and while actively managed, the depletion of high-grade reserves introduces a degree of uncertainty.

Weight: Medium

The weight of this risk is considered medium. While there is a moderate probability of extraction costs increasing, Atalaya's proactive monitoring and strategic initiatives, such as seeking permits for high-grade ore in the San Dionisio project, contribute to effective risk management, preventing it from being classified as high risk.

Unforeseen cost in the final restoration plan

Description of the Risk:

The risk involves the potential for unforeseen costs arising in the final restoration plan undertaken by Atalaya. Compliance with land reclamation requirements is crucial to mitigate long-term land disturbance effects resulting from the company's operations, and this may require significant financial resources.

Nature of the Risk:

The nature of this risk is linked to the uncertainties surrounding the final restoration plan and the financial implications associated with fulfilling land reclamation requirements. Unforeseen challenges or additional costs may emerge during the execution of the restoration plan.

Mitigation:

To mitigate this risk, Atalaya has established a systematic approach. A rehabilitation provision is recorded in connection with the Work Plan, providing a financial buffer for land reclamation. The site manager plays a key role in monitoring and reviewing the progress of production, enabling the forecasting of future costs and ensuring that the restoration plan remains within financial parameters.

Probability: Low

The probability of unforeseen costs in the final restoration plan is assessed as low. Atalaya's proactive approach, including the recording of a rehabilitation provision and vigilant site management, contributes to effective risk mitigation and minimizes the likelihood of unexpected financial burdens.

Weight: Low

The weight of this risk is considered low. While the financial implications of land reclamation are significant, Atalaya's established provisions and the diligent oversight by the site manager contribute to effective risk management, preventing it from being classified as medium or high risk.

Geopolitical Conflicts

Description:

This risk relates to the impact of recent interstate conflicts on the global economic environment, with possible effects on migration flows, volatility in regulated markets and inflationary pressures. Atalaya, which operates in a global context, is susceptible to the far-reaching consequences of geopolitical conflicts.

Nature of the Risk:

The nature of this risk stems from the external influence of geopolitical conflicts, which can disrupt global economic conditions, introduce migration challenges, induce market volatility, and exert inflationary pressure. Atalaya's operations are exposed to the broad-ranging implications of these conflicts.

Mitigation:

To mitigate this risk, Atalaya adopts a proactive stance. The company closely monitors commodities prices, supplies prices, and international economic variations, aligning its strategies with the dynamic geopolitical landscape. By staying informed and responsive to market trends influenced by geopolitical conflicts, Atalaya aims to navigate potential challenges effectively.

Probability: Medium

The probability of facing challenges due to geopolitical conflicts is assessed as medium, considering the current global geopolitical landscape. While Atalaya actively monitors and adapts to global economic fluctuations, the unpredictable nature of geopolitical conflicts leads to a moderate likelihood of operational and financial challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the broader economic conditions and markets where Atalaya operates. The company's proactive monitoring and adaptive strategies position it reasonably well to navigate and mitigate the potential impact of challenges stemming from geopolitical conflicts. The external influence of these conflicts contributes to a moderate level of importance, warranting continuous vigilance and strategic adaptation in response to evolving global conditions.

Economic Conditions

Description

This risk involves the potential negative impact on Atalaya's growth and profitability resulting from changes in general economic conditions or changes in consumption patterns. In particular, the Chinese market has a significant impact on global copper demand.

Recent economic indicators suggest that global markets are stabilising. However, despite this positive trend, the risk of economic fluctuations remains. It is therefore essential for Atalaya to remain vigilant in managing this risk.

Nature of the Risk:

The risk is rooted in the dynamic nature of general economic conditions and consumer behaviour. Atalaya's growth and profitability are susceptible to fluctuations influenced by broader economic trends, with a specific focus on the Chinese market, a key player in shaping global copper demand.

Mitigation:

To mitigate this risk, Atalaya employs a vigilant approach. The company actively monitors commodities prices, supplies prices, and international economic variations. By staying informed about market trends and economic shifts, Atalaya aligns its strategies with the evolving landscape to adapt to potential challenges effectively.

Probability: Medium

The probability of facing challenges due to economic conditions is assessed as medium. While Atalaya actively monitors and adapts to global economic variations, the inherent unpredictability of economic conditions introduces a moderate likelihood of encountering operational and financial challenges.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on Atalaya's growth and profitability. The company's proactive monitoring and adaptive strategies position it reasonably well to navigate and mitigate the potential impact of challenges stemming from economic conditions. The external influence of global economic shifts, especially in the Chinese market, contributes to a moderate level of importance, warranting continuous vigilance and strategic adaptation in response to evolving economic conditions. Atalaya remains attuned to emerging trends, ensuring its strategies align with the ever-evolving economic landscape.

Public Health Threats

Description:

This risk entails the potential repercussions on the operations of the Group, as well as its customers and suppliers, stemming from public health threats, notably the ongoing COVID-19 pandemic. The company remains actively engaged in global efforts to address the challenges posed by the pandemic, emphasizing a proactive approach to ensure the resilience and continuity of its operations in the face of evolving public health situations.

Nature of the Risk:

The risk stems from the unpredictable nature of public health threats that can significantly disrupt the normal functioning of the Group, its customers, and suppliers. Events like pandemics pose challenges to health, safety, and operational continuity.

Mitigation:

Atalaya adopts a comprehensive approach to mitigate this risk. The Group continuously monitors public health threats and implements necessary measures to protect the health and safety of its staff. Simultaneously, strategic steps are taken to minimize any disruption to operations, ensuring resilience in the face of health-related challenges.

Probability: Low

The probability of facing challenges due to public health threats is assessed as low. While Atalaya actively monitors and responds to health situations, the unpredictable nature of epidemics and pandemics introduces a low likelihood of encountering operational disruptions.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the Group's operations, customer interactions, and supplier relationships. Atalaya's proactive monitoring and implementation of health and safety measures position it reasonably well to navigate and mitigate the potential impact of public health threats. The external influence of global health situations contributes to a moderate level of importance, warranting continuous vigilance and strategic adaptation in response to evolving health conditions.

Operational Risks and Hazards

Description:

This risk encompasses a spectrum of operational challenges and hazards that could have adverse effects on Atalaya's business, financial condition, and operational results. These include but are not limited to floods, natural disasters, industrial accidents, labour disputes, structural collapses, transportation delays, and earthquakes.

Nature of the Risk:

The nature of this risk lies in the unpredictability and potential severity of various operational challenges and hazards. Events such as floods, accidents, and labour disputes can disrupt regular operations, impacting safety, financial stability, and overall business performance.

Mitigation:

Atalaya actively invests in health and safety measures to address operational risks and hazards. Regular analyses are conducted to identify and implement strategies to enhance mine safety. These proactive measures are designed to minimize the impact of potential challenges and ensure the well-being of employees and the stability of operations.

Probability: Low

The probability of facing operational challenges and hazards is assessed as low. While Atalaya invests in health and safety and conducts regular analyses, the unpredictable nature of events such as natural disasters and industrial accidents introduces a low likelihood of encountering operational disruptions.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on Atalaya's business, financial condition, and operational results. The company's commitment to health and safety measures positions it reasonably well to mitigate the potential impact of operational challenges and hazards. The external influence of unpredictable events contributes to a moderate level of importance, warranting continuous vigilance and strategic adaptation to ensure operational resilience.

Labour Disruptions

Description:

This risk relates to the potential adverse impact on Atalaya due to labour disruptions, including strikes or other forms of industrial action, which could disrupt normal business operations.

Nature of the Risk:

The risk is characterized by the potential for disruptions in workforce operations, which can significantly impact production, efficiency, and overall business continuity. Labour disruptions may arise from disagreements over labour conditions, concerns, or other disputes between Atalaya and its workforce.

Mitigation:

Atalaya adopts proactive measures to mitigate the risk of labour disruptions. This includes engaging in periodic meetings with trade unions to discuss and collaboratively address any changes to labour conditions and concerns. Additionally, ongoing training programs are implemented to enhance communication and understanding between the company and its workforce.

Probability: Low

The probability of labour disruptions is assessed as low. While Atalaya actively engages with trade unions and conducts training programs, the inherent unpredictability of labour relations introduces a low likelihood of encountering disruptions.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on Atalaya's operational efficiency and business continuity. The company's proactive engagement with trade unions and investment in training programs positions it reasonably well to navigate and mitigate potential labour disruptions. The external influence of labour relations introduces a moderate level of importance, warranting continuous efforts to foster positive relationships and address concerns collaboratively.

Dependency on Transportation Infrastructure for Mining Operations

Description:

Atalaya faces the risk of operational disruptions due to its reliance on transportation facilities, infrastructure, and specific suppliers. A lack or failure of these crucial elements could have adverse effects on the company's production and development projects.

Nature of the Risk:

The nature of this risk lies in the vulnerability of Atalaya's mining operations to external factors related to transportation infrastructure. Any disruptions or inadequacies in the transportation network could impede the smooth functioning of the company's mining activities.

Mitigation:

Atalaya addresses this risk by engaging highly reliable contractors and maintaining robust contingency plans. These measures aim to ensure that operations remain unaffected even in the face of potential transportation-related challenges.

Probability: Low

The probability of this risk is assessed as low. Atalaya's emphasis on reliable contractors and contingency planning mitigates the likelihood of severe disruptions due to transportation issues.

Weight: Medium

The weight of this risk is medium. While the probability is low, the potential impact on production and development projects necessitates careful consideration and mitigation efforts.

Tailings Dam Permitting

Description:

This risk is associated with the dependence of mining operations on the renewal of permits, in particular tailings dam permits, throughout the life of mine (LOM). Recent global mining project failures and increased regulatory requirements are potential threats to the business.

Nature of the Risk:

The nature of this risk is grounded in the critical importance of securing and renewing permits for mining operations, specifically those related to tailings dam management. Failures in obtaining or renewing these permits can result in operational constraints, affecting the overall viability and continuity of mining activities.

Mitigation:

Atalaya employs proactive measures to mitigate the risk associated with tailings dam permitting. Continuous communication is maintained with local communities, stakeholders, and the Public Administration. The company goes beyond legal standards, making strategic investments to enhance the safety of operations. Notably, in April 2023, Atalaya received a substantial modification to the AAU for Proyecto Riotinto from the Junta de Andalucía. This modification enabled the expansion of tailings capacity and the mine footprint, a crucial step for future developments in regional deposits.

Probability: Low

The probability of encountering challenges in tailings dam permitting is assessed as low. While Atalaya takes proactive steps, the dynamic nature of regulatory environments and potential changes in standards introduce a low likelihood of facing permitting hurdles.

Weight: Medium

The weight of this risk is considered medium due to its potential impact on the continuity and development of mining operations. The company's proactive communication, safety investments, and recent success in obtaining a significant modification to the AAU contribute to a moderate level of importance. Continuous vigilance and engagement with regulatory bodies are essential to sustain operational momentum and future development initiatives.

Water, Electricity and Key Supply Shortages

Description:

Atalaya's mining operations are intricately tied to the availability of essential resources such as water, electricity, and other key inputs. Any shortage or disruption in the supply of these resources could significantly impact the operational efficiency and sustainability of the company.

Nature of the Risk:

This risk involves the vulnerability of mining operations to shortages in critical resources. Water and electricity, being fundamental for mining activities, are particularly crucial. As Atalaya expands, the demand for these resources will increase, posing a challenge to ensure a continuous and reliable supply.

Mitigation:

Atalaya adopts a proactive approach to monitor and manage the consumption of water and electricity. Regular assessments of water levels and electricity prices are conducted. The company's initiatives include the ongoing construction of a 50 MW solar plant at Riotinto. This solar plant, combined with a 10-year PPA, is anticipated to provide over 50% of the company's current electricity needs at a rate significantly lower than historical prices in Spain. Additionally, the potential installation of wind turbines is under consideration, further diversifying the energy supply and contributing to cost-effectiveness and environmental sustainability.

Probability: Low

The probability of facing critical shortages in water, electricity, and key inputs is assessed as low. Atalaya's proactive measures, ongoing construction of the solar plant, and exploration of additional renewable energy sources contribute to a robust mitigation strategy, minimizing the likelihood of severe shortages.

Weight: High

Despite the low probability, the weight of this risk is considered high due to the potential magnitude of impact on mining operations. Water and electricity are indispensable for mining activities, and any interruption could result in operational disruptions, affecting productivity and profitability. The company's strategic initiatives to diversify and secure its energy sources contribute to the high importance assigned to this risk. Continuous monitoring and expansion of sustainable energy projects will be crucial in maintaining operational resilience.

Complexity of Environmental Laws

Description:

Atalaya faces the risk associated with the intricate and ever-evolving landscape of environmental laws and regulations. The complexity of these legal frameworks poses potential challenges and may lead to increased operational costs for the company.

Nature of the Risk:

This risk stems from the dynamic nature of environmental laws and regulations. As governing standards change, Atalaya's operational requirements may be impacted, potentially leading to higher compliance costs. Adhering to new or modified regulations could necessitate adjustments to operational practices and resource allocation.

Mitigation:

To address this risk, Atalaya has established a dedicated team tasked with continuously monitoring and reviewing environmental laws. This proactive approach allows the company to stay abreast of any alterations in regulations promptly. Currently, Atalaya is not aware of any imminent changes; however, the ongoing vigilance ensures a swift response to any future developments.

Probability: Low

The probability of encountering challenges due to changes in environmental laws is assessed as low. While the dedicated monitoring team enhances the company's ability to adapt, the inherent unpredictability of legislative changes contributes to the low probability assigned to this risk.

Weight: Medium

The weight of this risk is considered medium as it reflects the potential impact on operational costs. While not an imminent threat, the ever-changing regulatory landscape requires a consistent commitment to monitoring and adaptation. The mitigation efforts in place contribute to managing the risk at a moderate level, emphasizing the importance of ongoing vigilance and adaptability.

Dependency on Key Management and Critical Skills Loss

Description:

The risk involves the likelihood of losing critical skills across various areas of Atalaya's business, including leadership/management, personnel, process/structure, technology, and culture. Additionally, there is a specific concern regarding the dependency on key management, which could impact the overall effectiveness of the organization.

Nature of the Risk:

This risk's nature lies in the potential loss of key skills and expertise critical to the organization's smooth functioning. It extends to the leadership, personnel, processes, technology, and overall organizational culture.

Mitigation:

To address this risk, Atalaya has implemented a succession plan for each key position, aiming to ensure a seamless transition in the event of skill losses. The company focuses on talent development and retention strategies to minimize the impact of critical skill departures.

Probability: Low

The probability of this risk is assessed as low. While succession plans are in place, the dynamic nature of skill retention and the competitive talent landscape contribute to the moderate likelihood of skill losses.

Weight: Medium

The weight of this risk is medium. Although there is mitigation through succession planning, the potential impact on critical skill areas warrants ongoing attention and strategic human resource management.

Risks from Contractors

Description:

Atalaya relies on external contractors, exposing the company to risks associated with the quality and compliance of these contracted services. The risk encompasses concerns related to changes in quality, compliance conditions, and overall contractor performance.

Nature of the Risk:

This risk involves potential issues arising from the reliance on external contractors, including challenges in maintaining quality standards and ensuring compliance with specified conditions. Poor contractor performance could impact project timelines, budget adherence, and overall operational efficiency.

Mitigation:

To mitigate risks from contractors, Atalaya employs active monitoring through regular meetings and communication. These interactions aim to address concerns, discuss any necessary changes to quality or compliance conditions, and ensure ongoing alignment with project objectives.

Probability: Low

The probability of risks from contractors is assessed as low. Regular monitoring and communication efforts contribute to mitigating the likelihood of significant issues, but the inherent variability in contractor performance contributes to the moderate probability.

Weight: Medium

The weight of this risk is medium. While actively managed, the potential impact on project quality, timelines, and compliance requires consistent oversight and risk mitigation efforts.

Cybersecurity Threats

Description:

Atalaya faces the risk of cybersecurity threats that could compromise its systems, databases, and regular business activities. A cyber-attack poses a potential threat to the integrity and confidentiality of critical information within the company.

Nature of the Risk:

The nature of this risk lies in the vulnerability of Atalaya's digital infrastructure to malicious cyber activities. Unauthorized access, data breaches, or disruptions to regular operations could result from targeted cyber-attacks, impacting the company's operational continuity and data security.

Mitigation:

To mitigate the cybersecurity risk, Atalaya's IT department consistently reviews internal processes. This proactive approach aims to identify potential vulnerabilities, enhance security protocols, and minimize the potential impact of cyber threats on the company's systems and operations.

Probability: Low

The probability of a cybersecurity threat is assessed as low. While the company actively reviews and reinforces its IT processes, the evolving nature of cyber threats and the sophistication of potential attackers contribute to the low probability assigned to this risk.

Weight: Medium

The weight of this risk is considered medium due to the potential impact on information security and operational disruptions. The ongoing efforts by the IT department contribute to managing the risk at a moderate level, emphasizing the importance of sustained vigilance and adaptive cybersecurity measures.

Market Volatility and Share Liquidity

Description:

The market for Atalaya's Ordinary Shares is subject to fluctuations influenced by various factors, including market sentiment, economic conditions, copper prices, and share liquidity uncertainties. This poses a risk of significant market volatility and liquidity challenges, potentially leading to a decrease in share value.

Nature of the Risk:

This risk stems from the inherent volatility of Ordinary Shares, influenced by external factors beyond the company's control. Market sentiment, economic conditions, commodity prices, and uncertain share liquidity contribute to the unpredictable nature of share values, impacting market perception and shareholder value.

Mitigation:

To mitigate this combined risk, Atalaya employs a comprehensive strategy. This includes proactive communication with investors, robust risk management practices, maintaining a long-term focus, ensuring liquidity, and complying with regulatory requirements. Active collaboration with analysts is pursued to foster positive research and reports, influencing market activity positively.

Probability: Medium

The probability of facing market volatility and share liquidity challenges is assessed as medium. While strategic measures are in place to manage fluctuations, external factors contribute to the moderate likelihood of encountering these challenges.

Weight: Medium

The weight of this combined risk is medium. Despite proactive measures, the unpredictable nature of external factors affecting share prices and liquidity necessitates ongoing attention and adaptability to sustain a positive market perception and shareholder value.

Uncertainty in Dividend Payments

Description:

Dividend payments are uncertain, subject to various factors, including financial performance, applicable laws, regulations, the Group's financial position, and distributable reserves.

Nature of the Risk:

The nature of this risk revolves around the uncertainty of dividend payments. Multiple factors, both internal and external, contribute to the unpredictability of whether, when, and how much dividends will be paid.

Mitigation:

Atalaya implements a conservative dividend policy and maintains transparent communication with shareholders. The company aims to reduce uncertainty by strengthening confidence in its ability to sustainably pay dividends.

Probability: Low

The probability of uncertainty in dividend payments is assessed as low. While a conservative policy and transparent communication help manage this risk, external factors may influence dividend decisions.

Weight: Medium

The weight of this risk is medium. Ongoing efforts to communicate effectively and uphold a conservative dividend policy are essential to manage shareholder expectations amid uncertainties.

Climate Change Risk

Description:
As a responsible mining company, Atalaya recognises the increased physical risk posed by water scarcity and drought due to climate change effects. Our mining operations need, at times, quantities of make up water to offset evaporative and processing losses; therefore, water stress and drought presents a significant risk to Atalaya. The impact is far-reaching, potentially resulting in production delays, increased operating costs and the urgent need to secure alternative water sources.

The nature of the risk:
Water stress and drought are not abstract concepts for us; they are tangible threats. These conditions can disrupt our operations, increase costs and force us to seek unconventional water supplies. The consequences go beyond mere inconvenience - they directly threaten our business continuity and financial performance. As stewards of the environment, we must address these risks head on.

Mitigation:
To mitigate the high probability of risk associated with water stress and drought, Atalaya has implemented several strategic measures:

Actions executed up to 2023:

- Construction of a Water Treatment Plant (WTP) to treat the rainwater and runoff collected within the mine and use it as process water.
- Installation of waste thickener to recover process water. By efficiently separating solids from water, we reduce the overall demand for fresh water.
- Prioritisation of recirculation of process water to minimize external water consumption from surface water resources. By recycling and reusing water, we reduce our dependence on external sources.

Actions to be executed in 2024
We are actively exploring alternative water sources beyond traditional freshwater reservoirs.
Application for the reuse of water coming from the mining area wastewater treatment plant (WWTP)

Integration with climate change approach:
Our commitment to mitigating water stress and drought dovetails seamlessly with our broader approach to climate change. We recognise that environmental challenges are interconnected and that comprehensive solutions are essential. Our efforts go beyond water management to address other climate-related risks:

1. Reducing our carbon footprint:
- We are investing in renewable energy sources to reduce our dependence on fossil fuels. The solar power project mentioned above is an important step in this direction.
- Energy efficient practices across our operations help to reduce our carbon emissions.

2. Biodiversity conservation:
- We are actively involved in habitat restoration and conservation. Protecting local ecosystems ensures long-term sustainability.
- We work with local communities and environmental organisations to promote biodiversity awareness and conservation.

Probability: Medium

While we consider the likelihood of climate-related challenges to be moderate, we remain vigilant. Changes in emissions patterns and natural variability are complex and uncertain. Our proactive approach and detailed risk assessments provide a solid foundation, but adaptation remains critical.

Weight: High

This risk carries a high weight due to its potential impact. Significant production delays and increased operating costs are real possibilities. Our climate-related risk assessment underlines the urgency of addressing water stress and drought under current and projected conditions.

Operating Review

Proyecto Riotinto

The following table presents a summarised statement of operations of Proyecto Riotinto for the three and twelve month periods ended 31 December 2023 and 2022.

Units expressed in accordance with the international system of units (SI)	**Unit**	**Q4 2023**	Q4 2022	**FY2023**	FY2022
Ore mined	t	**3,742,814**	3,540,155	**14,944,638**	14,884,361
Waste mined	t	**7,362,657**	5,329,252	**32,182,904**	24,661,569
Ore processed	t	**4,138,368**	3,958,654	**15,790,098**	15,410,459
Copper ore grade	%	**0.36**	0.41	**0.38**	0.40
Copper concentrate grade	%	**19.83**	20.27	**20.72**	20.95
Copper recovery rate	%	**85.47**	86.24	**86.62**	85.84
Copper concentrate	t	**64,414**	68,908	**249,321**	249,543
Copper contained in concentrate	t	**12,775**	13,969	**51,667**	52,269
Payable copper contained in concentrate	t	**12,131**	13,280	**49,174**	49,773
Cash cost	US$/lb payable	**2.90**	2.90	**2.79**	3.16
All-in sustaining cost*	US$/lb payable	**3.16**	3.12	**3.09**	3.37

There may be slight differences between the numbers in the above table and the figures announced in the quarterly operations updates that are available on Atalaya's website at *www.atalayamining.com*

$/lb Cu payable	**Q4 2023**	Q4 2022	**FY2023**	FY2022
Mining	**0.92**	0.70	**0.86**	0.79
Processing	**0.84**	1.11	**0.89**	1.31
Other site operating costs	**0.67**	0.59	**0.56**	0.54
Total site operating costs	**2.44**	2.40	**2.30**	2.65
By-product credits	**(0.11)**	(0.07)	**(0.09)**	(0.08)
Freight, treatment charges and other offsite costs	**0.57**	0.57	**0.58**	0.60
Total offsite costs	**0.47**	0.50	**0.49**	0.52
Cash costs	**2.90**	2.90	**2.79**	3.16
Cash costs	**2.90**	2.90	**2.79**	3.16
Corporate costs	**0.09**	0.09	**0.08**	0.08
Sustaining capital (excluding one-off tailings expansion)	**0.02**	0.06	**0.03**	0.06
Capitalised stripping costs	**0.08**	-	**0.12**	0.01
Other costs	**0.06**	0.08	**0.07**	0.06
Total AISC	**3.16**	3.12	**3.09**	3.37

Note: Figures may not add up due to rounding.

Mining and Processing

Mining

Ore mined was 3.7 million tonnes in Q4 2023 (Q4 2022: 3.5 million tonnes and 14.9 million tonnes in FY2023 (FY2022: 14.9 million tonnes).

Waste mined was 7.4 million tonnes in Q4 2023 (Q4 2022: 5.3 million tonnes) and 32.2 million tonnes in FY2023 (FY2022: 24.7 million tonnes). Increased waste mining was completed at Cerro Colorado in FY2023 to allow for the move of mining equipment to the San Dionisio area.

Processing

The plant processed ore of 4.1 million tonnes during Q4 2023 (Q4 2022: 4.0 million tonnes) and 15.8 million tonnes in FY2023 (FY2022: 15.4 million tonnes), again delivering plant performance above its 15 million tonne per annum nameplate capacity.

Copper grade was 0.36% in Q4 2023 (Q4 2022: 0.41%) and 0.38% in FY2023 (FY2022: 0.40%). The copper grade in Q4 2023 was impacted in part by intense rainfall in November which prevented access to higher grade areas of the Cerro Colorado pit and required the use of low-grade stockpiles to supplement plant feed.

Copper recovery was 85.47% in Q4 2023 (Q4 2022: 86.24%) and 86.62% in FY2023 (FY2022: 85.84%).

Production

Copper production was 12,775 tonnes in Q4 2023 (Q4 2022: 13,969 tonnes) and 51,667 tonnes in FY2023 (FY2022: 52,269 tonnes). Production for FY2023 was slightly below FY2022 as a result of lower grades, partly offset by higher ore throughput and recoveries.

On-site copper concentrate inventories were approximately 6,722 tonnes at 31 December 2023 (31 December 2022: 3,529 tonnes).

Copper contained in concentrates sold was 12,928 tonnes in Q4 2023 (Q4 2022: 14,027 tonnes) and 50,808 tonnes in FY2023 (FY2022: 52,323 tonnes).

Proyecto Riotinto

In April 2023, the Company was granted a substantial modification to the existing Unified Environmental Authorisation (or in Spanish, Autorización Ambiental Unificada ("AAU")) for Proyecto Riotinto by the Junta de Andalucía. The AAU allows for the expansion of tailings capacity and the mine footprint at Riotinto and represents an important step towards developing regional deposits such as San Dionisio and San Antonio.

The Company is advancing the permitting process associated with the San Dionisio final pit, which represents a key component of the integrated mine plan outlined in the 2023 Riotinto PEA. Waste stripping at San Dionisio began in Q4 2023 and will continue in 2024 in order to prepare the area for future mining phases.

E-LIX Phase I Plant

Final construction activities are in progress at the E-LIX Phase I plant. Initial copper cathodes were produced in December 2023 during the commissioning of portions of the plant. Full commissioning and ramp-up of the facility are expected during H1 2024.

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

Riotinto District – Proyecto Masa Valverde

In March 2023, the Company announced that PMV was granted an AAU by the Junta de Andalucía, following an application process that was initiated by the Company in December 2021. The AAU is an integrated process that combines the Environmental Impact Assessment and other authorisations and specifies requirements to avoid, prevent and minimise a project's impact on the environment and the area's cultural heritage. In November 2023, the exploitation permit for the Masa Valverde and Majadales deposits was officially granted.

Various evaluation and optimisation workstreams will continue in 2024. In addition, two exploration rigs will remain active at PMV.

Proyecto Touro

Atalaya remains fully committed to the development of the Touro copper project, which has the potential to provide substantial benefits to Galicia and also support the European Union's critical raw materials mandate.

Touro has the potential to become a new source of copper production for Europe. As such, the project could also be granted "Strategic Project" status by the EU, which can be awarded to projects "based on their contribution to the security of supply of strategic raw materials, their technical feasibility, sustainability and social standards", as part of the Critical Raw Materials Act. Copper was added to the list of "Strategic Raw Materials" owing to its importance for strategic sectors and technologies and due to the supply-demand imbalance that is expected in the near future.

Running parallel with the ongoing Touro permitting process, the Company continues to focus on numerous initiatives related to the social licence, including engaging with the many stakeholders in the region to provide detailed information on the new and 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 continues to successfully restore the water quality of the rivers around Touro and is operating its water treatment plant, which is addressing the legacy issues associated with acid water runoff from the historical mine, which closed in 1987. The field-work carried out by Atalaya has resulted in an immediate and visible improvement of the water systems surrounding the project, with the progress being recognised by local stakeholders and the media.

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

Proyecto Ossa Morena

In 2023, exploration drilling continued with one rig at the Guijarro-Chaparral, La Hinchona and the Alconchel-Pallares copper-gold projects. One rig is expected to be active throughout 2024.

Riotinto District – Proyecto Riotinto East

Drill testing of selected coincident FLEM and AGG anomalies is in progress with one rig.

Electricity Market in Spain

Realised Prices

Market electricity prices in FY2023 improved significantly from the unprecedented levels experienced in FY2022 following Russia's conflict with Ukraine. Factors that contributed to the price normalisation in FY2023 include significantly lower gas prices, strong gas inventory levels in Europe, mild weather in much of Europe and strong contributions from renewable power generation sources in Iberia. After including the contribution from the Company's 10-year power purchase agreement ("PPA"), realised electricity prices in FY2023 were approximately 60% lower than the Company's average realised electricity price in FY2022.

So far in FY2024, market electricity prices have continued to trend lower, reaching levels that are consistent with long run averages that existed in Spain until mid-2021.

50 MW Solar Plant

Construction continues to advance at the 50 MW solar plant at Riotinto. As a result of certain procurement and installation delays, the contractor has informed the Company that initial power generation is now expected to begin in Q2 2024.

In order to reduce exposure to the spot electricity market until the 50 MW solar plant is operating, the Company has entered into new short term PPAs such that the majority of Riotinto's electricity requirements for H1 2024 are now subject to fixed prices.

Once fully operational, the 50 MW solar plant is expected to provide approximately 22% of Riotinto's current electricity needs. Together, the 50 MW solar plant and 10-year PPA will provide over 50% of the Company's current electricity requirements at a rate well below historical prices in Spain.

Corporate Activities Update

Intention to Move to the Main Market

In November 2023, the Company announced its intention to apply for its ordinary shares to be admitted to the premium listing segment of the Official List maintained by the Financial Conduct Authority ("FCA") and to trading on the London Stock Exchange plc's main market for listed securities (together, “Admission”).

On 21 December 2023, the Company announced the application process was ongoing, outlined that Admission remained subject to a number of conditions including the approval by the FCA of a prospectus and noted that Admission would not take place until after the announcement of the Company’s 2023 Annual Results.

The Company continues to progress the application process and will provide further update on the potential timing of Admission in due course.

Re-domiciliation

In November 2023, Atalaya announced its intention to re-domicile the Company by transferring its registered office from the Republic of Cyprus to the Kingdom of Spain and convened an Extraordinary General Meeting ("EGM") to seek approval for various related matters.

On 12 December 2023, the Company held the EGM, at which all resolutions were approved by the Company's shareholders.

As a result, various procedural and legal steps are underway. Completion of the proposed re-domiciliation continues to be expected before the end of May 2024.

Operational Guidance

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 recent geopolitical developments and the impact on energy prices and other supplies may still have further effects or impact how the Company can manage it 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.

Proyecto Riotinto operational guidance for 2024 is as follows:

	Unit	Guidance 2024
Ore mined	million tonnes	**~19**
Waste mined	million tonnes	**~25**
Ore processed	million tonnes	**15.3 – 15.8**
Copper ore grade	%	**0.39 – 0.41**
Copper recovery rate	%	**84 – 86**
Contained copper	tonnes	**51,000 – 53,000**
Cash costs	$/lb payable	**2.80 – 3.00**
All-in sustaining cost	$/lb payable	**3.00 – 3.20**

Production

As announced in the Company’s Q4 2023 Operations Update, copper production guidance is 51,000 – 53,000 tonnes for FY2024, which is consistent with FY2023 production levels. As a result of the anticipated grade profile, FY2024 production is expected to be weighted slightly towards H2 2024.

Operating Costs

For the most part, the prices of key inputs stabilised in FY2023, following the significant inflationary pressures that were experienced in FY2022. However, the unit prices of consumables such as explosives, diesel and lime remain above 2021 levels. Positively, improving prices for spot market electricity and gas in Spain are expected to benefit Atalaya's cost position.

Operating cost guidance for FY2024 are a cash cost range of $2.80 – 3.00/lb copper payable and an AISC range of $3.00 – 3.20/lb copper payable. AISC excludes one-off investments in the tailings dam (consistent with prior reporting) and waste stripping at the San Dionisio area, which are included in capital expenditure guidance below.

Capital Expenditures

Non-sustaining capital expenditure guidance for FY2024 is €64 – 73 million. This includes €4 – 5 million for completion of the 50 MW solar plant, €5 – 7 million for completion and ramp-up of the E-LIX Phase I Plant (a portion of which will be accounted for as prepayments to Lain Technologies), €42 – 46 million for San Dionisio waste stripping, dewatering and road relocation and €13 – 15 million for expansion of the existing Riotinto tailings facility.

Exploration

Atalaya's exploration guidance for FY2024 is €5 – 7 million.

Financial Review

Income Statement

The following table presents a summarised consolidated income statement for the three and twelve month periods ended 31 December 2023 and 31 December 2022.

(Euro 000's)	**Three month ended 31 Dec 2023**	Three month ended 31 Dec 2022	**Twelve month ended 31 Dec 2023**	Twelve month ended 31 Dec 2022
Revenues from operations	**85,591**	99,893	**340,346**	361,846
Cost of sales	**(65,038)**	(71,797)	**(247,290)**	(289,554)
Corporate expenses	**(4,713)**	(4,598)	**(12,741)**	(9,954)
Exploration expenses	**(1,311)**	(3,801)	**(6,467)**	(4,257)
Care and maintenance expenditure	**(1,199)**	(1,494)	**(2,384)**	(3,053)
Other income	**558**	(4)	**1,636**	286
EBITDA	**13,888**	18,199	**73,100**	55,314
Depreciation/amortisation	**(10,635)**	(8,775)	**(37,800)**	(34,119)
Net foreign exchange (loss)/gain	**(2,038)**	(4,181)	**(1,278)**	11,546
Net finance (cost)/income	**(422)**	1,030	**2,071**	(421)
Tax	**4,422**	1,766	**570**	(1,394)
Profit for the year	**5,215**	8,039	**36,663**	30,926

Three months financial review

Revenues for the three-month period ended 31 December 2023 amounted to €85.6 million (Q4 2022: €99.9 million). The decrease in revenues compared to the same quarter of the previous year was mainly driven by a decrease in concentrate sales volumes.

Realised prices excluding QPs were US$3.78/lb copper during Q4 2023 compared with US$3.70/lb copper in Q4 2022. The realised price during the quarter, including QPs, was approximately US$3.75/lb.

Cost of sales for the three months ended 31 December 2023 totalled €65.0 million, compared to €71.8 million in Q4 2022. The decrease in costs was mainly attributable to lower prices for electricity and steel grinding balls.

Cash costs of US$2.90/lb payable copper during Q4 2023 compared with US$2.90/lb payable copper in the same period last year. Cash costs remained consistent with the previous year, primarily due to the offsetting effect of a reduction in electricity costs (a decrease of approx. €8.8 million) in 2023, counterbalanced by an increase in earthworks waste. AISC for Q4 2023, excluding one-off investments in the tailings dam, were US$3.16/lb payable copper compared with US$3.12/lb payable copper in Q4 2022.

Sustaining capex for Q4 2023 amounted to €0.5 million compared with €1.6 million in Q4 2022. Sustaining capex mainly related to continuous enhancements in the processing systems of the plant. In addition, the Company invested €3.4 million in the project to increase the tailings dam during Q4 2023 (Q4 2022: €4.8 million). Stripping costs capitalised during Q4 2023 amounted to €2.0 million (Q4 2022: €nil).

In Q4 2023, the Capex for constructing the 50 MW solar plant was €2.2 million. Additionally, investments in the E-LIX Phase I plant totalled €5.2 million, of which €1.7 million was booked as prepayments for a service contract with Lain Technologies Ltd.

Corporate expenses for Q4 2023 totalled €4.7 million (Q4 2022: €4.6 million). This includes non-operating costs of the Cyprus office, corporate legal and consultancy costs, ongoing listing costs, officers and directors' emoluments, and salaries and related costs of the corporate office.

Exploration costs on Atalaya's project portfolio for the three-month period ended 31 December 2023 amounted to €1.3 million compared to €3.8 million in Q4 2022.

EBITDA for the three months ended 31 December 2023 amounted to €13.9 million compared with Q4 2022 of €18.2 million.

The main item below the EBITDA line is depreciation and amortisation of €10.6 million (Q4 2022: €8.8 million). In Q4 2023, net financing costs amounted to a negative €0.4 million (compared to positive €1.0 million in Q4 2022).

Twelve months financial review

Revenues for the twelve-month period ending 31 December 2023 totalled €340.3 million, compared to €361.8 million in FY 2022. This decline is primarily attributed to reduced realised prices and lower concentrates sold.

Copper concentrate production during the twelve-month period ended 31 December 2023 was 249,321 tonnes (FY 2022: 249,543 tonnes) with 246,128 tonnes of copper concentrates sold in the period (FY 2022: 251,268 tonnes). The production levels remained similar in FY 2023. Inventories of concentrates as at the reporting date were 6,722 tonnes (31 Dec 2022: 3,529 tonnes).

Realised copper prices, excluding QPs, for FY 2023 were US$3.80/lb copper compared with US$3.96/lb copper in the same period of 2022. Concentrates were sold under offtake agreements for the production not committed. The Company did not enter into any hedging agreements in 2023.

Cost of sales for the twelve-month period ended 31 December 2023 amounted to €247.3 million, compared with €289.6 million in FY 2022. Lower operating costs in 2023 were due to a reduction in input costs compared with the 2022 period, where the high cost of electricity, diesel and other supplies were the result of inflation and the geopolitical situation.

Cash costs of US$2.79/lb payable copper for FY 2023 show a decrease compared to US$3.16/lb payable copper in the corresponding period last year. This reduction in cash costs can be primarily attributed to a significant decrease in electricity costs (approximately €52.5 million lower) and other supplies, including freight prices. The AISC, excluding investment in the tailings dam for the twelve-month period, stood at US$3.09/lb payable copper, a decrease from US$3.37/lb payable copper in FY 2022. This decline is mainly a result of lower cash costs, although partly offset by higher capitalised stripping costs.

Sustaining capex for the twelve-month period ended 31 December 2023 amounted to €3.4 million, compared with €6.2 million in the same period the previous year. Sustaining capex related to enhancements in plant processing systems. In addition, the Company invested €13.7 million in the project to extend the tailings dam, compared with €14.1 million in 2022.

Capex associated with the construction of the 50 MW solar plant amounted to €12.9 million in FY 2023, while investments in the E-LIX Phase I plant totalled €18.1 million, of which €9.1 million was booked as prepayments for service contract to Lain Technologies Ltd.

Corporate costs for the period ended December 2023 were €12.7 million, compared with €10.0 million in FY 2022. Corporate costs mainly include the Company's overhead expenses.

Exploration costs related to Atalaya's project portfolio for the twelve months ended 31 December 2023 were €6.5 million compared to €4.3 million for the same period last year. The major exploration work costs were incurred at Proyecto Masa Valverde and Ossa Morena.

EBITDA for the twelve months ended 31 December 2023 amounted to €73.1 million, compared with €55.3 million in FY 2022.

Depreciation and amortisation amounted to €37.8 million for the twelve-month period ended 31 December 2023 (FY 2022: €34.1 million).

Net foreign exchange loss amounted to €1.3 million in FY 2023 (€11.5 million gain in FY 2022).

For FY 2023, net finance income amounted to positive €2.1 million, compared to net finance costs of €0.4 million in FY 2022. This increase is driven mainly by the €3.5 million of interest received as a result of the agreement reached with Astor on 17 May 2023.

Financial Position

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
ASSETS		
Non-current assets	**473,221**	433,494
Other current assets	**76,241**	103,029
Tax refundable	**100**	100
Cash and cash equivalents	**121,007**	126,448
Total Assets	**670,569**	663,071
Shareholders' Equity	**492,392**	466,297
LIABILITIES		
Non-current liabilities	**49,447**	51,244
Current liabilities	**128,730**	145,530
Total Liabilities	**178,177**	196,774
Total Equity and Liabilities	**670,569**	663,071

Assets

As of 31 December 2023, total assets amounted to €670.6 million, up from €663.1 million on 31 December 2022, representing an increase of €7.5 million. This growth is mainly driven the Group's significant enhancements in the assets at Proyecto Riotinto. The decrease in cash and cash equivalents is mainly due to increased financing activities, driven by higher dividend payments and the repayment of loans.

Non-current assets as of 31 December 2023, amounted to €473.2 million (2022: €433.5 million). This category includes €384.7 million in Property, Plant, and Equipment (2022: €354.9 million), €49.4 million in intangible assets (2022: €53.8 million), €26.7 million in non-current receivables (2022: €16.4 million), €1.1 million in non-current financial assets (2022: €1.1 million), and €11.3 million in deferred tax assets (2022: €7.3 million).

Other current assets, as of 31 December 2023, amounted to €76.2 million (2022: €103.0 million). Within this category, €42.9 million (2022: €64.2 million) pertained to trade and other receivables, and €33.3 million (2022: €38.8 million) related to spare parts and ore in stockpile classified as inventories.

Current trade and other receivables as of 31 December 2023, amounted to €42.9 million, a decrease from €64.2 million in the previous year. This includes trade receivables at fair value (subject to provisional pricing) of €10.1 million, trade receivables from shareholders at fair value (subject to provisional pricing) of €5.1 million, other receivables from related parties at amortized cost of €56k, deposits of €37k, VAT receivable of €21.0 million, prepayments totalling €5.9 million, and other current assets of €0.8 million.

Liabilities

Non-current liabilities were €49.4 million, a decrease from €51.2 million in 2022. Current liabilities amounted to €128.7 million, down from €145.5 million in the previous year. Consequently, Total Liabilities decreased to €178.2 million from €196.8 million in 2022. The comprehensive view of Total Equity and Liabilities for 2023 stood at €670.6 million, marking an increase from €663.1 million in the previous year.

The most significant caption of non-current liabilities is the provision amounting to €27.2 million as at 31 December 2023 (2022: €24.1 million). In addition to the provision, non-current liabilities included the long term portion of borrowings of €16.1 million (2022: €20.8 million), the long-term portion of leases €3.9 million (2022: €4.4 million), and trade payables of €2.2 million (2022: €2.0 million).

As of 31 December 2023, current liabilities stood at €128.7 million, compared to €145.5 million in 2022. This balance includes borrowings related to the repayment of the Deferred Consideration to Astor facility, Solar Plant facility, and other operating facilities, amounting to €50.6 million (2022: €52.6 million). Trade and other payables as of 31 December 2023 amounted to €75.9 million, reflecting a decrease from €90.0 million in the previous year (2022). Trade payables include suppliers, totalling €70.3 million, down from €85.0 million in 2022, trade payables to shareholders (Note 30.5), amounting to €0.2 million, consistent with 2022, accruals, which increased to €3.4 million from €3.3 million, VAT payable, which increased to €0.4 million from €0.3 million, and other payables, which increased to €1.7 million from €1.4 million.

Results

The Group's and Company´s consolidated results are set out on page 123.

Liquidity and Capital Resources

Atalaya monitors factors that could impact its l5iquidity as part of the Company'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 as at 31 December 2023 and 2022, and cash flows for the twelve months ended 31 December 2023 and 2022.

Liquidity Information

(Euro 000's)	31 Dec 2023	31 Dec 2022
Unrestricted cash and cash equivalents at Group level	**94,868**	108,550
Unrestricted cash and cash equivalents at Operation level	**26,139**	17,567
Restricted cash and cash equivalents at Operation level	**-**	331
Consolidated cash and cash equivalents	**121,007**	126,448
Net cash position	**54,320**	53,085
Working capital surplus	**68,618**	84,047

Unrestricted cash and cash equivalents as at 31 December 2023 decreased to €121.0 million from €126.1 million at 31 December 2022. The increase in cash balances is due to the cash outflows generated during 2023 mainly related to financing activities. Cash balances are unrestricted and include balances at operational and corporate level. Restricted cash amounted at 31 December 2022 to €0.3 million was held in escrow, which represented funds utilized by the Company to cover possible remaining costs due to Astor following litigation during 2022. However, due to the settlement reached with Astor on 17 May 2023 whereby Astor agreed to repay €3.5 million of interest previously paid to it to finalise the litigation, the previously restricted cash has now been released and reversed.

As of 31 December 2023, Atalaya reported a working capital surplus of €68.6 million, compared with a working capital surplus of €84.0 million at 31 December 2022. The decrease in working capital surplus in 2023 related to the decrease in current liabilities. Cash decreased compared to the previous year. At 31 December 2023, trade payables had decreased by 15.9% compared with the same period last year, mainly attributed to the lower inflation.

The Directors consider the current net cash position as well as the existing levels of the commodity prices and the current liquidity position to mitigate any potential financial risks linked to the liquidity position of the Company.

Overview of the Group's Cash Flows

(Euro 000's)	**Twelve month ended 31 Dec 2023**	Twelve month ended 31 Dec 2022
Cash flows from operating activities	**64,743**	38,503
Cash flows used in investing activities	**(50,406)**	(53,529)
Cash flows from financing activities	**(18,500)**	22,411
Net increase in cash and cash equivalents	**(4,163)**	7,385
Net foreign exchange differences	**(1,278)**	11,546
Total net cash flow for the period	**(5,441)**	18,931

In the twelve-month period ending 31 December 2023, cash and cash equivalents experienced a decrease of €5.4 million. This reduction resulted from cash generated by operating activities amounting to €64.7 million, offset by cash used in investing activities totalling €50.4 million and financing activities amounting to €18.5 million, along with a net foreign exchange negative impact of €1.3 million.

Cash generated from operating activities before changes in working capital reached €72.2 million, aligning with an EBITDA of €73.1 million. Atalaya reduced its trade receivables by €10.9 million and inventory levels by €5.5 million, while trade payables decreased by €14.9 million. The company incurred corporate tax payments totalling €5.2 million during this period.

Investing activities for the year 2023 amounted to €50.4 million, primarily directed towards capital expenditures related to the tailings dam project, the solar plant, and ongoing improvements to the processing systems of the plant.

Financing activities in 2023 totalled €18.5 million, reflecting a decrease in financing mainly attributed to dividends paid and the repayment of existing unsecured credit facilities.

Dividends

Consistent with its strategy to create and deliver shareholder value, the Company approved in 2021 a Dividend Policy which make an annual payout of between 30% and 50% of free cash flow generated during the applicable financial year ("Ordinary Dividend"). This policy took effect since the financial year 2022.

The annual Ordinary Dividend is paid in two half-yearly instalments and announced in conjunction with future interim and full year results which is submitted for approval by the Board of Directors.

Dividends related to fiscal year 2022

In March 2023, the Board of Directors proposed a final dividend for 2022 of US$0.0385 per ordinary share, equivalent to approximately 3.15 pence per share. This Dividend was approved by the Company's shareholders at its 2023 Annual General Meeting, and paid on 8 August 2023 (Note 12).

Dividends related to fiscal year 2023

On 9 August 2023, the Company's Board of Directors declared a 2023 Interim Dividend of US$0.05 per ordinary share, equivalent to approximately 3.9 pence per share and was paid on 28 September 2023.

A final dividend of US$0.04 per share has been proposed for approval by shareholders at the 2024 Annual General Meeting. This would give a total dividend in respect of 2023 of US$0.09 per share.

Our share price

During the year the Atalaya share price showed a significant recovery with respect to the levels reported at the beginning of the year (+9.4%).

The Group's main stock market indicators in 2023 and 2022 were as follows:

Main stock market indicators	**2023**	**2022**
Shareholder remuneration ($/share)	0.0900[1]	0.0745
Share price at end of period (£)	3.61	3.30
Period average share Price	$3.33	$3.28
Period high (£/ share)	3.80	4.48
Period low (£/ share)	2.86	1.88
Number of shares outstanding at the end of the period	139,879,209	139,879,209
Market capitalization at the end of period (£ million)	505.0	461.6
Dividend yield (%)	2.0[1]	1.9

[1] Estimated assuming the final 2023 dividend proposed by the Board of Directors is approved by the Shareholders meeting in June 2024.

Creditors' Payment Terms

Atalaya recognises its responsibilities to its supply chain partners and accepts the requirement to settle supplier payments on time.

Accordingly, the Company undertakes to:

- Pay suppliers on time by paying 95% of invoices within the agreed payment terms and without attempting to change terms retrospectively. We also aim to pay 95% of all invoices within 60 days, and 95% of invoices from businesses with fewer than 50 employees within 30 days.
- Give clear guidance to suppliers by making readily available clear guidance on payment procedures and invoicing.
- At on-boarding stage and on an ongoing basis, notify suppliers if there is any reason why an invoice may not be paid to the agreed terms of their contract.
- Inform suppliers of how they can raise complaints and disputes and provide suppliers with a point of contact for payment queries.
- Adopt and encourage good practice by confirming that lead suppliers have adopted the good practise throughout their own supply chains.
- Avoid any practices that adversely affect the supply chain.

The Company's standard payment terms are 60 days for large enterprises and 30 days for small enterprises.

Treasury shares

As at 31 December 2023 and at the date of this report, the Company held nil (2022: nil) ordinary shares as treasury shares.

Foreign Exchange

In FY2023, Atalaya recognised a foreign exchange loss of €1.3 million (FY2022 gain: €11.5 million). The foreign exchange gain mainly related to variances in EUR and USD conversion rates during the period as all sales are settled and occasionally held in USD.

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

	Twelve months ended 31 Dec 2023	Twelve months ended 31 Dec 2022
Average rates for the periods		
GBP – EUR	**0.8698**	0.8528
USD – EUR	**1.0813**	1.0530
Spot rates as at		
GBP – EUR	**0.8691**	0.8869
USD – EUR	**1.105**	1.0666

During 2023 and 2022, Atalaya did not have any currency hedging agreements.

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

The preparation of Atalaya's Financial Statements in accordance with IFRS requires management to made estimates and assumptions that affected amounts reported in the Financial Statements and accompanying notes. There is a full discussion and description of Atalaya's critical accounting estimates and judgements in the audited financial statements for the year ended 31 December 2023 (Note 3.3).

Statement of Going Concern

These audited 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, after reviewing different scenarios with current commodities prices, 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 for a period of at least 12 months since the approval of these audited consolidated financial statements have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the consolidated financial statements continue to be prepared on a going concern basis (see Note 2.1(b)).

The Directors have assessed the going concern status of the Group, considering the period to 31 December 2024.

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

The Group's business activities, together with those factors likely to affect its future performance, are set out in the Strategic Report, and in particular within the Operating Review. Details of the cash flows of the Group during the period, along with its financial position at the period end, are set out in the Financial Review. The consolidated financial statements include details of the Group's cash and cash equivalents Note 21, and details of borrowings are set out in Note 28. When assessing the going concern status of the Group, the Directors have considered in particular its financial position, including its significant balance of cash and cash equivalents and the terms and remaining durations of the borrowing facilities in place. The Group had a strong financial position as at 31 December 2023, with combined cash and cash equivalents of €121.0 million. Total borrowings were €66.7 million, resulting in a net debt position of €54.3 million. Of the total borrowings, the 76% is repayable within one year, and 24% repayable between one and five years.

When assessing the prospects of the Group, the Directors have considered the Group's copper price and foreign exchange forecasts, the Group's expected production levels, operating cost profile, capital expenditure and developments projects. These forecasts are based on the Group's budgets and life-of-mine models, which are also used when assessing relevant accounting estimates, including depreciation, deferred stripping and closure provisions. This analysis has focused on the existing asset base of the Group, without factoring in potential development projects, which is considered appropriate for an assessment of the Group's ability to manage the impact of a depressed economic environment. The analysis has only included the draw-down of existing committed borrowing facilities and has not assumed that any new borrowing facilities will be put in place. The Directors have assessed the key risks which could impact the prospects of the Group over the going concern period and consider the most relevant to be risks to the copper price outlook, as this is the factor most likely to result in significant volatility in earnings and cash generation together with geopolitical risks than can affect to the supply chain, freights costs and electricity market. In this matter, the Group have implemented improvements as Solar Plant, agreement of a PPA with the electricity supplier of Riotinto.

Based on their assessment of the Group's prospects and viability, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that the Directors are aware of that cast doubt on the Group's going concern status and that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2024. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

In particular, we considered the Group's current strong financial position, its forecast future performance, the key risks which could impact the future results and reviewed robust down-side sensitivity analyses which all indicated results that could be managed in the normal course of business.

Other Matters

Share Capital Structure

During 2023, the Company had the following weighted average number of shares outstanding and commitments to issue shares:

	Weighted No. of Ordinary Shares
Ordinary shares	139,879,209
Options	4,848,500
Diluted	**144,727,709**

In May 2023, the Company, in accordance with the Company's Long Term Incentive Plan 2020, granted 1,305,000 share options to PDMRs and other employees.

In January and June 2022, the Company granted 1,345,000 share options to the key management and employees.

In 2022, Atalaya increased its share capital by 1,643,250 shares as result of share option executions.

Details on authorised and issued share capital are disclosed in Note 22 of the financial statements.

Significant shareholders

The shareholders holding more than 5% (directly or indirectly) of the issued share capital as of 31 December 2023 are:

	Ordinary Shares 000's	%
Urion Holdings (Malta) Ltd (subsidiary of Trafigura Group Pte. Ltd.)	30,821	22.03
Cobas Asset Management, SGIIC, S.A.	19,391	13.86
Ithaki Limited	8,421	6.02
Hamblin Watsa Investment Counsel (subsidiary of Fairfax Financial Holding Ltd.)	8,252	5.90

Between 31 December 2023 and the date of approval of the consolidated and Company financial statements there have been no significant changes on the share capital holding.

Environmental

The Group is committed to conducting its business in strict compliance with both the spirit and the letter of all relevant environmental laws and regulations. Recognising our duty, we are committed to restoring and rehabilitating our operating sites in accordance with applicable environmental standards. This remediation process involves a comprehensive strategy that includes careful dismantling and removal of structures, rehabilitation of mines and tailings dams, decommissioning of operations and closure of facilities and waste sites. Our efforts also extend to the careful restoration, reclamation and revegetation of areas affected by our operations, as described in Note 26. For a fuller understanding of our environmental practices and commitment, additional information is available in the Sustainability Report. This report provides a detailed account of our initiatives and highlights our careful and responsible approach to environmental protection and sustainable business practices.

Articles of association

In accordance with the announcement made by Atalaya during its Extraordinary General Meeting held on 12 December 2023, the company will undertake a re-domiciliation process involving the transfer of the company's corporate seat and registered office from the current location in the Republic of Cyprus to Spain. Consequently, following this re-domiciliation, the Company will no longer be subject to the laws of the Republic of Cyprus but will instead be governed by Spanish law as a legal entity.

As a direct result or in connection with this re-domiciliation, it was resolved and approved that, upon the re-domiciliation taking effect under Spanish law, the Existing Articles will be replaced by the new articles of association.

Political and Charitable Donations

The Group made no political donations or charitable donations during the year ended 31 December 2023 (2022: €nil). Instead, Atalaya contributes through its Foundation to financing projects that benefit local communities in cooperation with local municipalities based on our Corporate Social Responsibility.

More information sees the Sustainability Report 2023.

Research and Development Activities

R&D projects are an essential driver for increase the capacity and the Life of Mine ("LOM") of the actual mines with more sustainable energy models and meeting the challenge of decarbonization in industrial production.

In recent years, Atalaya have made efforts to create a specific department for Innovation to collaborate internally and with our external partners.

Main current activities are related to develop technologies for the treatment of acidic waters, recovery of metals and co-products from acidic waters and implement magnetic aggregation technology in the flotation circuit to increase metallurgical yields. Some of these activities have been granted with European funds and executed in collaboration with universities and international companies.

For information, see our Sustainability Report 2023.

Existence of Branches

The Group does not operate any branches.

Internal Controls

At Atalaya, we acknowledge the vital importance of responsible management in achieving optimal performance while upholding our environmental, social, and governance commitments. Our dedication to good governance is guided by the following principles:

1. Corporate Governance Integration: We establish a robust corporate governance system that incorporates the achievement of Sustainable Development Goals as a strategic decision-making framework. Our board and management actively consider ESG factors in all aspects of our operations.
2. Risk and Opportunity Management: We implement effective risk and opportunity management systems across our mining operations. This involves identifying, assessing, and mitigating risks related to safety, environmental impact, financial performance, and stakeholder relations.

3. Board Oversight: Our Board of Directors holds ultimate responsibility for the Company's successful operations. They ensure that management has appropriate processes in place:
    a. Strategic Planning: We engage in strategic planning to align our business objectives with ESG goals.
    b. Risk Assessment: We assess risks related to safety, environmental impact, and financial performance.
    c. Internal Controls: We monitor performance against pre-defined benchmarks to maintain transparency and accountability.
4. Ethics and Compliance: We foster a robust ethical culture within the organization. Our Code of Conduct guides employee behaviour, emphasizing integrity, honesty, and compliance with legal and regulatory requirements.
5. Risk Prevention Policies: We establish policies and procedures to prevent and manage risks, encompassing safety protocols, environmental protection measures, and financial controls.
6. Transparency and Reporting: We provide transparent reporting on our ESG performance, detailing incidents, violations, and sanctions. Stakeholders can review our annual reports and financial statements.

At Atalaya Mining Plc, we are dedicated to sustainable practices, stakeholder engagement, and responsible mining. Our internal controls ensure that we adhere to these principles while delivering value to our shareholders and contributing to a better future.

The Audit Committee, established by the Board of Directors, is responsible for reviewing and assessing the adequacy of the overall internal control systems and accounting procedures of the Company including reviewing the Company's procedures for internal control.

Statement of Corporate Governance

Atalaya is committed to high standards of corporate governance and to having an effective Board of Directors leading and controlling the Company. The Group and the Company give special attention to the application of sound corporate governance policies, practices and procedures. Corporate Governance is the set of procedures followed for the proper management and administration of the Group. Corporate Governance rules the relationship between the shareholders, the Board of Directors and the management team.

In structuring its governance framework, Atalaya has adopted and compliance with all guidance from the principles of the Quoted Companies Alliance Code ("QCA") and National Instrument 58-201 Corporate Governance Guidelines of Canada.

In November 2023, Atalaya announced its intention to apply for the Company's ordinary shares to be admitted to the premium listing segment of the Official List maintained by the Financial Conduct Authority ("FCA") and to trading on the London Stock Exchange plc's main market for listed securities ("Admission"). The Board intends that following Admission, it will adopt and report against the UK Corporate Governance Code

Corporate Governance Code

The QCA is an independent membership that "champions the interests of small to mid-size listed companies". The QCA represents companies employing around 1.4 million workers and they set out the guidelines of independence and transparency for said businesses.

In 2018, the QCA issued an updated version of its Corporate Governance Code. This version of the Code includes 10 corporate governance principles that companies should follow, and step-by-step guidance on how to effectively apply these principles.

Directors' Responsibilities for the Financial Statements

Cyprus company law states that the Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In the preparation of these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Cyprus governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Composition, Responsibilities and Remuneration of the Board of Directors

The members of the Board of Directors as at 31 December 2023 and on the date of this report are presented in the Corporate Governance report. There were no significant changes in the assignment of responsibilities of the members of the Board of Directors.

For further details on the composition, responsibilities and remuneration of the Board of Directors, please refer to the Corporate Governance Report**.**

Members of the Board of Directors

The Board of Directors, during the year 2023 comprised:

Roger Davey (*)	Non-Independent Non-executive Chair
Hussein Barma	Independent Non-executive Director
Stephen Scott	Independent Non-executive Director
Neil Gregson	Independent Non-executive Director
Jesus Fernandez	Non-Independent non-executive Director
Kate Harcourt	Independent Non-executive Director
Alberto Lavandeira	Non-Independent Chief Executive Officer

(*) Roger Davey is not considered independent as he has served on the Board for more than nine years from the date of his first appointment.

Auditors

The Board, led by the Audit Committee, expects to conduct a tender process for the appointment of the Group's auditor for the 2024 financial year onwards and shareholders will be asked to confirm this appointment at the 2024 AGM. This is related to the new domiciliation to Spain of the Parent Company and in anticipation of the implementation of UK audit and corporate governance reforms.

Company secretary

Inter Jura CY (Services) Limited serve as the Company Secretary. The Company Secretary is appointed and dismissed by the Board of Directors and all directors have a right of access to the Company Secretary. The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board.

Events after the Reporting Period

Any significant events that occurred after the end of the reporting period are described in Note 34 to the financial statements.

By Order of the Board of Directors,

Roger Davey
Chair
Nicosia, 18 March 2024

OUR COMMITMENT TO SUSTAINABILITY

Atalaya is firmly committed to the responsible production of metals throughout our value chain. We strive to achieve the best results with a positive impact on employees, partners, local communities, the environment and all our stakeholders.

We disclose our sustainability performance in our annual Sustainability Report, an exercise in transparency in line with the Global Reporting Initiative (GRI) reporting standards. Please download our Atalaya 2023 Sustainability Report, where we provide full information on our ESG performance. This section of the Annual Report only provides a summary of information on our sustainability performance in 2023.

1.1 Sustainability strategy

At Atalaya, we are committed to our Sustainability Strategy to ensure that the management of our operations and the proposal of new projects are aligned with the principles of the Sustainability Policy. The strategy focuses on six pillars that positively impact the Company: Good governance, people, safe operations, environment and climate change, society, and innovation and technology.

1.2 Our Climate Change Approach

We are integrating climate change in our Business Strategy, in a way that the business can respond to potential risks and opportunities in the short, medium, and long term.

With regards to responsible governance, we recognize that well-governed organisations understand that survival and success are linked and related to environmental and social performance. In this respect, our Governance structure relevant to Climate Change issue includes:

- Atalaya has been including the fight against climate change in our corporate and operational policies, signed at the highest level of the Company.
- Our Board of Directors is ultimately responsible for the proper management of risks and opportunities related to climate change. It oversees the implementation and compliance with the objectives set out in the Sustainability Strategy and proposes changes and updated if needed.
- In 2022, a Sustainability Committee on the Board of Directors was established. This Sustainability Committee is responsible for setting the sustainability strategy and promote board commitment to risks and the company's sustainability performance.
- In addition, the Physical Risk Committee is responsible for managing physical risks and the Audit Committee is responsible for overseeing the financial risk management process.

In November 2023 we made public our reviewed climate targets. These targets are more ambitious and our first published climate targets published in our previous Sustainability Reports (dated 2021 and 2022).

Proyecto Riotinto is our only mine asset operating at present and we have established these mid-term climate reductions targets for scope 1 and scope 2 according to the mine life:

Asset	Base Year	Scope	% reduction	Target year	Type
PROYECTO RIOTINTO	2022	1 & 2	30%	2025	Absolute
			50%	2030	

Atalaya will continue to assess the technical and commercial merits of new technologies that would reduce our GHG emissions accordingly. The commissioning of the solar plant in 2024 will help us to achieve these goals.

Net-Zero Position

Proyecto Riotinto's current reserve life does not support operations beyond 2050. Consequently, we have presently not made a Net Zero 2050 commitment to this period. However, we expect to extend the Life of Mine of Proyecto Riotinto and add new operations to its portfolio, so we will review our commitments according to business reality.

1.2.1 Climate change report

In line with international best practices, we are using the Task Force Recommendations on Climate-related Financial Disclosures (TCFD), as a guideline for disclosure, striving to get to a full alignment in the future.

Through our inaugural Climate Change Report, published in 2023, we are committed to disclose our efforts and actions transparently.

A first climate-related risk assessment has been developed in 2023 using 2022 as baseline year in our Climate Change Report, we provide information about the risks and opportunities identified. We also recognise the importance of having solid governance for managing the risks and opportunities related with climate change and thus provide an overview of our governance model on these matters. Ultimately, in our commitment towards becoming a low-carbon company, we disclose the climate-related metrics used to monitor risks and opportunities, and a carbon footprint assessment.

Our progress on TCFD as of September 2023

RECOMMENDATION	DISCLOSURE TOPIC	ATALAYA'S ALIGNMENT
GOVERNANCE	Board oversight	Our Board is ultimately responsible for the proper management of climate change, setting the objectives and supervising the implementation and fulfilment of the actions established in the Sustainability Strategy, through the Sustainability Committee
	Management's role	Our management model ensures continuous assessment and monitoring of climate-related risks and opportunities
STRATEGY	Climate-related risks and opportunities	The first climate-related risk assessment was performed in 2023 using 2022 data as baseline year. The analysis included scenario analysis to assess the real and potential financial impact of the main risks and opportunities.
	Impact on Atalaya	Several physical and transition risks that can have a moderate to high impact on Atalaya's assets and business.
	Resilience of the strategy	Different scenarios have been used to assess risks and opportunities, considering global temperature increase of less and more than 2°C. Two different time horizons were used for the analysis: medium (2032) and long-term (2050)
RISK MANAGEMENT	Risk identification and assessment	The results show several existing and emerging physical and transition climate risks, and the impact is in the process of being estimated
	Risk management	Risk owners are identified, and we are now establishing additional measures to mitigate, and control the impacts of identified climate-related risks.
	Integration of risk management	At operations, the management team assess and manage climate-related risks and opportunities systematically, as part of the on-going Risk Management process of the company. Climate-related risks are integrated into the overall risk management.
METRICS AND TARGETS	Climate-related metrics	Atalaya Riotinto annually assesses GHG emissions, energy consumption, and water consumption, among other relevant environmental KPIs. We will continue to evaluate other relevant metrics as we analyse further the results of the climate risk assessment and implement further actions stemming from our climate change strategy
	Scope 1, Scope 2, and Scope 3	We report scope 1, 2 and 3 emissions. The GHG inventory is verified annually by an independent third-party against ISO 14064.
	Climate related targets	Proyecto Riotinto is our only mine asset operating at present, and we have established mid-term climate reductions targets for scope 1 and scope 2 according to the mine life.

2 CORPORATE GOVERNANCE FOR A SUSTAINABLE FUTURE

71.4 ⇨	85.7 ⇨	0 ⇨	0 ⇨	0 ⇨
Percentage of independent directors (%)[1]	*Percentage of non-executive directors (%)*[1]	*Confirmed incidents of corruption*	*Number of code of conduct violations*	*Sanctions paid for legal breaches (K€)*

[1] as at 31 December 2023

Our objective is to set industry standards through transparency, honesty, integrity, and responsibility, maintaining a steadfast commitment to corporate social responsibility.

2.1 Sustainability Committee

At Atalaya, we have a dedicated Sustainability Committee at the Board of Directors, recognizing the intrinsic link between business success and adequate governance of ESG issues.

Under the leadership of our non-executive director Mrs. Kate Harcourt, the Sustainability Committee is tasked with shaping the sustainability strategy and fostering Board-level engagement in our sustainability impacts, risks, and opportunities.

Setting ambitious ESG targets for the upcoming years and monitoring the performance of these targets is the primary mandate of the Sustainability Committee. It collaborates directly with existing committees addressing ESG matters, such as the Physical Risks Committee. Its scope includes monitoring climate change governance, climate risks and opportunities, human rights, diversity, resource efficiency, natural capital, waste management, and the circular economy.

The Sustainability Committee is in permanent contact with Atalaya's ESG management team. Through regular meetings, the ESG team updates on all topics to be addressed before the official SusCom meeting.

For the proper performance of its duties, in 2023 the Sustainability Committee held four meetings (one meeting per quarter). The Committee kept the Board of Directors informed on the most significant sustainability issues in 2023: climate change risks and opportunities, including the climate change report aligned with TCFD; the review of the sustainability strategy and the revised sustainability policy.

2.2 Management Systems at operations

The establishment of an Integrated Management System is a cornerstone in ensuring effective governance and streamlined management. This system comprehensively incorporates all processes across Proyecto Riotinto key asset, with a dedicated focus on continuous improvement in environmental performance, occupational health and safety, and responsiveness to the needs of customers and stakeholders.

Undergoing rigorous certification processes, the system is accredited to ISO 9001:2015 for Quality Management Systems, ISO 14001:2015 for Environmental Management Systems, and ISO 45001:2018 for Occupational Health and Safety Management Systems. Regular internal and external audits further validate its effectiveness. Notably, Bureau Veritas conducted a successful recertification of the integrated management system in 2022, ensuring its validity until 2026.

In alignment with our unwavering commitment to sustainability, the approval of the Sustainable Mining Management Policy in 2022 at Cobre San Rafael, the overseeing entity for the Touro Project, underscores our dedication to responsible practices. Additionally, this entity has achieved Sustainable Mining Management certification, meeting the criteria set by the Spanish Standard UNE 22480:2019.

2.3 ATALAYA Corporate policies

We have updated our corporate policies and procedures, aligned with the UK Corporate Governance Code, with a firm commitment to conducting our business with the utmost ethical standards.

In addition, our subsidiary Atalaya Riotinto Minera (responsible for Proyecto Riotinto) relies on its policies and Code of Business Conduct and Ethics, complemented by Proyecto Riotinto's compliance systems. The Board of Directors carries out an annual review of the Code and the Compliance Committee monitors compliance.

The Code of Business Conduct and Ethics sets out the organisation's standards of behaviour in its dealings with stakeholders, promotes an ethical corporate culture and prevents corporate malpractice.

2.4 Risk assessment and mitigation actions

Given the inherent nature of our operations in the mining industry, we face a spectrum of risks that could significantly influence its future operational outcomes, potentially deviating from the descriptions provided in forward-looking statements concerning Atalaya. Effective management of these risks not only safeguards the interests of stakeholders but also minimizes the potential impact on shareholder returns, sustains employment, and preserves the local environment surrounding our mining activities.

In response to these challenges, we have instituted a Risk Management Policy aimed at facilitating the establishment of an efficient risk control and internal control system within the company. Within this system, the company conducts assessments of its primary risks, categorizing them into four main groups:

- Strategic Risks: Key risks in this category include the potential failure to replace reserves, underestimation of capital expenditures (CAPEX), financial risks, and challenges related to securing licenses to operate.
- Commercial and Financial Risks: Risks encompass significant fluctuations in commodity prices, dependence on a limited number of customers, and exposure to foreign exchange risks.
- Legal and Regulatory Risks: Risks associated with new political, legal, and regulatory developments that may impact the company's operations.
- Operational and External Risks: Risks in this category involve shortages of critical supplies such as water and electricity, complexity of environmental laws, labour disruptions, and cybersecurity vulnerabilities.

2.4.1 Financial risks

The Board of Directors holds the highest responsibility for approving and overseeing these risk assessments. Additionally, we have adopted a Financial Risk Management Policy, outlining key principles to manage exposure to critical financial risks. This policy aims to support the achievement of our financial targets while ensuring the protection of future financial security. The senior management oversees the management of financial risks, with the Audit Committee providing valuable support.

2.4.2 Non-financial risks

In addition to the financial risks, we are also exposed to non-financial risks falling under the umbrella of ESG considerations.

The different business areas within the Company identify these risks and develop specific mitigation measures, integrating them into the overall management system. This holistic approach ensures that we are not only attentive to financial concerns but also actively address risks pertaining to broader sustainability and ethical considerations.

3. PROFESSIONAL AND PERSONAL DEVELOPMENT

488 ⇩	68 ⇨	92.7 ⇧	4.55 ⇧
Total number of employees	*Employees coming from the local community (%)*	*Permanent contracts (%)*	*Gender pay gap (%)*

3.1 Placing people first

In 2023, our total workforce was 488 employees. It is slightly less than 2022 with 499 people working with us. The reason for this is the completion of the archaeological excavations, which has led to a reduction in the workforce in archaeology.

Over 93% of our employees work in Proyecto Riotinto, and 92% have permanent contracts, compared to 89% in 2022. Despite a majority of men in the workforce, we have a significantly higher proportion of female employees than our peers, with a 18% of women vs a 8% mining industry average.

Our employees are vital to our resilience as a company. We maintain a strong commitment to attracting and retaining talent by promoting the highest health and safety standards, prioritising training initiatives and enhancing working conditions.

3.2 Local employment and opportunities

At Atalaya, we always promote local employment. In 2023, 68% of Proyecto Riotinto's total workforce was from the neighbouring villages (same as 2022), showcasing our commitment to fostering local employment. In addition, agreements are maintained with municipalities to ensure other important contractors also follow the same vision.

For Atalaya, 73% of employees come from the provinces where the projects are located (Riotinto +Valverde+ Beas; Galicia, Badajoz, Chipre).

3.3 Diversity, equity and inclusion

Our corporate Code of Conduct takes into consideration favourable labour relations, based on a system of non-discrimination and equal opportunities, respecting diversity at all levels.

<u>Diversity</u>

The Proyecto Riotinto´s Diversity Committee promotes projects that improve awareness of social realities, creating an inclusive environment where employees feel welcomed, valued and respected. The committee also seeks to develop appropriate intervention programs, to minimize imbalances and promote training and promotion, as well as global accessibility and specific employment generation programmes.

<u>Equality Plan</u>

The negotiation of the Equality Plan took place in the last quarter of 2023, an agreement was reached, and the Plan was finally approved on 20 December 2023. This Plan includes a series of measures for the period 2024-2027 that will be overseen by the Equality Plan Commission.

Inclusion

Together with the non-related Spanish Foundation named Adecco, that supports similar activities, we developed an Intervention Plan with the objective of supporting vulnerable people through a three-pillar cycle of inclusion: training and guidance, transforming society, and designing inclusive work environments.

The Family Plan, also developed in collaboration with the Adecco Foundation, involves personalised interventions directed by specialist staff of the Atalaya Foundation for family members of employees with a recognised disability.

3.4 Relations with our employees

We continue to emphasise the creation of an equitable, stimulating, and high-quality working environment across human, social, environmental, organisational, and economic dimensions.

We uphold the rights of association, ensuring freedom in trade union elections. Alongside adherence to the International Labour Organisation's core conventions concerning association freedom and collective bargaining, our code of conduct underlines our commitment to protect human rights, condemning any form of child, or forced labour, and rejecting labour exploitation or abuse within our sphere of influence.

Employee relations adhere to the respective legislations of Spain, containing considerations such as notice periods for operational changes, consultation procedures, and employee communication. The Works Council, comprising 13 worker-elected members, stands as a fundamental element in managing these relations.

Regular updates, occurring either quarterly or annually, inform the Works Council on recruitment, health and safety metrics (including absenteeism and accident rates), sectoral developments, and annual financial reports. Additionally, ad-hoc meetings with the Works Council are convened as necessitated by current issues.

Beyond the Works Council, we embrace an open-door policy, encouraging direct communication across all levels and not mandating that all concerns be directed exclusively through representatives, fostering transparent communication throughout the organisation.

Collective Bargaining Agreement 2022-2026

The Collective Bargaining Agreement, signed in September 2022 by the management and worker's representation though the Works Committee and trade union representatives, will be in force until December 2026. It provides social stability and a strong commitment to transparency and collaboration.

The Collective Agreement covers 100% of the workforce of Proyecto Riotinto, except for specific cases where remuneration and working hours are agreed on an individual basis. The rest of employees are governed by their corresponding sector agreements.

The agreement encompasses all primary elements outlined in employment contracts, covering aspects such as recruitment, daily work structure, salaries, leave entitlements, employee benefits, code of conduct violations and corresponding sanctions, and more. Additionally, it addresses matters pertaining to worker health and safety, including provisions for personal protective equipment, work attire, alcohol and drug testing, and maternity leave.

3.5 Developing employee skills and abilities

We maintain an Annual Training Plan that incorporates the entire workforce, with the Human Resources Department executing the plan based on recommendations from departmental managers. The Annual Training Plan covers legal requirements (such as basic mining safety standards and guidelines for mobile mining machinery) and different staff development needs. The Annual Training Plan is structured around four key pillars.

Main Pillars of the Atalaya Training Plan

Specific training for job development	**Health and safety training**	**Environmental awareness training**	**Quality training**

4. SAFE OPERATIONS

3 ⇨

Number of "Category A" waste mining storage facilities

0 ⇨

Cumulative structural safety incidents

1.88 ⇨

Dam safety factor

We are committed to the safe and responsible management of our tailings management facilities through the use of best available monitoring techniques and the implementation of best industry standards.

4.1 Safe management of our Tailings Storage Facility (TSF)

Proyecto Riotinto applies the best available techniques to ensure safe TSF management. Proyecto Riotinto's Major Accident Prevention Policy, signed by the top management, aims to reach the highest level of protection and serves as the basis for the Safety Management System implemented by the Company. The practices and procedures established by this system complement the Safety Project developed by Atalaya for its mining operation at Riotinto, which from the beginning has been designed considering the most stringent standards.

The Technical Management of Proyecto Riotinto is responsible for ensuring compliance with the regulations and basic mining safety standards applicable to the TSF. The Technical Manager reports directly to the Operations Manager of Atalaya Riotinto Minera and is the company's representative on safety matters before the relevant authorities.

TSF GOVERNANCE

Atalaya's governance procedures for its TSF management represent 5 layers of prevention:

1. Geodetic and geotechnical sensor network monitoring
2. Surveillance R+D technology of the TSF through "Minerva" and "Stone" projects
3. Internal staff inspections and governance
4. Inspections by accredited third parties
5. External reviews

DISCLOSURE OF OUR RESPONSIBLE MANAGEMENT AND BEST PRACTICES

We recognise the importance of disclosing our safe and responsible management of the mineral waste generated in our operation. These aspects are key to our all stakeholders.

In 2023, we published on our website a specific document on the safe management of tailings and the TSF at Riotinto.

Through our social networks and newsletters, we have published all the informative activities that the Minerva and Stone teams conducted throughout 2023.

For 2024, the STONE agenda continues to grow and aims to disseminate the steps that are being taken in this research project.

GLOBAL INDUSTRY STANDARD ON TAILINGS MANAGEMENT (GISTM)

At Atalaya, we are committed to a responsible management of the TSF that guarantees zero harm to the population and the environment, prioritizing the safety of our facility throughout all stages of its life cycle. To do so, we incorporate the best available techniques, and we are at the forefront when it comes to the use of new technologies applied to the surveillance of these facilities. Minerva and Stone projects are good examples of this.

However, at Atalaya we are aware of the importance to our stakeholders of compliance with the highest standards in relation to the management of these facilities.

We therefore recognise the Global Industry Standard on Tailings Management (GISTM) as the framework to which we have committed to align ourselves within 3 years. The GISTM was the product of the Global Tailings Review, which was co-convened by the United Nations Environment Programme (UNEP), Principles for Responsible Investment (UNPRI), and the International Council on Mining and Metals (ICMM).

Accordingly. we have continued to work towards conformance with GISTM. We will adapt our internal governance systems to be aligned with the standard. The follow-up of the GISTM alignment work is overseen by the Sustainability Committee of the Board of Directors.

4.2 Protecting the health and safety of our employees

0 ⇨	*5.3* ⇧	*3.1* ⇩	*0.27* ⇧	*0.06* ⇩
fatalities	*Lost time injury frequency rate (LTIR) – own employees*	*Lost time injury frequency rate (LTIR) - contractors*	*Severity rate – own employees*	*Severity rate - contractors*

Our commitment includes the continuous enhancement of Health and Safety conditions within our workplace, aiming for Zero Harm in our mining operations, as outlined in our Occupational Health and Safety Policy.

4.2.1 Our Health and Safety management approach

At Proyecto Riotinto, we have implemented an Occupational Health and Safety Management System, externally certified against ISO 45001:2018. This system aligns with the principles and commitments outlined in our Occupational Health and Safety Policy and applies to all personnel at Proyecto Riotinto, including contractors. While our exploration and permitting projects adhere to the same standards as Proyecto Riotinto, they are not currently operating under the remit of the certified system.

Our system undergoes regular internal and external audits, in accordance with ISO standards. Additionally, every two years, we undergo legal compliance audits by an accredited external body. No amendments were identified during these audits in 2023, which included an internal Management System audit and an external audit. These controls collectively contribute to our continuous improvement efforts.

For health monitoring, we rely on an external medical service, which conducts annual medical check-ups for all employees. We provide 24-hour nursing coverage with qualified health personnel, addressing not only work-related issues but also common illnesses.

Proyecto Touro, Masa Valverde and Ossa Morena, projects in the exploration or permitting phase, have opted for an outsourced External Prevention Service.

4.2.2 Engaging with our employees

Promoting a safety culture and raising awareness among employees are important actions to have a secure and healthy work environment.

We have established various bodies and processes to ensure worker participation in activities related to the development of our management system. These include the Occupational Health and Safety Committee, comprising representatives of both workers and the company, which meets periodically to analyse relevant aspects of occupational health and safety. Prevention delegates, as workers' representatives, are invited to participate in risk assessment processes and investigate any accidents.

One of our main initiatives that involves employees directly in the surveillance of occupational health and safety is our Field Leadership Program, which consists of different work groups that meet once a month to undertake preventive activities (e.g. audits, observations, inspections and "stop and talk", among others.). The Field Leadership Program is contributing to a cultural shift in occupational health and safety. Our data indicates a heightened awareness among employees.

In addition, we disseminate information to all employees, not only on occupational issues related to work but also to improve overall health and quality of life. For example, in 2023, the information screens provided, among other topics, information on the correct use of inhalers, how medications affect the skin when exposed to the sun, and the fact that sunscreen creams are indeed another form of Personal Protective Equipment (PPE).

In terms of training, throughout 2023, occupational health and safety training continued. For example, in 2023, we provided additional training in first aid and nursing standards for some of our workers. We are committed to delivering this training systematically each year.

4.2.3 Ensuring the health and safety of our contractors

Our management system includes specific provisions for contractors offering services at Atalaya. The Health Prevention Service within our company has a designated coordinator overseeing contractors' work conditions, and a computer application for control and follow-up. In addition, Contractors actively participate in health and safety activities.

5. ENVIRONMENT AND CLIMATE CHANGE

1.7 ⇧	35 ⇧	99 ⇧	0.27 ⇩
Environmental investments and expenditures (M€)	Mining waste reused in project (%)	Non mining waste diverted form disposal (%)	Surface water consumption (m^3/tons of ore processed)
83 ⇧	9 ⇧	1.4 ⇧	0 ⇨
Annual recycled water consumption to annual consumption (%)	Energy Intensity (GJ/tons of copper concentrate)	Greenhouse Gas Emissions Scope 1, 2 and 3)(tCO_2eq/tons of concentrate)	Penalties received for non-compliance with environmental regulations (€)

As a responsible mining company, we acknowledge the potential environmental impact of our mining activities.

Our commitment to environmental protection is a core value within our company, as we embrace sustainable practices that support a circular economy, safeguard ecosystems, address climate change, and positively contribute to the communities in which we operate.

5.1 Environmental Management System

Our commitment to environmental responsibility is reflected in the Environmental Policy adopted for Proyecto Riotinto. We explicitly commit to preventing pollution, ensuring efficient resource use, employing the best available techniques, establishing mechanisms to prevent or manage environmental risks, training employees and contractors on environmentally friendly practices, protecting historical heritage, and setting measurable environmental objectives which are reviewed periodically.

We work to integrate climate change adaptation and resilience into our vision of continuous improvement. Our environmental management system is certified against ISO 14001 to ensure rigorous adherence to our Environmental Policy. We conduct two audits annually—one internal by trained company employees and another external by a licensed company.

In extending our commitment to sustainable practices, Proyecto Touro has a Sustainable Mining Management Policy and received the UNE 22480:2019 certification in 2022—a Spanish standard for a sustainable mining-metallurgical management system.

5.2 Efficient Water Management and Zero Discharge Approach

Water is a shared resource crucial for the community within the hydrographic district where our operations are situated. Given that mining activities demand water and have the potential to influence local water sources, effective water management is essential to build trust among all stakeholders.

The Sustainability Policy and Environmental Policy of Proyecto Riotinto both pledge a dedication to the effective utilization of natural resources. Water management is overseen by the Environmental Department of Proyecto Riotinto, reporting directly to Management. In addition, internal and external audits are conducted under the ISO 14001:2015 environmental management system, which also includes water management.

At Proyecto Riotinto, most of the water consumption is in the production process, where it is used in grinding and flotation activities. Other water uses include dust control to improve air quality, and sanitary uses for employees and irrigation.

For efficient water use, the project has a water treatment line which allows mine water to be conditioned for use in mining and industrial applications. Atalaya Riotinto uses recirculated water which accounts for more than 82% of the total required for ore processing. This greatly reduces external water consumption.

Furthermore, we actively engage in public forums on water stewardship and management through our membership of Aminer.

Proyecto Riotinto maintains a water quality control network both upstream and downstream of the mining operation, conducting monthly sampling and providing reports to the relevant regulatory authorities.

Proyecto Riotinto also calculates its water footprint, which makes it possible to identify the processes or facilities where the greatest water consumption or deterioration of quality occurs, and thus we can implement effective measures to reduce the impact of the activity. We initially calculated and verified the water footprint for the period 2015-2022, concluding that the water requirements of the environment were met. (i.e. surface and groundwater flows remain within certain ranges with respect to water runoff and the natural water needs required by the ecosystem are respected. Furthermore, the pollutant absorption capacity is not exceeded as no water is discharged into the environment).

In addition, to be resilient to the risks of water scarcity from the effects of climate change, we plan to define a water management strategy with targets, including the development of a Water Policy, the adherence to an international water management standard (AWS) and participate in water related initiatives in 2024.

5.3 Energy Transition and Climate Change

Recognizing that energy consumption, particularly at Proyecto Riotinto, constitutes a significant environmental aspect of its operations, we are aware of its substantial role in the Company's greenhouse gas (GHG) emissions. Consequently, we prioritize the consistent monitoring and assessment of energy consumption, enabling the integration of measures aimed at reducing energy intensity and GHG emissions.

Our commitment to renewable energy

Self-consumption of renewable energy plays a significant role in mitigating our environmental impact and is a key tool in reducing our carbon footprint. We take pride in the establishment of a pioneering photovoltaic solar plant at Proyecto Riotinto. This initiative, conducted in collaboration with Endesa X, marks the construction of Spain's first solar photovoltaic power plant at a mine.

Comprising 75,000 solar panels with a 50MW capacity, it stands as one of Spain's largest self-consumption facilities. The output is equivalent to the annual electricity consumption of a municipality with 14,500 inhabitants. This solar plant is expected to contribute 22% of the mine's total energy needs, resulting in an annual reduction of over 40,000 tonnes of indirect CO2 emissions. Given that electricity consumption constitutes over 60% of the mine's carbon footprint, this reduction is comparable to the carbon absorption of 240,000 trees.

5.4 Our Carbon Footprint

As part of our commitments to contribute to a low-carbon economy, we disclose an annual inventory of Proyecto Riotinto GHG emissions, for which the ISO 14064-1:2019 standard is issued, and the footprint calculation is verified by an external third party.

The most relevant indirect greenhouse gas (GHG) indirect emissions come from product use, specifically, the consumption of reagents represents 33.8% of the total emissions, making it the most significant emission focus within this category. These emissions occur during the production process of the reagents, making them indirect GHG emissions. The major reagent consumptions and consequently the ones with the greatest impact on the carbon footprint, are quicklime and slaked lime.

Emissions associated with the production of the explosives used by the organisation account for 11.8% of the total emissions. Transportation in mining operations carried out by various contractors is also noteworthy, constituting 17.2% of the total GHG emissions.

Another significant emission focus is electricity consumption with indirect CO2eq emissions representing 28.0% of Proyecto Riotinto's carbon footprint. Atalaya has an electricity contract with Endesa Energía S.A.U, a non-Guarantees of Origin (GdO) supplier, whose 2022 energy mix exceeds that of previous years with a value of 0.272 kg CO2eq/kWh. The solar photovoltaic plant will play a significant role in reducing overall greenhouse gas (GHG) emissions. With an impressive installed capacity of 50 MW, it is set to become one of Spain's largest industrial self-consumption facilities, resulting in an annual reduction of more than 40,000 tCO2eq.

Scope 1 emissions, originating directly from the Company's operations, constitute the smallest proportion of the overall emissions, primarily stemming from the consumption of diesel in various industrial processes at the plant and during the transportation of raw materials.

5.5 Biodiversity Protection

Proyecto Riotinto employs a dedicated methodology for biodiversity management, incorporating the criteria outlined in the Unified Environmental Authorization and sector-specific legislation. The technical guidelines encompass specific measures for the conservation of two protected species, both in flora and fauna:

- **A protected plant species (Erica andevalensis).** The Erica management plan involves relocating individuals harvested during the activity. Another measure entails gathering seeds from affected individuals, cultivating and utilizing them for the restoration of project areas. Additionally, unaffected populations undergo regular monitoring and control.

- **Bat conservation project.** Proyecto Riotinto is actively progressing with the conservation project for bats. The monitoring of bat populations is conducted during both the breeding and hibernation seasons, employing direct and indirect censuses, respectively.

6. DRIVING LOCAL DEVELOPMENT

68 ⇨	671 ⇩	91.4 ⇩	1.25 ⇩	0 ⇨
% of employees the local community	*Budget dedicated to social activities*	*Invoiced from local suppliers[3] (%)*	*Investment made for the protection of local heritage (M€)*	*Complaints received from customers.*

through our Foundation[2] (K€)

[1] Data for Proyecto Riotinto
[2] Data taken from the annual accounts of the Company at the end of the accounting year for the Proyecto Riotinto Foundation
[3] Corresponding to Atalaya Riotinto Minera

Mining activities play a significant role in strengthening local, regional and national economies by fostering employment, encouraging local procurement and contributing to social development in general. At Atalaya, we are encouraged by our impact on communities through our operations and indirectly through contractors and suppliers. We are also committed to extending our socio-economic footprint by actively supporting initiatives that aim to foster long-term prosperity in the regions in which we operate.

6.1 *Value beyond our operations*

Our main project, Proyecto Riotinto, is an important contributor to the socio-economic vitality of the Riotinto Mining District in the province of Huelva. Its extensive influence is primarily evidenced by the creation of local employment opportunities and the generation of wealth within the region through its operational activities. This impact extends beyond its immediate sphere, manifesting indirectly through increased production and employment across various economic sectors, catalysed by Atalaya's activities.

6.2 *Communication channel with the local community*

Atalaya Riotinto follows a procedure for communicating with internal and external stakeholders which is managed as part of the integrated management system. Local communities are interested parties and are provided with channels to express their requests, complaints and opinions.

Through this communication channel, five external notifications were registered in 2023, all issued by neighbours of the operation and relating to complaints about vibrations from blasting activities.

All five were handled in accordance with the internal procedure and were resolved within the established timeframe. Proyecto Riotinto launched specific studies to find solutions to these concerns raised by the local community during 2023.

6.3 *Proyecto Riotinto Foundation*

The Foundation is actively engaged in advancing Atalaya's Corporate Social Investment initiatives within its sphere of influence, connected to the municipalities comprising the Riotinto Mining District.

Atalaya has been maintaining collaborative agreements with the seven Town Councils comprising the Miera de Riotinto District region (Minas de Riotinto, Nerva, Berrocal, Campofrío, La Granada de Riotinto, El Campillo and Zalamea la Real). These agreements solidify the cooperation between local administrations and the mining project, fostering administrative relations and various partnerships between the involved parties. In the year 2023, the Atalaya Foundation and the Town Councils have engaged in discussions aiming to renew these agreements, which expire with the municipal term, defined by the municipal elections held in May 2023.

The primary themes of these agreements revolve around a commitment to local development, providing resources to the councils for executing actions and initiatives focused on education, culture, social welfare, environmental conservation, employment promotion, and economic diversification. In addition, the Foundation advocates for the economic diversification of the area, fostering tourism as an alternative industry, with projects like visits to Corta Atalaya and Riotinto Experience.

6.4 *Maintaining a positive footprint at Proyecto Touro though the Terras program*

The TERRAS Program was devised by the Company as part of the ESG Strategy under Proyecto Touro. TERRAS, an acronym for Transparency, Ethics, and Genuine Environmental and Social Responsibility, was shaped based on received stakeholder input, focusing on three main spheres: environment, society, and progress. The plan is aimed at Galician society in general, sectors linked to the river Ulla, groups at risk of social exclusion in Arzúa and Santiago, and the residents of Touro and O Pino. It covers five areas of action, each with a series of specific activities and actions.

- TERRAS do Ulla: commitment to water stewardship and sustainable water use
- TERRAS do Camiño: respect for the Camino de Santiago (St James's Way).
- TERRAS do Futuro: socio-economic development of the region
- TERRAS de Vida: health and safety
- TERRAS da Xente: social actions

6.5 *Stakeholder involvement in project development*

In our quest to diversify our operations, we recognise the importance of engaging with local stakeholders to understand their expectations and convey an appealing value proposition. For this reason, for all our projects such as Ossa Morena Project in Extremadura (Spain) and its Cobre San Rafael Project in Touro, Galicia (Spain), we maintain a constant process of consultation with these entities through various means. This includes discussions with the Public Administration, establishing an accessible information centre for the public, and engaging in meetings with local groups, landowners, and representatives from different sectors.

We maintain an office in the municipality of Alconchel, which hosts Proyecto Ossa Morena, ensuring direct connections with locals, government representatives, and businesses. Serving as an information hub, the office is accessible for those curious about the project, manned by an environmental specialist and equipped with informative displays. Additionally, we regularly update the mayors of Alconchel and surrounding municipalities on activities and address residents inquiries through town councils. The dynamic relationship with the local newspaper facilitates project information dissemination.

6.6 *Preservation of the local heritage*

Proyecto Riotinto and its commitment to historical, archaeological and industrial heritage demonstrates that preventive archaeology can and must become an example of coexistence and collaboration between the different agents involved. The great challenge of this project has undoubtedly been to guarantee the research to continue as well as mine production. The work carried out is a milestone in the history of management archaeology, both an investment (time and resources) and historical research point of view.

On top of that, in 2023, several milestones have been reached:

- Greater understanding of Urium at the urban planning level and key to recovering numerous remains and understanding Roman mining activity.
- Outstanding metallurgical knowledge because of the large-scale archaeological works.
- Recovery and extraction of a metallurgical furnace in Cortalago.
- Discovery of a large metallurgical complex, which comprises offices and hearths/furnaces.
- Preservation of elements of plant origin, including soles, spikes, ropes, trunks, bones, etc.
- Transfer of industrial archaeological material to Fundación Riotinto from the Alfredo area (e.g. ladders).
- Project to adapt the Planes-Teleras area to allow access to the public, including the design of a visitor route.
- Visit to the excavations by the Delegate of Tourism, Culture and Sports from the Junta de Andalucía

Preventive archaeological activities at Ossa Morena Project

In the Ossa Morena project, intensive archaeological prospecting programmes were conducted in areas to be explored, as required by the legislation in force in the Regional Community of Extremadura. The prospecting works enabled the identification of numerous sites and elements of ethnographic interest unknown until now, in an area that has been little investigated.

These works have provided a wealth of information that can be used in subsequent historical/archaeological studies. Archaeological work is currently focused on the control of earth movements and monitoring of drilling works.

6.7 *Supply chain responsibility: local and sustainable partners*

At Atalaya, we contribute significantly to the growth of the nearby economy by actively sourcing goods and services from local suppliers. Additionally, we facilitate the development of auxiliary businesses, widening our revenue opportunities by creating collaborative opportunities within the vicinity.

Our strategy in the choice of suppliers emphasizes the prioritization of sourcing and subcontracting from local companies. In 2023, 89% of suppliers were Spanish.

During 2023, ARM maintained working relationships with a total of 685 suppliers and contractors, who provided services with a combined value of turnover of 288.93 million euros.

Continuously evaluating the purchasing process is paramount to understanding all economic, environmental, ethical, and social implications. Notably, this is being reinforced and adapted based on the criteria from the new sustainability regulation, including the Corporate Sustainability Reporting Directive (CSRD) and the future Due Diligence legislation.

7. INNOVATION AND TECHNOLOGY

9.62 ⇩

Ratio of investment in R&D&I to EBITDA (%)

7.4 ⇧

Investment in geological and mining research (M €)

With our continuous introduction of technology advances into our systems we strive to accomplish our operational objectives and goals, to create a safer and healthier workplace and overall, a more sustainable business.

Technology and innovation are necessary to the modernization, sustainability, and success of mining companies. Embracing these advancements can lead to improved efficiency, safety, environmental stewardship, and overall competitiveness in the industry.

In recent years, we have made efforts to create a specific department for Innovation. The past year saw the consolidation of this department internally and externally, attending various national events on innovation in the industry. The department has a supervisor and a new full-time technician. They are in contact with different divisions of the Company to identify possible projects that might be eligible for funding or would need partnerships with third parties to solve identified challenges. Also, they meet monthly with the CEO of Atalaya to discuss potential developments, National and

European projects, and consortia that Atalaya could consider asking for membership.

Currently, we are engaged in an industrial pilot test for the recovery of critical materials from the plant waste stream thanks to the application of a technology that uses a combination of the paramagnetic properties of minerals.

Additionally, we have undertaken two projects aimed at recovering metals from acidic waters from various sources. In collaboration with the University of Huelva, we aim to treat and recover metals from diffuse waters generated by the historic environmental liabilities present at the Riotinto mine. This project is led by our environmental department at Atalaya and is in an advanced stage. Laboratory tests have been completed, and we are drafting the project for its implementation on a pilot scale.

7.1 External innovation and R&D collaborations

We prioritize collaborations in R&D&I projects with academic and private organisations since it can provide multiple synergies when it comes to promoting projects or developing good mining-metallurgical practices from which Atalaya can benefit.

In addition, we have broadened our network of partnerships to include universities (Universidad de Huelva, Universidad de Granada and Universidad Politecnica de Cataluña) and new CSIC (Centro Superior de Investigaciones Científicas) institutes (including IRNAS (Instituto de Recursos Naturales y Agrobiología de Sevilla) and IDAEA (Instituto de Diagnóstico Ambiental y Estudios del Agua)). The projects are designed to establish waste circularity strategies and good practices in developing, operating, and closing mines and tailings facilities.

Admission to EIT Raw Materials, the world's largest innovation community in the raw materials sector, is currently underway through the project RIS-INCOME. We have also initiated a collaborative effort with several companies to innovate technologies for treating acidic waters.

Crucially, we are continuing our research efforts, and as evidence of this commitment, several scientific articles have been published during the current year.

7.2 Digitalization and new technologies

Automating, digitalising, and securing our processes is at the core of our Innovation team’s strategy.

Various measures were taken, including the implementation of a Security Information Event Management (SIEM) system within the Security Operations Center (SOC) of Telefónica España. This initiative provided constant monitoring for all communications to and from our company.

Additionally, new controls were established to ensure accurate cost allocation in warehouse shipments. This was achieved through a pre-configured setup where cost centres are assigned based on the nature of the item, streamlining the registration process and minimizing potential manual errors.

In line with the goal of streamlining processes, the management of Isolation and Lockout Permissions (PABs) was implemented within Microsoft AX, enhancing operational traceability and eliminating paperwork.

Furthermore, critical services are being migrated to a cloud environment, and in 2024, there are plans to upgrade AX (ERP) to its cloud version, D365, thereby improving cybersecurity and availability.

These projects underscore the commitment to drive the digitization of various processes and enhance data generation and management that Atalaya has undertaken in recent years.

Non-Financial Information Statement

Sustainability and non-financial information have become a central concern among business leaders, investors, consumers and regulators. Capital market participants are increasingly prioritizing the importance of non-financial information.

This chapter discloses the content included in the Statement of Non-Financial Information (SNFI) as required under the Non-Financial Reporting Directive requirements.

Reporting requirement	Relevant policies and standards	References
Sustainability and Environmental matters	Sustainability Policy Environmental Management Model Integral closure of mining operations standard Climate change standard Water management standard Biodiversity standard Tailings policy Global Industry Standard on Tailings Management	Section 4.1.1 Sustainability Report Section 4.2.2 Sustainability Report – Climate change goals commitment Section 8.3 Sustainability Report – Efficient water management and zero discharge Section 8.5 Sustainability Report – Biodiversity protection Section 7.1.2 Sustainability Report – Safe management of our Tailings Storage Facility (TSF)
Our people	**a) Employment** Total number of employees Total number and distribution of employment contract types Average annual number of contracts, temporary contracts and part-time contracts by gender, age and professional classification Number of dismissals by gender, age, country and professional classification Salary gap, remuneration of the same/average jobs in the company The average remuneration of directors and executives, including variable remuneration, plus expenses, indemnities, payment to long-term savings pension systems and any other payment broken down by	 Note 7 Financial Statement Section 6.1.1.1 Sustainability Report Section 6.1.1.1 Sustainability Report Section 6.1.1.1 Sustainability Report Section 6.1.1.1 Sustainability Report Corporate Governance

	gender **b) Organization of work** Number of hours of absenteeism • Work-life balance measures **d) Social relations: •** Organization of employee dialog • Percentage of employees covered by collective agreement, by country • Equality	Report. Remuneration of members of the Board of Directors and executive personnel is included in Note 30 to the 2023 Consolidated Financial Statements. GRI 403-9 included in the Sustainability Report Collective bargaining Collective bargaining Section 6.3.1 Sustainability Report Section 6.2.1 Sustainability Report
Social matters	The Social way and contribution	Section 9.1.3 Sustainability Report
Safety and health	Frequency and severity of occupational accidents, by gender and by our employees and contractors • Occupational diseases	Section 7.2 and 7.3 Sustainability Report Section 7.3
Respect for human rights	Code of Ethics Human Rights Policy	Code of business conduct and ethics (Good governance – website) Section 5.2.3 Human Rights Commitment – Sustainability Report
Anti-corruption and bribery	Code of Ethics Compliance Model Anti-Corruption Model Antitrust Protocol	Section 5.2.4 Sustainability Report Compliance Policy (Good governance -Policies - website) Whistleblower Policy (Good governance - Corporate policies - website) Anti-Bribery and Anti-Corruption Policy (Good governance -Corporate policies -website)
Diversity on company boards (in terms of age, gender, educational and professional background)	Governance	Board Diversity Policy (Good governance – corporate policies website)
Suppliers	Code of ethics	Section 5.2.1 corporate

	Purchase and contracts guidelines Risk management	policies Sustainability Report GRI 308-1-2 Sustainability Report Supplier Payment Policy (Good governance - Corporate policies - website) Risk Management Policy (Good governance - Corporate policies - website)

Board Leadership and Company Purpose

Letter from the Chair of the Nomination and Governance Committee

Dear shareholder

I am writing to you as the Chair of the Corporate Governance Committee of Atalaya Mining plc, as we reflect on the accomplishments and advancements made in the realm of corporate governance throughout the year 2023. We recognise the importance of good corporate governance for our Company, our shareholders and the investor community.

As we prepare our annual report for shareholders, it is crucial to highlight the significant changes and improvements we have implemented in this critical aspect of our operations. These changes are the reflection of the Board's responsibility to adhere to best practices.

Over the past year, our Committee and the Board of Directors have dedicated substantial effort towards aligning our corporate governance practices with the highest standards of accountability, transparency, and ethical conduct. One of the most notable transitions we have undertaken is the decision to transition from the QCA (Quoted Companies Alliance) Code to the UK Corporate Governance Code ("UK Code") once the move to the Main List is completed in 2024.

This decision was made after careful consideration and thorough evaluation of the evolving regulatory landscape and best practices in corporate governance. In addition, the decision follows the Company's intention to apply for the Company's ordinary shares to be admitted to the premium listing segment of the Official List maintained by the Financial Conduct Authority.

We recognize the importance of adhering to globally recognized standards to enhance investor confidence, foster sustainable growth, and mitigate risks effectively.

The transition to the UK Code will represent a significant milestone for Atalaya, underscoring our commitment to excellence in corporate governance and our determination to uphold the highest standards of integrity and transparency. It also reflects our proactive approach towards embracing changes that are conducive to long-term value creation and stakeholder interests.

I am, therefore, pleased to introduce this Governance section of our Annual Report and take the opportunity to highlight some of the areas of progress during the year.

In addition to preparing to adopt the UK Code, we have implemented a series of governance reforms aimed at enhancing board effectiveness, strengthening oversight mechanisms, and promoting diversity and inclusion at all levels of our organization. These reforms are instrumental in reinforcing our governance framework and positioning Atalaya as a leader in responsible business practices.

At our EGM in December 2023, we asked shareholders for approval to re-domicile the Company by transferring its registered office from the Republic of Cyprus to the Kingdom of Spain. The resolution was approved by the Shareholders. The incorporation in Cyprus no longer reflects the Company's geographic and strategic focus, and therefore represents a legacy structure for the Company.

The re-domiciliation to Spain also opens the possibility for the Company to be eligible for inclusion in the FTSE UK Index Series, which the Company believes would be in the interest of all its shareholders.

The committee has reviewed the Terms of References for the Board of Directors and all the committees and several policies. The Committee also reviewed our annual Board effectiveness survey and concluded that the Board and committees continue to perform well.

As we move forward, our committee remains steadfast in its commitment to continuous improvement and excellence in corporate governance. We will continue to monitor emerging trends, engage with stakeholders, and adapt our practices to reflect evolving expectations and regulatory requirements.

In conclusion, I would like to express my gratitude to the fellow Directors for their unwavering support and guidance throughout this transformative journey. Together, we are laying the foundation for sustainable growth and long-term success, grounded in robust corporate governance

practices.
Yours sincerely,

Mr Neil Gregson
Chairman of the Nomination and Governance Committee
18 March 2024

Atalaya's approach to Governance

The Board's leadership role

The approach of Atalaya to the highest standards in corporate governance is led by the Board of Directors, which is ultimately responsible for the good corporate governance of the Company.

During the 2023 fiscal year, the Board of Directors, guided by the Nomination and Governance Committee, reviewed the application of the UK Corporate Governance Code, developing those areas in which the Company needed improvement. This is a significant step towards the governance excellence as the implementation of these guidelines are ahead of the formal approval of the Company to report against the UK Corporate .Governance Code.

The implementation and subsequent review of these guidelines fall under the Senior Management of the Company, which has day-to-day operational responsibility allowing to be closer to the business and stakeholders. The Senior Management comprises the Chief Executive Officer, the Chief Financial Officer, and the General Manager of Proyecto Riotinto.

There is an additional layer of oversight for the Senior Management team, initially from independent non-executive directors and then from the Board of Directors. All Senior Management members and Directors maintain regular contact to provide challenges and/or support as appropriate.

The Board also oversees the management of the Group's activities, including the implementation of both long-term plans and commercial strategy. It establishes the governance framework within which Senior Management operates. The Board has a formal schedule of matters reserved for its approval, which includes major expenditures, investments, key policies, systems of internal control, and risk management. Certain specific responsibilities are delegated to Board committees, including Audit, Nominations and Governance, Remuneration, Physical Risk, and Sustainability, each chaired by a Board member and each operating within clearly defined terms of reference, reporting regularly to the Board.

Highlights of the Board for this Year

Atalaya had eleven Board meetings in which a wide array of subjects was dealt with. When needed, its professional advisors are invited to attend meetings to provide input into legal and financial matters.

Atalaya has also three Physical Risk Committee meetings, five Audit and Financial Risk Committee meetings, five Nomination and Governance Committee meetings, eight Remuneration Committee meetings and four sustainability Committee meetings.

These committee meetings were held to deal with specific agenda item and then minutes of those meetings reported to the Board of Directors. A summary of the topics discussed at Board and Committee meetings included:

- Health and safety, reporting of accidents and reviewing policy to look for improvements including giving the go ahead on a restructuring of the safety department.
- Operational, discussed all the operational information and data.
- Financial, reviewed figures such as cost, capital investment, budgets, etc.
- Quarterly reports, annual report and other deliverables to the Market.
- Re-election of Directors and the Board Succession plan.
- Changes to the remuneration policies and structure.
- Board and committees' performance.
- Review of Directors skills and value added to the Board of Directors.
- Company's term of reference and policies.
- Company's risk management approach.
- Monitoring of expansion, review of growth opportunities/acquisitions.
- Dividend policy.
- Re-domiciliation process and move up to the Main Market of the London Stock Exchange.

The Board would like to thank the committees that have helped the Board reach its conclusions.

About the Board of Directors and Committees

The Group and the Company give special attention to the application of sound corporate governance policies, practices and procedures. Corporate Governance is the set of procedures followed for the proper management and administration of the Group. Corporate Governance governs the relationship between the shareholders, the Board of Directors and the management team of the Company.

Board structure

Atalaya recognises the need to have a diverse board so that varying points of view can be brought to the board table. It ensures its Directors are well qualified and have a range of different skills and experience, with a good international mix to meet the requirements of operating in a global industry.

	Executive	Gender	Nationality	Years of service
R. Davey (*)	Non-independent Non-executive Chair	Male	British	Since May 2010
A. Lavandeira	Chief Executive Officer	Male	Spanish	Since May 2014
H. Barma	Independent Non-executive Director	Male	British	Since Sep 2015
J. Fernández	Non-executive Director	Male	Spanish	Since Jun 2015
S. Scott	Independent Non-executive Director	Male	Australian	Since Sep 2015
N. Gregson	Independent Non-executive Director	Male	British	Since Feb 2021
K. Harcourt	Independent Non-executive Director	Female	British	Since May 2022

(*) Roger Davey is not considered independent for the purposes of the UK Corporate Governance Code as he has served on the Board for more than nine years from the date of his first appointment.

Board diversity

Gender	
Male	6
Female	1

Ethnic origin	
Europe & UK	6
Asia	1
Australia	1

Independence	
Non-Independent	3
Independent	4

Indicator	2020	2021	2022	2023
Percentage of independent directors (%) [1]	50	57.1	71.4	57.1
Percentage of non-executive directors (%) [1]	87.5	85.7	85.7	85.7
Confirmed incidents of corruption	0	0	0	0
Number of code of conduct violations	0	0	0	0
Sanctions paid for legal breaches (K€)	0	0	0	0

The Board of Directors approved a Board Diversity Policy with the purpose to set out the approach to diversity on the Board of Directors and Senior Management.

The board will consider all aspects on diversity when reviewing the composition and balance of the Board and when conducting the annual Board effectiveness review.

The Board of Directors expect to progress on the Board members and senior management diversity in the near future.

Director candidates

The Nomination and Governance Committee identifies potential candidates to become members of the Board and fulfils the Board´s statutory and fiduciary responsibilities with respect to corporate governance and integrity. Meetings of the Committees are held not less than three times year to enable the Committee to undertake its role effectively.

Gender Diversity Statement

The Board recognises the benefits of diversity in its broadest sense and believes that the Board's capabilities are improved by a diverse balance of skills, expertise, gender, ethnicity, and professional and social backgrounds. Together, this brings the widest possible breadth of perspectives, insights and challenge to the decision-making process, ultimately ensuring the Board and senior management are equipped to promote the long-term success of the Company.

Board Meetings and Attendance

The Board and Directors do not have fixed time requirements. They are expected to attend all meetings and be sufficiently prepared with all issues that arise.

Atalaya's decisions are predominantly made by achieving a consensus at Board meetings. In exceptional circumstances, decisions may be taken by the majority of Board members.

All Directors are required to take decisions objectively and in the best interests of the Company. As part of their duties as Directors, non-executive Directors are expected to apply independent judgement to contribute to issues of strategy and performance and to scrutinise the performance of management.

The Board is scheduled to meet at least 8 times a year, and at such other times as are necessary to discharge its duties.

The Board met a total of 11 times in 2023. Meetings occurred in person and by teleconference.

	BoD		AC		SC		PRC		NGC		RC	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended
R. Davey	11	**11**	4	**4**	4	**4**	3	**3**	-	**-**	-	**-**
A. Lavandeira	11	**10**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**
H. Barma	11	**11**	5	**5**	4	**4**	-	**-**	-	**-**	-	**-**
J. Fernández	11	**5**	-	**-**	-	**-**	3	**-**	-	**-**	-	**-**
Neil Gregson	11	**11**	5	**5**	-	**-**	3	**3**	5	**5**	8	**8**
S. Scott	11	**11**	1	**1**	-	**-**	3	**3**	5	**5**	8	**8**
K. Harcourt	11	**11**	-	**-**	4	**4**	-	**-**	5	**5**	8	**8**

In addition to the above, two subcommittees of the Board of Directors were held during 2023.

Conflict of interest

Where an individual's private interests are at variance in any way with the interests of the Company as a whole, a conflict of interest exists. Further, a conflict of interest can be seen to exist where a staff member or family member of staff, has a direct or indirect financial interest in, or receives any compensation/other benefit from, any individual or firm. Directors of the Company shall disclose in writing conflicts of interest to the Board or request to have entered in the minutes of meetings of the Board the nature and extent of such interest.

Share dealing and insider trading

Pursuant to Rule 21 of the AIM Rules for Companies, the Company must have in place a reasonable and effective dealing policy setting out the requirements and procedures for dealings in the Company's securities. AIM Rule 21 sets out the minimum provisions which the dealing policy must contain. A Person Discharging Managerial Responsibilities ("PDMR") (any person who is member of the administrative, management or supervisory body of the Company or an Officer of the Company) may not deal in any securities, on his or her own account or for the account of a third party, directly or indirectly, during: a close Period; or at any time when he or she is in possession of Inside Information; or otherwise, where clearance to deal is not given under the Clearance to Deal policy.

Summary of the provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation (596/2014/EU): In addition to the rules set out in this Policy, there are two principal pieces of legislation that PDMRs must be aware of when dealing in both the securities of the Company and securities in general. The Criminal Justice Act contains a criminal offence of insider dealing and Market Abuse Regulation covers market abuse. In broad terms, there are three insider dealing offences: dealing when in possession of inside information, encouraging another person to deal when in possession of inside information; and disclosing inside information otherwise than in the proper performance of the functions of the job. Inside information is information, which is not public, relates to the securities in a company, and if it were publicly known would have a significant effect on the price of the shares/securities of that company. This may include information about the Company, but it may also include confidential information regarding the intentions or prospects of someone the Company deals with or a competitor of the Company.

Information technology governance

The Board assumes the responsibility for risks related to the information technology ("IT") systems and cyber security. The IT department implements procedures to avoid or solve any potential IT business impact.

Internal control system

The Directors have overall responsibility for the Group's internal control and effectiveness in safeguarding the assets of the Group. Internal control systems are designed to reflect the particular type of business, operations and safety risks and to identify and manage risks, but not to eliminate all risks completely to which the business is exposed. As a result, internal controls can only provide a reasonable, but not absolute, assurance against material misstatements or loss.

The processes used by the Board to review the effectiveness of the internal controls are through the Audit Committee and the senior management, reporting to the Board on a regular basis where business plans and budgets, including investments are appraised and agreed. The Board also seeks to ensure that there is a proper organisational and management structure with clear responsibilities and accountability. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with AIM rules. The Company's principal communication with its investors is through the annual report and accounts, the quarterly statements and press releases issued as material events unfold.

Code of business ethic and conduct

The Company is dedicated to delivering outstanding performance for investors, customers, consumers and its Staff. The Company aspires to be the leader in its field while operating openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility, the Company will conduct its business ethically and according to its values, encourage community initiatives, consider the environment and ensure a safe, equal and supportive workplace.

Atalaya is committed to delivering value to its shareholders and to representing the Company's growth and progress truthfully and accurately. The Company also complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights.

The Company is committed to safeguarding the integrity of financial reporting and as such will openly promote and instigate a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position. The Company will prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulations of the countries in which the Company conducts its business.

Modern slavery and human trafficking

The Group is committed in respect of working conditions and to removing potential modern slavery risks relating to the business. Atalaya takes steps to ensure that there is no slavery or human trafficking further along its supply chain and/or in any part of its business.

Anti-bribery and corruption policy

It is Atalaya´s policy to conduct all of its business in an honest and ethical manner and it takes a zero-tolerance approach to bribery and corruption. As Atalaya is quoted on AIM, it ensures compliance with the UK Bribery Act 2010 (the "Bribery Act").

The Anti-bribery and corruption policy applies to all directors, officers, consultants, temporary workers and employees of the Group and any other person performing services for the Group or on its behalf, e.g., due to a contractual relationship, including but not limited to distributors, contractors, agents, joint venture and business partners, and other intermediaries.

Investor relations

The senior management of Atalaya is committed to having regular interaction with investors on the performance of the Group through presentations and meetings. A broad range of documentation and information for investors is available on the Company's website www.atalayamining.com and it is updated on a regular basis.

Board Appointments

The Board of Directors is appointed by the shareholders, with careful consideration given to each Director's skills, experience, and expertise. It is imperative that Directors act as exemplary representatives of the Company, embodying its values and work ethic. They are entrusted with the responsibility of dedicating significant time to research and preparation before each meeting to ensure the Company's strategic direction aligns with its goals.

Director Induction

Upon appointment, new Directors undergo a comprehensive induction program tailored to familiarize them with their role and responsibilities. This program includes meetings with existing Directors, key members of the senior management team, and the Company's professional advisors. Additionally, new Directors receive thorough briefings on their obligations under AIM regulations.

To provide firsthand insight into the Company's operations, new Directors are afforded the opportunity to visit Atalaya's facilities in Spain, gaining a deeper understanding of its operational dynamics.

Furthermore, the Company emphasizes the importance of ongoing professional development for its Directors, requiring them to stay abreast of industry developments and maintain familiarity with the Company's articles and charters.

Director Independence

The Board will be composed of at least the same number of independent Directors (in accordance with applicable securities laws and stock exchange rules) as non-independent, non-executive Directors. The Nomination and Governance Committee will determine whether a member of the Board, or nominee to the Board, is an independent Director. If at any time less than half of the non-executive Directors are independent, the Board shall take steps to rectify this and ensure that the composition of the Board returns to having at least half independent Directors. If at any time the Chair of the Board is not independent, the Board shall consider possible steps and processes to ensure that leadership is provided for the Board's independent Directors.

This ensures that all Board discussions or decisions have the benefit of outside views and experience, and that at least half of the non-executive Directors are free of any interests or influences that could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

At least annually, the Board shall, with the assistance of the Nomination and Governance Committee, determines the independence of each director and the independence of each Audit and Financial Risk Committee member.

In the opinion of the Board, all Directors should bring specific skills and experience that add value to the Company. The balance of skills and experience of the Board is to be regularly reviewed by the Nomination and Governance Committee .

When considering the potential reappointment of an existing Director, the Board will consider the individual's performance as well as the skills and experience mix required by the Board in the future.

When considering vacancies, the Board will consider a candidate's capacity to enhance the mix of skills and experience of the Board.

Non independent non-executive Directors

The names and particulars of the qualifications and experience of each director are set out below.

In accordance with the Company's Articles of Association, one-third of the Board of Directors must resign each year.

All the Directors will resign at the next AGM and offer themselves for re-election.

Roger Davey – Non-executive Chair of the Board

Mr. Davey has over forty years' experience in the mining industry. Previous employment included Assistant Director and Senior Mining Engineer at NM Rothschild & Sons; Director, Vice President and General Manager of AngloGold's subsidiaries in Argentina; Operations Director of Greenwich Resources Plc, London; Production Manager for Blue Circle Industries in Chile; and various production roles from Graduate Trainee to Mine Manager, in Gold Fields of South Africa (1971 to 1978). Mr. Davey is currently a director of Highfield Resources Ltd., Central Asia Metals plc and Tharisa plc.

Mr. Davey is a graduate of the Camborne School of Mines, England (1970), with a Master of Science degree in Mineral Production Management from Imperial College, London University, (1979) and a Master of Science degree from Bournemouth University (1994). He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM).

Roger Davey is not considered independent as he has served on the Board for more than nine years from the date of his first appointment.

Mr. Davey is the Chair of Atalaya's Board of Directors and a member of the Physical Risk Committee and the Sustainability Committee

Name	Role	Years of service	Executive	Time commitment
Roger Davey	Chair Non-Independent	Since May 2010	Non-executive director	At least 75% of meetings scheduled

Skills
Mining experience, operations, processing, exploration, Capital markets, UK Market, International business, leadership, strategic, fund raising, M&A, governance, project management.

Jesus Fernandez - Non-executive Director

Mr Fernandez is Head of Mergers and Acquisitions for Trafigura. He joined Trafigura in 2004 and has extensive experience in mergers and acquisitions and providing financing solutions to mining companies. He established the Trafigura Group's mining investment arm in 2005. He is also a Director of the Galena Private Equity Resources Fund and a Director of a number of companies including the Trafigura Group's Mining Division and Bowie Resources Partners.

Prior to joining Trafigura, he worked in the project finance team at International Power plc in London. Mr Fernandez holds a Master of Science (Finance and Investment) from the University of Exeter and a degree in Economics from the Universidad de Cantabria, Spain.

Mr. Fernandez is member of the Physical Risk Committee.

Name	Role	Years of service	Executive	Time commitment
Jesus Fernandez	Non-Independent	Since Jun 2015	Non-executive director	At least 75% of meetings scheduled

Skills

M&A, Mining experience, Capital market, UK Markets, International business, corporate finance, finance and accounting, legal, leadership, strategic, fund raising.

Non independent executive Director

Alberto Lavandeira – Managing Director and Chief Executive Officer

Mr. Lavandeira brings over forty years of experience operating and developing mining projects. He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca and El Vallés-Boinas in Spain and Tasiast in Mauritania. He was also involved in the key stages of development of the Mutanda mine in the Democratic Republic of Congo. Earlier in his career, Mr. Lavandeira worked within group companies of Anglo American, Rio Tinto and Cominco (now Teck).

Mr. Lavandeira joined Atalaya in 2014. He is currently a director of Black Dragon Gold Corp.

Name	Role	Years of service	Executive	Time commitment
Alberto Lavandeira	Non-Independent - Chief Executive Officer	Since May 2014	Executive	100%

Skills
Mining experience, operations, processing, exploration, commercial, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting, government relations, CEO, sustainability.

Independent non-executive Directors

Neil Gregson - Non-executive Director and Senior Independent Director

Mr Gregson has over 30 years of experience investing in mining and oil and gas companies. From 2010 to 2020, he was a Managing Director at J.P. Morgan Asset Management, where he was a member of the equity team and a portfolio manager investing in mining and energy companies globally. Previously, from 1990 to 2009, he was Head of Emerging Markets and Related Sector Funds (including natural resources funds) at Credit Suisse Asset Management. Prior to that, Mr Gregson held various positions in mining companies, including a role as mining investment analyst with Gold Fields of South Africa.

Mr Gregson holds a BSc (Hons) Mining Engineering from the University of Nottingham. He became a Fellow of the Institute of Investment Management and Research, London in 1994. He holds a Diploma in Business Management from Damelin College, Johannesburg (1988) and a Mine Managers Certificate of Competency, South Africa (1985).

Mr. Gregson is the Chair of the Remuneration Committee, Chair of the Nomination and Governance Committee, member of the Physical Risk Committee and member of the Audit and Financial Risk Committee.

Name	Role	Years of service	Executive	Time commitment
Neil Gregson	Chair of the RC and NGC Independent	Since Feb 2021	Non-executive director	At least 75% of meetings scheduled

Skills
Mining experience, Corporate finance, finance, legal, UK Market, capital market, international business, leadership, strategic, fund raising, M&A communications, sustainability.

Kate Harcourt - Non-executive Director

Mrs. Harcourt has extensive experience as independent sustainability consultant, including ESG Officer and ESG Adviser, at a range of UK-linked mining companies, including Cornish Lithium and Adriatic Metals, and has participated in several due diligence projects for mining assets as part of a multidisciplinary team. Prior to 2010, was Director of Health, Safety, Environment, Communities and Securities at Mag Industries, Senior Environmental Scientist at Golder Associates (UK) Ltd, Senior Environmental Scientist at Wardell Armstrong and Environmental Scientist at SRK (UK) Ltd. Mrs. Harcourt also sits on the board of Fortuna Silver Mines and Orezone Gold Corporation.

Mrs. Harcourt is the Chair of the Sustainability Committee, a member of the Remuneration Committee and a member of the Nomination and Governance Committee.

Name	Role	Years of service	Executive	Time commitment
Kate Harcourt	Chair of the SC Independent	Since May 2022	Non-executive director	At least 75% of meetings scheduled

Skills
Mining experience, sustainability, health, safety, environment.

Dr. Hussein Barma - Non-executive Director

Dr. Barma is a chartered accountant and qualified lawyer by background with over 20 years' experience in senior positions in the mining sector. He brings to Atalaya deep experience in accounting, internal control, governance, risk management, and compliance. He has significant FTSE-50 senior executive experience, gained over 15 years at Antofagasta plc, where he led its UK presence through a period of change and growth as the UK-based chief financial officer. He has also had earlier careers in professional services and academia. He is a non-executive Director of Chaarat Gold Holdings Limited and Fidelity Asian Values PLC. He is also a principal at Barma Advisory where he has worked on various assignments within the natural resources and other sectors and an independent Governor of the University of the Arts London.

Dr. Barma is the Chair of the Audit Committee, and a member of the Sustainability Committee.

Name	Role	Years of service	Executive	Time commitment
Hussein Barma	Chair of the AC Independent	Since Sep 2015	Non-executive director	At least 75% of meetings scheduled

Skills
Mining experience, Corporate finance, finance and accounting, legal, UK Market, capital market, international business, leadership, strategic, fund raising, M&A communications, sustainability.

Stephen Scott - Non-executive Director

Mr. Scott is President and CEO of Entree Resources Limited. Previously, he was president and CEO of Minenet advisors, advising on strategy, corporate development, business restructuring and project management. He held various global executive positions with the Rio Tinto Group (2000-2014). Mr. Scott is an experienced public company director.

Mr. Scott is the Chair of the Physical Risk Committee, a member of the Remuneration Committee and a member of the Nomination and Governance Committee.

Name	Role	Years of service	Executive	Time commitment
Steve Scott	Chair of the PRC	Since Sep 2015	Non-	At least 75% of

Independent	executive director	meetings scheduled

Skills
Mining experience, operations, processing, exploration, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting, CEO.

Role of the Board

The Board has a duty to supervise the management of the business and affairs of the Company. The Board directly and with the Chair provide direction to senior management, generally through the CEO, to pursue the best interests of the Company.

The Board has the final responsibility for the successful operations of the Company. The Board must ensure that management has in place appropriate processes for strategic planning and risk assessment, management and internal control and monitor performance against benchmarks. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The Board is responsible for guiding and monitoring the business and the affairs of the Company. The Company recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Company. The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company. Furthermore, the Board will at all times act in accordance with all Company policies in force.

Each of the Directors, when representing the Company, must act in the best interests of shareholders of the Company and in the best interests of the Company as a whole.

The Role of Individual Directors

As members of the Board, Directors have ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities as set out in the Board charters.

Directors need to ensure the following:

- Leadership of the Company, particularly in the areas of ethics and culture including a clear and appropriate strategic direction.
- Accountability to key stakeholders, particularly shareholders.
- Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance.
- an effective senior management team and appropriate personnel policies; and
- timely and effective decisions on matters relating to it.

It is also expected that the Directors comply with the following:

- Behaving in a manner consistent with the words and spirit of the Code of Conduct.
- Making reasonable efforts to attend all meetings of the Board, the annual general meeting of shareholders of the Company and of all the Board committees upon which they serve. Subject to extenuating circumstances, Directors are expected to attend at least 75% of regularly scheduled Board and committee meetings. The NGC will review the circumstances that prevent any director from achieving the minimum level and report its findings to the Board.
- Addressing issues in a confident, firm and friendly manner but also ensure that others are given a reasonable opportunity to put forward their views.
- Preparing thoroughly for each Board or Committee event.
- Using judgement, common sense and tact when discussing issues.

Lastly Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, without appropriate authorisation.

Senior management

Alberto Lavandeira - Managing Director and Chief Executive Officer

Mr. Lavandeira brings over forty years of experience operating and developing mining projects. He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca and El Vallés-Boinas in Spain and Tasiast in Mauritania. He was also involved in the key stages of development of the Mutanda mine in the Democratic Republic of Congo. Earlier in his career, Mr. Lavandeira worked within group companies of Anglo American, Rio Tinto and Cominco (now Teck).

Mr. Lavandeira joined Atalaya in 2014. He is currently a director of Black Dragon Gold Corp.

Name	Role	Years of service	Executive	Time commitment
Alberto Lavandeira	Chief Executive Officer	Since May 2014	Executive	100%

Skills
Mining experience, operations, processing, exploration, commercial, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting, government relations, CEO, sustainability.

Cesar Sanchez - Chief Financial Officer

Mr. Sánchez has experience as Chief Financial Officer of various companies in both the mining and financial industries, including Iberian Minerals Corp, where he participated in its equity and debt raisings and worked for Ernst & Young as an auditor and as a financial adviser to the industrial sector, where he gained experience in restructurings, initial public offerings, mergers and due diligence processes.

Mr. Sánchez graduated from the University of Seville, Spain, with a degree in Business Administration and he is a qualified accountant. Mr. Sánchez has also completed various financial and banking courses at Dublin City University and ESIC Business & Marketing School.

Name	Role	Years of service	Executive	Time commitment
Cesar Sanchez	Chief Financial Officer	Since June 2016	Executive	100%

Skills
Mining experience, Capital markets, Canada and UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

Enrique Delgado - Operations - General Manager Proyecto Riotinto

Mr. Delgado's previous roles include metallurgist in Riotinto Mine and later with Freeport McMoRan, at Atlantic Copper smelter in Huelva, Spain, CEO of Tharsis Mining and director of Metallurgy and Environment at Cobre Las Cruces Mine (First Quantum). With First Quantum he also participated in the start-up of Kansanshi Mine smelter in Zambia.

He graduated from the University of Sevilla, Spain and holds a Master of Senior Management of Leading Companies of the San Telmo International Institute of Sevilla, Spain. He is Vice-President of Aminer, the Spanish Base Metal Mining Association and holds a Senior Management Programme at

Instituto San Telmo (Sevilla).

Name	Role	Years of service	Executive	Time commitment
Enrique Delgado	Operation General Manager Proyecto Riotinto	Since May 2019	Executive	100%

Skills
Mining experience, operations, processing, exploration, international business, leadership, strategic, governance, project management and permitting.

Division of Responsibilities

The Board of Directors actively describe the role of the Chair of the Board of Directors and the CEO. The statement of the Division of Responsibilities between the Chair and the CEO describes each role for the following topics:

- The Reporting line.
- Key responsibilities.
- Other matters.

Chair's Role

The Chair is considered the "lead" Director and utilises his experience, skills and leadership abilities to facilitate the governance processes. The Chair will be selected on the basis of relevant experience, skill and leadership abilities.

The responsibilities of the Chair include but is not restricted to:

- Chair Board, annual and extraordinary meetings;
- Set Board agendas and ensure that the meetings are effective and follow the agenda;
- Ensure that the decisions are implemented promptly;
- Ensure that the Board behaves in accordance with the Company´s code of conduct
- The primary spokesperson and channel of communication for the Company in the annual general meeting and in all public relation activities;
- To be kept informed by the CEO and other senior management which may be relevant to Directors in their capacity as Directors;
- Ensures Directors devote sufficient time to their tasks

The Board monitors and promotes corporate culture with frequent contact via senior management and the CEO. Management and CEO report the state of the culture to the Board and include any recommendations they have.

The Role of the CEO

The CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programmes and performance requirements approved by the Board. The position reports directly to the Board.

The CEO's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The CEO is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business. The CEO must have the industry knowledge and credibility to fulfil the requirements of the role.

The CEO will manage a team of executives responsible for all functions contributing to the success of the Company.

The tasks of the CEO shall include but not restricted to:

- Develop with the Board, implement and monitor the short- medium- and long-term strategic and financial plans for the Company to achieve the Company's vision and overall business objectives;
- Develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosure, in accordance with the Company's Shareholder Communication Policy;
- Manage the appointment of the Chief Operating Officer ("COO"), CFO, Company Secretary and other specific senior management positions;
- Develop, implement and monitor the Company's risk management practices and policies;
- Consult with the Chair and the Company Secretary in relation to establishing the agenda for Board meetings;
- Agree with the Chair their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- Be the primary channel of communication and point of contact between members of senior management and the Board (and the Directors);

- Keep the Chair fully informed of all material matters which may be relevant to the Board and its members, in their capacity as Directors;
- Provide strong leadership to, and effective management of, the Company in order to:
- Encourage co-operation and teamwork, build and maintain staff morale at a high level and build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- Advise the Board on the most effective organisational structure and overseeing its implementation;
- Establishing and maintaining effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- Carry out the day-to-day management of the Company.

The Role of Company Secretary

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chair, on all governance matters and reports directly to the Chair as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have a right of access to the Company Secretary.

The tasks of the Company Secretary shall include but not restricted to:

- Notifying the Directors in writing in advance of a meeting of the Board as specified in the Constitution and the Board Charter;
- Recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- Preparing for and attending all annual and extraordinary general meetings of the Company;
- Overseeing the Company's compliance programme and ensuring all Company legislative obligations are met;
- Ensuring all requirements of regulatory bodies are fully met; and providing counsel on corporate governance principles and Director liability.

Indemnification of Directors and Officers

During the year, the Company held insurance to indemnify Directors, the Company Secretary and its executive officers against liabilities incurred in the conduct of their duties to the extent permitted under applicable legislation.

2023 Annual General Meeting

Atalaya's AGM is expected to be held on 27 June 2024 at 12:00 noon in London (United Kingdom). The business of the meeting will be conducted in accordance with regulatory requirements and standards. The Chair of the Board and the Chairs of the Committees will be available to answer questions put to them by shareholders at the meeting.

Executive Committees

Audit Committee ("AC")	
Summary of Committee Responsibilities	**Directors**
- Reviews and monitors financial statements -Reviews Company's public disclosure of financial information - Reviews estimates and judgements that are material to reported financial information - Oversees the auditors' arrangements and performance - Reviews internal and external risks of the Company and internal controls	Dr. Hussein Barma (Chair) Mr. Steve Scott Mr Neil Gregson

Nomination and Governance Committee	
Summary of Committee Responsibilities	**Directors**
- Succession planning for the Board and Management - Lead the process for Board appointments - Reviews Corporate Governance of Atalaya and practices, independence, charters' review, and structure	Mr. Neil Gregson (Chair) Mrs. Kate Harcourt Mr. Stephen Scott

Physical Risk Committee ("PRC")	
Summary of Committee Responsibilities	**Directors**
- Oversees safety, health, environment and security matters of the Company - Oversees enterprise-wide physical risk management - Reviews compliance with legal and regulatory obligations relating to safety, health, and the environment	Mr. Stephen Scott (Chair) Mr. Neil Gregson Mr. Jesus Fernandez Mr. Roger Davey

Sustainability Committee	
Summary of Committee Responsibilities	**Directors**
- Oversees the strategy and activities related to sustainable development and social responsibility - Develop and review regularly the policies, programmes, practices, targets and initiatives of the Group relating to Sustainability matters	Mrs. Kate Harcourt (Chair) Dr. Hussein Barma Mr. Roger Davey

Remuneration Committee	
Summary of Committee Responsibilities	**Directors**
- Reviews Directors' compensation and performance - Compensation and performance of officers of Atalaya	Mr. Neil Gregson (Chair) Mrs. Kate Harcourt Mr. Stephen Scott

Audit Committee Report

Attendance

Members	Attendance
Hussein Barma (Chair)	5/5
Neil Gregson	5/5
Roger Davey	4/4
Stephen Scott	1/1

Dear Shareholders,

On behalf of the Audit Committee, I am pleased to present our report for 2023, which outlines our oversight activities and assessments conducted throughout the year.

The Audit Committee plays a crucial role in ensuring the integrity and transparency of our financial reporting process. Our responsibilities include overseeing the financial reporting process, monitoring the effectiveness of internal controls, reviewing the company's risk management procedures, and overseeing the external audit process.

Throughout the fiscal year, the Audit Committee met regularly with management, advisors and external auditors to review the company's financial performance, internal controls, and risk management practices. These meetings provided us with valuable insights into the company's operations and fulfil our responsibilities effectively.

Key Highlights from Our Activities:

- Financial Reporting: We reviewed the company's financial statements, ensuring compliance with relevant accounting standards and regulations. We also assessed the adequacy of disclosures and the transparency of financial information provided to shareholders.
- Risk Management: We assessed the company's risk management processes, including identification, assessment, and mitigation of key risks. We ensured that management has appropriate measures in place to manage risks effectively and protect shareholder interests.
- External Audit: The Audit Committee monitored the external audit process, including the selection and engagement of the external audit firm, the scope of the audit, and the quality of audit services provided. We reviewed the auditor's reports and recommendations, providing oversight to ensure the independence and objectivity of the audit process.

Looking Ahead:

As we move into 2024, the Audit Committee remains committed to upholding the highest standards of corporate governance and financial oversight. We will continue to work closely with management, advisors and external auditors to ensure the integrity of our financial reporting process and enhance shareholder value.

The Role of the AC

The Company's Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on, for meeting with the Group's auditors and reviewing their reports on the Group's financial statements and the internal controls and for reviewing key financial risks.

The Audit Committee is responsible for assisting the Board in overseeing the independence of the external auditors and fulfilling the Boards' statutory and fiduciary responsibilities relating to:

- Financial reporting;
- Reviewing and assessing the Company's business and financial risk management process, including the adequacy of the overall internal control environment and controls in selected areas representing significant risk; and
- External Audit.

To fulfil these functions the Audit Committee shall have the following duties and responsibilities:

- To review the quality and integrity of all published financial statements and reports including the annual Management Discussion and Analysis report (if applicable) and quarterly earnings press releases issued by the Company, prior to the Company publicly disclosing the information, as well as all other material continuous disclosure documents and analysis with a view to making a recommendation to the Board.
- To review estimates and judgements that are material to reported financial information and consider the quality and acceptability of the Company's accounting policies and procedures and the clarity of disclosure in financial statements.
- To ensure compliance by the Company with legal and regulatory requirements related to financial reporting.
- To review and to recommend to the Board the nomination and appointment of the external auditor for the purposes of preparing or issuing an auditors' report or performing other audit, review or attest services and to recommend to the Board the compensation of the external auditor.
- To review the qualifications, performance and independence of the external auditor, to consider the auditor's recommendations and manage the relationship with the auditor, which includes meeting with the external auditor as required in connection with the audit services provided and to review the engagement letter of the external auditor.
- To oversee the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- To meet with the external auditor to discuss the annual financial report and any transaction referred to in the Board Charter.
- To provide the external auditor with the opportunity to meet with the AC without management present at least once per year for the purpose of discussing any issues.
- To review the quality and integrity of the internal controls and accounting procedures of the Company including reviewing the Company's procedures for internal control.
- To identify risks inherent in the business of the Company and to review the Company's risk management procedures.
- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- To review any significant, including any pending, transactions outside the Company's ordinary course of business and any pending litigation involving the Company.
- To review and monitor management's responsiveness to external audit findings or any regulatory authority.
- To report to the Board of Directors, who in turn may refer the matter to the Corporate Governance, Nominating and Compensation Committee, any improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting or the integrity of the business.

In addition, the Audit Committee shall establish procedures for the receipt, retention and treatment of complaints (including "whistleblowing" complaints) received by Atalaya Mining regarding risk management, legal/regulatory compliance, accounting, internal accounting controls or auditing. This is to include a process for confidential anonymous complaints by employees or other stakeholders.

Membeship

The members of the Committee shall be appointed by the Board from amongst the directors of the Company, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee and shall consist of not less than three members. All members of the Committee shall be independent non-executive directors of the Company. At least one member of the Committee shall have recent and relevant financial experience and the Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee.

The members of the Committee shall, between them, have not only recent and relevant financial experience, but also overall:

- extensive business experience;
- knowledge of financial markets;
- an understanding of management practices including risk management activities, both generally and in the Company's industry sector; and
- knowledge of any relevant specialist regulatory or legal requirements.

The Chair of the Committee shall be appointed by the Board. Where possible, the Chair of the Committee should have prior experience as a director with another quoted company of at least similar size and resources and have experience of risk management in relevant issues. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

The Audit Committee comprises three members all of whom are non-executive and Independent. The current membership of the committee is Dr. H. Barma (Chair), Mr. S. Scott and Mr. N. Gregson. The secretary, CEO and CFO and external auditors also attend in when requested by the Committee. The profiles of the Committee members are included on pages 88 to 93.

The role of the Chief Financial Officer

The Company's finance team shall prepare many of the papers required by the Committee. The Chief Financial Officer, while not a member of the Committee, shall work closely with the Chair of the Committee to ensure that papers for meetings are both comprehensive and comprehensible and are available for distribution sufficiently in advance of Committee meetings.

The Chief Financial Officer will have responsibility for developing and implementing all necessary policies and procedures for sound financial management and control.

The Chief Financial Officer shall attend Committee meetings when requested in order to participate in discussions on papers prepared by the finance team and decisions which he/she will be involved in implementing.

Compliance

The Audit Committee is responsible for assisting the Board in overseeing the independence of the external auditors and fulfilling the Boards' statutory and fiduciary responsibilities relating to the compliance of financial reporting, reviewing and assessing the Company's business and financial risk management process, including the adequacy of the overall internal control environment and controls in selected areas representing significant risk; and external Audit.

During the year 2023 there have not been identified any material instances of non-compliance by the Company.

2023 Review

The Audit Committee met five times during 2023. Five meetings were timed to coincide with the approval of financial results for publication with one meeting held as a planning meeting for year-end.

During the year, the AC maintained regular dialogue with management as well as the external auditors, both within and outside of formal committee meetings. The principal matters considered by the AC during the year and in its discussions with management and the external auditors included:

- Review and approval of the quarterly, half yearly and full year financial results.
- The going concern statement in the Management Report above and in the Financial Statements,.
- Key accounting and audit matters for 2023 including Revenue Recognition and Related Parties Transactions.
- A review of the AC's Terms of Reference to ensure that it remained fit for purpose and that the AC complied with its responsibilities.

Hussein Barma
Chair of Audit Committee
18 March 2024

Nomination and Governance Committee Report

Members	Attendance
Neil Gregson (Chair)	5/5
Kate Harcourt	5/5
Stephen Scott	5/5

To the shareholders of Atalaya:

As the Chair of the Nomination and Governance Committee of Atalaya, it is my pleasure to present our latest report for the year ended 31 December 2023.

Over the past year, the Nomination and Governance Committee has diligently fulfilled its responsibilities in ensuring the effectiveness of the company's board of directors and governance practices. Through robust discussions, careful evaluation, and adherence to best practices, we have worked to maintain the highest standards of corporate governance.

During this period, the Committee has undertaken several key initiatives, including:

- Board Composition: We have reviewed the composition of the board to ensure it reflects a diverse range of skills, experiences, and perspectives necessary for effective decision-making. Our aim has been to maintain a balanced mix of expertise while promoting diversity and inclusivity. The Committee has carried out a detailed analysis of the skills and experience for each director, resulting in a clear map to fulfil the Director Diversity policy approved by the Board of Director in December 2023.

- Director Evaluation: The Committee has conducted thorough evaluations of individual directors, including their performance, independence, and contributions to board deliberations. These evaluations have helped identify areas for improvement and ensure the board remains dynamic and engaged.

- Succession Planning: Succession planning continues to be a focal point for the Committee, with efforts directed towards identifying and developing potential candidates for board and executive positions. We believe that robust succession planning is essential for the long-term sustainability and continuity of the company's leadership.

- Governance Policies: We have reviewed and updated various governance policies and procedures to align them with evolving regulatory requirements and best practices. These efforts are aimed at enhancing transparency, accountability, and ethical conduct across the organization.

In conclusion, I would like to express my gratitude to the members of the Nomination and Governance Committee for their dedication and commitment throughout the year. I would also like to extend my appreciation to the board of directors, management team, and shareholders for their continued support and collaboration.

The Role of the Nomination and Governance Committee

The Company's Nomination and Governance Committee is, among other things, responsible for reviewing the performance of the Directors, the committees and the executives.

The Nomination and Governance Committee makes recommendations for Board review. The Committee shall have such powers and duties as may be conferred on it from time to time by resolution of the Board. In addition, the Committee shall have the following specific functions and responsibilities:

- At least annually, and prior to the nomination or appointment of potential candidates, the Committee shall review the competencies, skills, experience and areas of expertise of the Board on an individual and collective basis. Based on this review, the Committee shall identify areas where additional competency, skill, experience or expertise would be of benefit to Atalaya Mining.
- As required, the Committee shall identify and, if advisable, recommend to the Board for approval, potential candidates for nomination or appointment to the Board having regard to the results of the review referred to above. The Board should consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a Committee member.
- The Committee shall periodically assess the contribution and effectiveness of the Board, the Directors, each Board Committee and the Chair of the Board against their respective mandate, charters or other criteria the Committee considers appropriate. The Committee shall report its findings to the Board and, based on those findings, recommend any action plans that the Committee considers appropriate.
- The Committee shall oversee the development of any orientation programmes for new Directors. The Committee shall periodically review any such programme and approve changes it considers appropriate.
- The Committee shall periodically review Atalaya Mining's corporate governance practices and policies. As part of its review, the Committee shall take regulatory requirements and best practices, including the QCA guidelines, into account. The Committee shall report the results of its review, including any recommended changes to existing practices, to the Board in a timely manner.
- The Committee will also establish and maintain a complaints programme to facilitate (1) the receipt, retention and treatment of complaints received by the Company regarding its Accounting Standards, violations of the Code of Business Conduct and Ethics and the Anti-Bribery and Corruption Policy, breaches in compliance with applicable laws including relating to health and safety or the environment and (2) the confidential, anonymous submission by employees of the Company of any complaints made in these areas.
- The Committee shall review, in conjunction with management, the corporate governance disclosure for Atalaya Mining's annual report, notice of shareholders meetings and other regulatory and shareholder reports.
- The Committee shall periodically evaluate the performance of the Chief Executive Officer in relation to his or her performance goals. The Chief Executive Officer evaluation shall be conducted in conjunction with the Chair of the Board and shall be presented to the Board for its review.
- The Committee shall, as required, review and, if advisable, approve and recommend for Board approval, the appointment, compensation and other terms of employment of all senior management reporting directly to the CEO.
- The Committee shall periodically review and, if advisable, approve and recommend for Board approval, a succession and emergency preparedness plan for all senior management reporting directly to the CEO. Upon the vacancy of such senior management personnel, the Committee may make a replacement recommendation for Board approval based on the succession plan.

The Nomination and Governance Committee comprises three members all of whom are non-executive and Independent. The current membership of the committee is Mr. N. Gregson (Chair), Mrs. K. Harcourt and Mr. S. Scott. The profiles of the Committee members are included on pages 88 to 93.

Corporate Governance

The Directors comply with AIM regulations and Cyprus Company Law. The Board remains accountable to the Company's shareholders for good corporate governance.

2023 Review

The Committee met five times during 2023, covering a number of issues.

Atalaya keeps the balance and membership of its Board under review and no new appointments were made during the year. All Directors were re-elected at the last Annual General Meeting during 2023.

Neil Gregson

Chair of Corporate Governance, Nominating and Compensation Committee

18 March 2024

Physical Risks Committee Report

Membership	Attendance
Stephen Scott (Chair)	3/3
Neil Gregson	3/3
Roger Davey	3/3
Jesus Fernandez	0/3

The Role of the Physical Risk Committee

The function of the Physical Risk Committee is oversight. It is recognised that members of the Physical Risk Committee who are not full-time employees of the Company and generally do not represent themselves as experts in the fields of safety, health, environment, security or risk management. As such, it is not the responsibility of the Physical Risk Committee personally to conduct safety, health, environment, security or risk reviews.

Committee members are entitled to rely on Atalaya Mining Management with respect to matters within their responsibility and on external professionals on matters within their areas of expertise.

Committee members may assume the accuracy of information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

Management is responsible for implementing, managing and maintaining appropriate enterprise-wide safety, health, environment, security and risk management systems, policies and procedures, reporting protocols and internal controls that are designed to ensure compliance with applicable laws and regulations. Management is also responsible for the preparation, presentation and integrity of the information provided to the Committee.

The Physical Risk Committee comprises four members, three of whom are non-executive and Independent. The current membership of the committee is Mr. S. Scott (Chair), Mr. R. Davey, Mr. J. Fernandez and Mr. N. Gregson. The profiles of the Committee members are included on pages 88 to 93.

Membership

The members of the Committee shall be appointed by the Board from amongst the directors of the Company in consultation with the Chair of the Committee and shall consist of not less than three members. The members of the Committee shall consist of at least of two independent non-executive directors of the Company.

Duties

The Chair of the Committee should carry out the duties for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

Duties of the Committee are:

- chairing all meetings of the Committee in a manner that promotes meaningful discussion.
- ensuring adherence to the Committee's Terms of Reference and that the adequacy of the Committee's Terms of Reference is reviewed annually.
- providing leadership to the Committee to enhance the Physical Risk's effectiveness
- managing the Committee relevant matters
- Committee members are entitled to rely on Atalaya Mining Management with respect to matters within their responsibility and on external professionals on matters within their areas of expertise.
- Committee members may assume the accuracy of information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

2023 Review

The Physical Risk Committee had three meetings in the year which covered a number of issues. Two of the three meetings were in-person at Proyecto Riotinto, where the Committee had the opportunity to visit and discuss all areas of the mine with special attention to areas assessed as high risk.

Meetings on site have the purpose to cover health and safety issues and risk areas on site. Health and safety are a key priority to ensure a safe working environment for both employees and contractors and the Company is focused on ensuring it meets all regulations and assesses risk factors on a regular basis.

I would like to thank the safety department personnel, in particular, for their contributions and suggestions to continually make our operations safer.

Stephen Scott

Chair of Physical Risks Committee

18 March 2024

Sustainability Committee Report

Members	Attendance
Kate Harcourt (Chair)	4/4
Hussein Barma	4/4
Roger Davey	4/4

The Role of the SC

The Sustainability Committee is responsible of strategy and activities related to sustainable development and social responsibility, in particular:

- review, monitor and assist the Board in defining the Group's strategy relating to Environmental, Sustainability and Social matters and in setting relevant KPIs;
- develop and review regularly the policies, programmes, practices, targets and initiatives of the Group relating to Sustainability matters ensuring they remain effective and up to date and consistent with good international industry practice ("GIIP");
- provide oversight of the Group's management of Sustainability matters and compliance with relevant current and forthcoming legal and regulatory requirements, legislation and policies as the relate to Environmental, Sustainability and Social, including, but not limited to applicable rules and principles of corporate governance relating to Environmental, Sustainability and Social aspects questions regarding climate change, tailings management, water management, human rights and other applicable industry standards;
- report on these matters to the Board and, where appropriate, make recommendations to the Board;
- to review public reporting relating to the Company's safety and sustainability performance
- to provide oversight of the Company's sustainability performance presented in any Sustainability Report prepared by the Company;
- report as required to the shareholders of the Company on the sustainability activities and remit of the Committee;
- Responsible for oversight of sustainability risks of the Company.

Membership

The members of the Committee shall be appointed by the Board from amongst the directors of the Company in consultation with the Chair of the Committee and shall consist of not less than three members. The members of the Committee shall consist of at least of two independent non-executive directors of the Company.

The Committee Chair shall be a non-executive director who shall be appointed by the Board and shall not be the Chair of the Board.

2023 Review

The Sustainability Committee had four meetings in the year which covered a number of issues. These included the completion of Sustainability Roadmap for a period of three years to develop the external reporting of Atalaya and align sustainability disclosure to peers.

Kate Harcourt
Chair of the Sustainability Committee
18 March 2024

Remuneration Committee Report

Attendance

Members	Attendance
Neil Gregson (Chair)	8/8
Kate Harcourt	8/8
Stephen Scott	8/8

Dear shareholder,

I am pleased to present the report of the Remuneration Committee in my capacity as Chair of the Remuneration Committee.

As an AIM-quoted company during 2023, the information is disclosed to fulfil the requirements of AIM Rule 19. During 2023, the Company applied the UK QCA Corporate Governance Code. As a Cyprus incorporated company admitted to AIM, Atalaya is not required to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information is unaudited except where stated. Following its proposed re-domicile from Cyprus to Spain, Atalaya Mining will become a Spanish company and will not be subject to the UK Directors' Remuneration Regulations. On completion of the move to the UK Premium List, the Company will adopt the UK Corporate Governance Code.

During the second half of 2023, the Committee carried out a review of the Company's Executive remuneration arrangements including commissioning a benchmarking report, to ensure these arrangements remain effective, fair and appropriate, reflecting the company's size and profile as a significant independent mining company and supporting the Company's strategy and growth. The review included consideration of how its existing arrangements align with UK governance guidelines in the context of the Company's proposed move to the premium listing segment of the Official List, and the proposed adoption of the UK FRC Corporate Governance Code.

Further to this review and the proposed move to the Premium List, the Company is making a number of changes to its executive remuneration arrangements as summarised later in this letter and detailed in later sections of this report. Further, we have made significant changes to our Remuneration Committee report to bring its format into line with market practice for UK listed companies and expand disclosures. This report comprises: (1) this introductory letter (2) a policy section detailing our remuneration policy as it will be operated from 2024 and (3) our annual report on remuneration detailing remuneration and decisions made during 2023.

The Company has one Executive Director, its CEO, Alberto Lavandeira. As such, this report directly covers his remuneration together with information on the remuneration of the Non-Executive Directors.

Role of the Remuneration Committee

The Company's Remuneration Committee is responsible for reviewing the performance of the executives, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant. Remuneration arrangements are aligned to support the implementation of the Company strategy and effective risk management for the medium to long-term. The Committee ensures that this is done and considers the views of shareholders. The Committee makes recommendations for Board review. The Committee shall have such powers and duties as may be conferred on it from time to time by resolution of the Board.

Membership

The Remuneration Committee comprises Neil Gregson (Chair of the Committee), Kate Harcourt and Stephen Scott, all being independent Non-Executive Directors. The profiles of the Committee members are included on pages 88 to 93.

Performance in year

As set out earlier in this Annual Report, the Company made significant progress during 2023. The Board has reviewed details of term of reference for each committee and all policies.

Also during the year, the Company recovered its margin from the inflation pressure during prior year 2022.

Decisions in year

At the start of the year, the salary of our CEO was increased by 3.0% to €488k.

During 2024, the Committee will review the delivery of the Company's objectives to determine the CEO's bonus, which is expected to be within the agreed range respect of his 2023 salary.

In line with its existing long term incentive policy, the company awarded 400,000 options with an exercise price of 327p to its CEO in May 2023.

The Committee believes the policy operated as intended in terms of company performance and quantum during 2023.

Remuneration review and changes for 2024

The Remuneration Committee carried out a review of its executive remuneration arrangements during 2023, focussing on the remuneration of its three senior executives including its CEO. The key decisions taken in the light of this review are set out below.

The changes to remuneration are intended to strengthen retention, incentivisation and support the Company's next phase of growth.

The company intends to put in place private health insurance and a company pension for its executives during 2024.

The company will develop the operation of its executive annual bonus scheme from 2024 including setting an annual bonus maximum for our CEO at 100% of salary and applying malus and clawback provisions. Information on the workings of bonus is set out in the policy section below and a summary of the criteria to be applied for 2024 is set out toward the end of this report.

The company will make a significant change to its executive long term incentive structure. To date, the company has made annual awards of market value options, with the number of awards fixed over recent years, which vest in portions of one third immediately on grant and on the first and second anniversaries of grant. Commencing 2024, the company intends to make annual awards of performance shares with a value at a specified percentage of salary subject to three-year performance and vesting periods. Information on the workings of the new awards is set out in the policy section below and a summary of the Committee's intentions for 2024 is set out towards the end of this document.

The company has implemented a shareholding guideline, being an expectation that Executive Directors build up and maintain a shareholding in the Company with a value of at least 100% of their salary, as reflected in the policy table below. The shareholding of our CEO is currently well above this guideline.

The Company appointed an external advisor to assist the Committee in carrying out this review. The external advisor is a member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct. The Committee considers the advice that it receives from the external advisor to be independent.

AGM

The Company's 2020 Long Term Incentive Plan was approved at the 2020 Annual General Meeting. Under Cyprus law, Atalaya must seek authority from shareholders to make share awards each year. The Company put a resolution to authorize the grant of awards over 7.0m shares (approximately 5% of the issued share capital) to its 2023 AGM.

This resolution was supported by 82% of votes cast (73.3m shares), with 18% of votes against (16.6m) and 5.0m votes withheld. The Committee believes the level of adverse voting was associated with one proxy adviser report which cited low disclosures on performance and vesting conditions attached to historic awards. To address this, this remuneration report contains detail on these conditions for existing and proposed new long term incentive awards.

The Company confirms that the 2020 LTIP contains the conventional dilution limit for UK quoted companies that dilution arising from new shares issued pursuant to all employee share awards should not exceed 10% of the outstanding shares over any ten-year period.

The Company has the intention to put, in addition to a resolution to approve the LTIP awards for 2024, a resolution to approve this remuneration report to its 2024 AGM.

The Remuneration Committee welcomes all shareholder feedback on remuneration and will continue with its approach of shareholder consultation where significant changes are considered. No significant changes are proposed for 2024.

Neil Gregson
Chair of the Remuneration Committee
18 March 2024

Remuneration Policy

The Group's policy on Directors' remuneration has been set with the objective of attracting, motivating and retaining high calibre Directors, in a manner that is consistent with best practice and aligned with the interests of the Group's shareholders. The policy on Directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Group's objectives. Remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company.

The policy described below reflects the outcome of the remuneration review carried out during 2023 and to be applied from 1 January 2024.

Element	Link to remuneration policy/strategy	Operation	Maximum opportunity	Performance metric
Base Salary	Core element of remuneration. To set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience.	Basic salary is reviewed annually as at 1 January with reference to company performance; the performance of the individual Executive Director; the individual Executive Director's experience and responsibilities; and pay and conditions throughout the Company.	There is no prescribed maximum annual base salary or salary increase. The Committee is guided by the general increase for the broader employee population, but has discretion to decide a lower or a higher increase.	The Committee considers individual and Company performance when setting base salary.
Other Benefits	To help recruit and retain high performing Executive Directors. To provide market competitive benefits.	To date, there have been no benefits. The Company intends to introduce private medical insurance and pension during 2024.	There is no prescribed annual maximum cost.	n.a.
Annual bonus	To incentivise the achievement of a range of short-term performance targets that are key to the success of the Company. To align the interests of the Executives and shareholders to the annual targets.	Parameters, performance criteria, weightings and targets are set at the start of each year. Bonuses can be paid to Executives to support and reflect the achievement of annual objectives. Payments are made in cash following completion of the year subject to the Committee's assessment of performance against targets and other matters it deems relevant. Annual bonus awards are subject to malus and clawback provisions.	From 2024, the maximum bonus opportunity for the CEO is 100%.	Bonus awards are based on annual performance against stretching operational, financial, HSE, strategic and personal targets. The Committee has the discretion to vary targets and weightings from year to year.
Long-term	To support	The CEO is eligible to	The policy normal	Performance

Element	Link to remuneration policy/strategy	Operation	Maximum opportunity	Performance metric
incentive awards	retention, long-term performance and increase alignment between the executives and shareholders. The Company intends to make awards under this structure annually.	receive awards under the Long-Term Incentive Plan at the discretion of the Committee. Awards are granted as nil or nominal cost options or conditional awards which vest after three years subject to the meeting of objective three year performance conditions specified at award. Awards have a three-year vesting period. LTIP awards will be subject to malus and clawback provisions.	maximum annual award for the CEO will be establish as a % of base salary.	conditions can include financial, operational, shareholder return, HSE and strategic targets. Performance conditions are set by the Committee at the time of award. Target type, weighting and pitching may be varied from year to year.
Shareholding requirement	Encourages Executive Directors to build a meaningful shareholding to further align interests with the company and shareholders.	Each Executive Director is expected to build up a specified shareholding in Atalaya over five years from appointment and maintain this holding.	Value at 100% of salary for the CEO.	n.a.
Non-executive Director remuneration	To attract and retain high calibre Non-Executives with the necessary experience. To provide fees appropriate to time commitments and responsibilities of each role.	Non-Executive Directors are paid a basic fee. An additional fee is paid to committee chairs and committee members to reflect the additional time and responsibility.	Fee levels reflect market conditions and are reviewed annually on 1 January each year.	n.a.

Service contracts

Mr. Lavandeira entered into a contract with the Company dated 25 March 2014. Under the contract, the notice period the Company to the Executive is 6 months and the notice period from the Executive to the Company is 3 months.

The contract also includes a change of control provision whereby in the event that there a change of control and within 12 months after the event (i) the contract is terminated by the Company; or (ii) the employee terminates his contract with at least three months' notice due to a pre-agreed good reason, the executive will receive the equivalent to 24 months' base salary less any payment made in lieu of notice and any legal severance payment.

Non-Executive Directors have entered into letters of appointment with the Group, for an initial three-year period, thereafter renewable on the agreement of both the Company and the Non-Executive Director. The notice period under the letters of appointment is three months.

Non-Executive Directors [1]	Role as at 31 December 2023	Date of Appointment	Notice period
R. Davey[2]	Chair of Board of Director and Independent Director	23 April 2010	Three months
H. Barma	Chair of the Audit Committee and Independent director	9 September 2015	Three months
J. Fernández	Non-Independent Director	23 June 2015	Three months
Neil Gregson	Chair of the Nomination and Governance Committee, Chair of the Remuneration Committee and Senior Independent Director	10 February 2021	Three months
S. Scott	Chair of the Physical Risk Committee and Independent Director	9 September 2015	Three months
K. Harcourt	Chair of the Sustainability Committee and Independent Director	19 May 2022	Three months

(1) Excludes Alberto Lavandeira.

(2) Roger Davey is not considered independent as he has served on the Board for more than nine years from the date of his first appointment.

Policy on recruitment

When hiring a new Executive Director, the Committee will consider the overall remuneration package by reference to the remuneration policy set out in this report.

Annual bonus provisions – leavers, malus and clawback, change in control provisions

The bonus will generally lapse in full if the employee leaves before the date bonus is paid, although partial exceptions for good leavers may be made at the discretion of the Remuneration Committee. Annual bonus is subject to malus and clawback provisions.

LTIP provisions – leavers, malus and clawback, change in control provisions

Awards are governed by the rules of the LTIP scheme at the time of award. Unless individuals are deemed good leavers, awards will lapse on cession of employment.

External appointments

The Company recognises the proposition that Executive Directors could become fee earning non-executive directors of other companies and that such appointment can broaden their knowledge and experience to the benefit of the Company. Executive Directors are permitted to retain fees earned from such roles. In their contracts of employment, the Executive Directors have covenants not to compete during their employment (including directorships) unless the Board consents in writing.

Consideration of employment conditions elsewhere in the Company in developing policy

In setting the remuneration policy for Directors, the pay and conditions of other Group employees are taken into account. The Committee is provided with data on the remuneration structure for senior members of staff below the Executive Director level and uses this information to ensure consistency of approach throughout the Group. The Committee does not directly engage with the workforce on executive remuneration but, the workforce has the opportunity to raise any issues (including those on executive remuneration) in the employee engagement initiatives.

Consideration of shareholder views

Shareholders views are considered when evaluating and setting remuneration strategy. Opportunities to discuss the remuneration strategy are available during investor calls as well as by voting on the report at the AGM.

Consideration of stakeholder experience

Ongoing engagement with our stakeholders remains a priority as detailed elsewhere in this report. When formulating the Company's strategy, the Directors consider the longer-term and broader consequences and implications of its business on key stakeholders. The Committee considers views expressed by stakeholders and the experience of stakeholders when evaluating and setting remuneration strategies and taking decisions on remuneration.

Annual Report on Remuneration

This section of the remuneration report contains details of how the Company's remuneration policy for Directors started to be implemented during the financial year ended 31 December 2023.

2023 Summary of Directors' total remuneration (audited) with previous year comparison

€'000	2023 Salary / fees	2023 Benefits	2023 Bonus **	2023 LTIP*	2023 **Total**	2022 Salary / fees	2022 Benefits	2022 Bonus **	2022 LTIP*	2022 Total
Executive Directors										
A. Lavandeira	481	6	322	190	**1,000**	448		322	426	1,271
Non-Executive Directors										
R.Davey	139	-	-	-	**139**	143	-	-	-	143
H.Barma	94	-	-	-	**94**	96	-	-	-	96
J. Fernandez	74	-	-	-	**74**	72	-	-	-	72
H.Liu	-	-	-	-	**-**	18	-	-	-	18
K. Harcourt	93	-	-	-	**93**	42	-	-	-	42
S.Scott***	98	-	-	-	**98**	91	-	-	-	91
N.Gregson	107	-	-	-	**107**	78	-	-	-	78

(*) The amount relates to the non-cash expense recognised in accordance with IFRS 2 Share-based payments. On 22 May 2023, the Company granted 400,000 share options to the Executive Director Alberto Lavandeira (see Note 30 to the financial statements) (2022: 400,000 share options).

(**) These amounts related to the performance bonus for 2022 approved by the Board of Directors of the Company during 2023. 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.

(***) Includes €5k (2022: €4k) paid to the Canadian Pension Plan.

Salary

From 1 January 2023, the salary of the CEO was €481k

Bonus

The bonus maximum for the Chief Executive Officer will be 100% of salary. Annual bonus for 2023 will be subject to relative total shareholder return, company budget, individual targets and Board discretion.

LTIP during 2023

The CEO was awarded 400,000 options during the year at an exercise price of 327p 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.

Share Options and Long-Term Incentive Awards

At 31 December 2023, the LTIP awards that had been awarded to each Director were as follows:

Date of award	Interest at 31 Dec 2022	Granted in year	Exercise Price	Expire date	Vested in year	Total vested at 31 Dec 2023	Exercised in year	Lapsed in year	Outstanding at 31 Dec 20223
A. Lavandeira									
29/5/19	600,000		201.5p	28/5/24		600,000			600,000
30/6/20	400,000		147.5p	29/6/30		400,000			400,000
24/6/21	400,000		309.0p	23/6/31	133,333	400,000			400,000
22/6/22	400,000		357.5p	30/6/27	133,333	266,666			400,000
22/5/23		400,000	327.0p	21/5/28	133,333	133,333			400,000
									2,200,000

Options expire five/ten years after grant date. Awards granted since 2021 have vested one third on grant, one third on the first anniversary of grant and one third on the second anniversary of grant.

Non-Executive Director Remuneration

Non-Executive fees effective during 2023 are set out below.

Role	2023 fees (£'000)
Chair fee	108.0
Base NED fee	60.0
Audit Chair	17.0
Remuneration and other Chairs	12.0
Committee member	4.5

Directors' Share Interests

Directors' share interests at 31 December 2023 are set out below:

	Number of beneficially owned shares at 31 December 2023	No. of existing ordinary shares at 31 December 2023
Executive		
A. Lavandeira	430,000	139,879,209
Non-Executive		
J. Fernandez[(1)]	30,886,212*	139,879,209
Non-Executive		
N. Gregson	5,000	139,879,209

[(1)] *Includes Urion Holdings (Malta) Ltd*

(*)includes 65,000 shares owned by Jesus Fernandez

The interest percentage represents the percentage of voting rights.

Shareholder Return

The following table shows the Group's actual spend on pay for all Group employees relative to dividends and pre-tax profit.

	2023 €' m	2022 €' m	Change %
Total employee costs	25.8	24.6	5%
EBITDA	73.1	55.3	32%
Operating profit	35.3	21.2	67%
Capital expenditure	59.8	53.8	11%
Dividends paid	11.5	5.1	125%

Senior Management of remuneration for 2024

Following the review performed by the Committee to the Senior Management it is expected the Board will approve the recommendation by the Committee from the effective date of 1 January 2024 as follows:

Senior Management	Salaries	Bonus	Salaries
A. Lavandeira	Adjust to inflation	Max 100% of salary	Increase to align with peers
E. Delgado	Adjust to inflation	Increase the % of salary	Increase to align with peers
C. Sánchez	Increase to align with peers	Increase the % of salary	Increase to align with peers

Annual General Meeting and Shareholder Feedback

The Committee welcomes feedback from shareholders on its remuneration.

Approval

This report was approved by the Board of Directors on 18 March 2023 and signed on its behalf by:

Neil Gregson

Chair of Remuneration Committee

18 March 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable Cypriot law and regulations.

The Directors are required to prepare financial statements for each financial year which present a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. The Directors have elected to prepare the Group and Parent Company financial statements in accordance with the International Financial Reporting Standards ("IFRS"). IFRS compromise the standards issued by the International Accounting Standards Board.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and of the Group's financial position and financial performance; and
- Prepare the accounts on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Cypriot Company's law and regulations. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable Cypriot law and regulations, the Directors are responsible for the preparation of a Management and Strategic Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and regulations. In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website as per AIM rules. Legislation in the Cypriot governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

Each of the Directors whose names are listed on pages 164 to 167 confirm that to the best of their knowledge:

a) the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole; and
b) the Annual Report (including the Management and Strategic Report, the Corporate Governance Report and the Remuneration Report) includes a fair review of the development and performance of the business, and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board.

Neil Gregson

Senior Independent Director

18 March 2024

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Independent Auditor's Report

To the Members of Atalaya Mining Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated and parent company financial statements of Atalaya Mining Plc (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated and parent company statements of financial position as at 31 December 2023, and the consolidated and parent company statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and parent company financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and parent company financial statements give a true and fair view of the consolidated and parent company financial position as at 31 December 2023, and of the consolidated and parent company financial performance and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and also as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and parent company financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and parent company financial statements.

Key Audit Matter	Our response to the Key Audit Matter
Revenue recognition During the year ended 31 December 2023 the Group recognised revenue from operations of €340.3m (Notes 2.23, 4, 5 and 30.3). The significant value of revenue transactions (including transactions with related parties) and complex terms under which title and control pass to the customer increases the risk of cut-off errors. We have also identified risks in relation to the calculation of the adjustment for provisional pricing. In particular: ► Cut-off: the complexity of terms that define when control is transferred to the customer, as well as the high value of transactions, give rise to the risk that revenue is not recognized in the correct period. ► Measurement: at each reporting period there are open invoices that are provisionally priced using the concentrate sold and the forward pricing of those sales. Estimation is used in the valuation of these transactions and the income statement impact of the mark to market movement is recorded as a fair value gain/loss relating to provisional pricing, disclosed separately in revenue included in the statement of comprehensive income. Due to the significance of revenue for the Group financial statements, which includes related party transactions, and since the calculations are based on estimations which are susceptible to potential manipulation, we consider this to be a key audit matter.	Our approach focused on the following procedures: ► We obtained an understanding of the key controls around the revenue recognition process in order to assess whether it is designed to prevent, detect or correct material misstatements in the reported revenue figures; ► We analysed the terms and conditions of the sales contracts and evaluated whether they have been accounted for in line with the Group's revenue recognition policy. We have reviewed revenue recognition policies for compliance with the requirements of IFRS 15 Revenue from contracts with customers ("IFRS 15"); ► For a risk-based sample of revenue transactions we performed test of details including: agreeing the main inputs to supporting evidence (such as provisional and final invoices, shipment confirmations, market prices, agreements and bank statements), recalculating the amounts invoiced and recorded as revenue. ► We assessed the methodology adopted by management to identify the provisional pricing terms and the determination of estimates of metal in concentrate sold to customers; ► For a risk-based sample of open sales at year end where provisional pricing was applied, we compared to external sources the inputs used and recalculated the provisional price adjustment to evaluate whether it was correctly measured; ► For a risk-based sample of transactions near the year-end we performed cut off testing over the revenue recognition in the correct period, comparing the date of the revenue recognition to supporting evidence such as shipment confirmations and considering the appropriate application of terms of sale arrangements; ► We considered and analysed the nature of any significant credits raised post year-end to evaluate that revenue transactions were recorded at the correct value in the relevant period; and ► We assessed whether the consolidated financial statements include disclosures in respect of revenue, provisional pricing and related party disclosures in accordance with the applicable IFRS (Notes 2.23, 4, 5 and 30.3).

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management and strategic report, Sustainability approach, Corporate Governance and Additional information, but does not include the consolidated and parent company financial statements and our auditor's report thereon.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated and Parent Company Financial Statements

The Board of Directors is responsible for the preparation of consolidated and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the IASB and also as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Building a better working world

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management and strategic report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, with reference to the Management report requirements, and the information given is consistent with the consolidated and parent company financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Katerina Mina.

Katerina Mina
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
18 March 2024

Consolidated and Company Statements of Comprehensive Income

for the year ended 31 December 2023

(Euro 000's)	Note	**The Group 2023**	**The Company 2023**	The Group 2022	The Company 2022
Revenue	5	**340,346**	**5,012**	361,846	57,756
Operating costs and mine site administrative expenses		**(246,630)**	**-**	(288,275)	-
Mine site depreciation, amortisation and impairment	13,14	**(37,800)**	**-**	(34,119)	-
Gross profit		**55,916**	**5,012**	39,452	57,756
Administration and other expenses		**(12,741)**	**(5,822)**	(9,954)	(3,601)
Share based benefits	23	**(661)**	**-**	(1,279)	-
Exploration expenses		**(6,467)**	**-**	(4,257)	-
Care and maintenance expenditure		**(2,384)**	**-**	(3,053)	-
Other income		**1,637**	**-**	286	286
Operating profit		**35,300**	**(810)**	21,195	54,441
Net foreign exchange (loss)/gain	4	**(1,278)**	**(390)**	11,546	3,439
Interest income from financial assets at fair value through profit and loss	8	**-**	**-**	-	9,157
Interest income from financial assets at amortised cost	8	**5,393**	**14,604**	624	3,779
Finance costs	9	**(3,322)**	**-**	(1,045)	-
Profit before tax		**36,093**	**13,404**	32,320	70,816
Tax	10	**570**	**(579)**	(1,394)	(617)
Profit for the year		**36,663**	**12,825**	30,926	70,199
Profit for the year attributable to:					
- Owners of the parent		**38,769**	**12,825**	33,155	70,199
- Non-controlling interests		**(2,106)**	**-**	(2,229)	-
		36,663	**12,825**	30,926	70,199
Earnings per share from operations attributable to ordinary equity holders of the parent during the year:					
Basic earnings per share (EUR cents per share)	11	**27.7**	**-**	23.7	-
Diluted earnings per share (EUR cents per share)	11	**26.9**	**-**	23.2	-
Profit for the year		**36,663**	**12,825**	30,926	70,199
Other comprehensive income:		**-**	**-**	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Change in fair value of financial assets through other comprehensive income 'OCI'	20	**(2)**	**(2)**	(6)	(6)
Total comprehensive income for the year		**36,661**	**12,823**	30,920	70,193
Total comprehensive income for the year attributable to:		**38,767**	**12,823**	33,149	70,193
- Owners of the parent		**(2,106)**	**-**	(2,229)	-
- Non-controlling interests		**36,661**	**12,823**	30,920	70,193

The notes on subsequent pages are an integral part of these consolidated and company financial statements.

Consolidated and Company Statements of Financial Position

As at 31 December 2023

(Euro 000's)	Note	**31 Dec 2023 The Group**	**31 Dec 2023 The Company**	31 Dec 2022 The Group	31 Dec 2022 The Company
Assets					
Non-current assets					
Property, plant and equipment	13	**384,739**	**-**	354,908	-
Intangible assets	14	**49,397**	**-**	53,830	-
Investment in subsidiaries	15	**-**	**292,135**	-	74,911
Trade and other receivables	19	**26,702**	**227**	16,362	259,904
Non-current financial asset	20	**1,101**	**-**	1,101	-
Deferred tax asset	17	**11,282**	**-**	7,293	-
		473,221	**292,362**	433,494	334,815
Current assets				-	-
Inventories	18	**33,314**	**-**	38,841	-
Trade and other receivables	19	**42,897**	**70,855**	64,155	48,831
Tax refundable		**100**	**-**	100	-
Other financial assets	20	**30**	**30**	33	33
Cash and cash equivalents	21	**121,007**	**58,958**	126,448	39,472
		197,348	**129,843**	229,577	88,336
Total assets		**670,569**	**422,205**	663,071	423,151
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	22	**13,596**	**13,596**	13,596	13,596
Share premium	22	**319,411**	**319,411**	319,411	319,411
Other reserves	23	**70,463**	**10,077**	69,805	9,419
Accumulated profit		**98,026**	**76,563**	70,483	75,216
		501,496	**419,647**	473,295	417,642
Non-controlling interests	24	**(9,104)**	**-**	(6,998)	-
Total equity		**492,392**	**419,647**	466,297	417,642
Liabilities					
Non-current liabilities					
Trade and other payables	25	**2,205**	**-**	2,015	-
Provisions	26	**27,234**	**-**	24,083	-
Lease liability	27	**3,877**	**-**	4,378	-
Borrowings	28	**16,131**	**-**	20,768	-
		49,447	**-**	51,244	-
Current liabilities				-	-
Trade and other payables	25	**75,922**	**2,369**	90,022	5,402
Lease liability	27	**501**	**-**	536	-
Current tax liabilities		**1,317**	**189**	1,425	107
Provisions	26	**434**	**-**	952	-
Borrowings	28	**50,556**	**-**	52,595	-
		128,730	**2,558**	145,530	5,509
Total liabilities		**178,177**	**2,558**	196,774	5,509
Total equity and liabilities		**670,569**	**422,205**	663,071	423,151

The notes on subsequent pages are an integral part of these consolidated and company financial statements.
The consolidated and company financial statements were authorised for issue by the Board of Directors on 18 March 2024 and were signed on its behalf.

Roger Davey
Chair

Alberto Lavandeira
Chief Execute Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

(Euro 000's)	Note	Share capital	Share premium (2)	Other reserves (1)	Accum. Profits	Total	NCI	Total equity
1 Jan 2023		**13,596**	**319,411**	**69,805**	**70,483**	**473,295**	**(6,998)**	**466,297**
Profit/(loss) for the period		**-**	**-**	**-**	**38,769**	**38,769**	**(2,106)**	**36,663**
Change in fair value of financial assets through other comprehensive income 'OCI'	20	**-**	**-**	**(3)**	**-**	**(3)**	**-**	**(3)**
Total comprehensive (loss)/income		**-**	**-**	**(3)**	**38,769**	**38,766**	**(2,106)**	**36,660**
Recognition of share-based payments	23	**-**	**-**	**661**	**-**	**661**	**-**	**661**
Other changes in equity		**-**	**-**	**-**	**252**	**252**	**-**	**252**
Dividends paid	12	**-**	**-**	**-**	**(11,478)**	**(11,478)**	**-**	**(11,478)**
31 Dec 2023		**13,596**	**319,411**	**70,463**	**98,026**	**501,496**	**(9,104)**	**492,392**

(Euro 000's)	Note	Share capital	Share premium (2)	Other reserves (1)	Accum. Profits	Total	NCI	Total equity
1 Jan 2022		13,447	315,916	52,690	58,754	440,807	(4,909)	435,898
Profit/(loss) for the period		-	-	-	33,155	33,155	(2,229)	30,926
Change in fair value of financial assets through other comprehensive income 'OCI'	20	-	-	(6)	-	(6)	-	(6)
Total comprehensive (loss)/income		-	-	(6)	33,155	33,149	(2,229)	30,920
Issuance of share capital	22	149	3,495	-	-	3,644	-	3,644
Recognition of depletion factor	23	-	-	12,800	(12,800)	-	-	-
Recognition of share-based payments	23	-	-	1,279	-	1,279	-	1,279
Recognition of non-distributable reserve	23	-	-	316	(316)	-	-	-
Recognition of distributable reserve	23	-	-	2,726	(2,726)	-	-	-
Other changes in equity		-	-	-	(485)	(485)	140	(345)
Dividends paid	12	-	-	-	(5,099)	(5,099)	-	(5,099)
31 Dec 2022		13,596	319,411	69,805	70,483	473,295	(6,998)	466,297

(1) Refer to Note 23

(2) The share premium reserve is not available for distribution.

The notes on subsequent pages are an integral part of these consolidated and company financial statements

Company Statement of Changes in Equity

for the year ended 31 December 2023

(Euro 000's)	Note	Share capital	Share premium [1]	Other reserves	Accum. Profits	Total
1 Jan 2022		13,447	315,916	8,146	10,116	347,625
Profit for the year		-	-	-	70,199	70,199
Change in fair value of financial assets through other comprehensive income 'OCI'	20	-	-	(6)	-	(6)
Total comprehensive income		-	-	(6)	70,199	70,193
Issuance of share capital	22	149	3,495	-	-	3,644
Recognition of share-based payments	23	-	-	1,279	-	1,279
Interim dividends paid		-	-	-	(5,099)	(5,099)
31 Dec 2022/1 Jan 2023		**13,596**	**319,411**	**9,419**	**75,216**	**417,642**
Profit for the period		**-**	**-**	**-**	**12,825**	**12,825**
Change in fair value of financial assets through other comprehensive income 'OCI'	20	**-**	**-**	**(3)**	**-**	**(3)**
Total comprehensive income		**-**	**-**	**(3)**	**12,825**	**12,822**
Recognition of share-based payments	23	**-**	**-**	**661**	**-**	**661**
Dividends paid		**-**	**-**	**-**	**(11,478)**	**(11,478)**
31 Dec 2023		**13,596**	**319,411**	**10,077**	**76,563**	**419,647**

[1] Refer to Note 23
[2] The share premium reserve is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the relevant tax law in Cyprus, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 General Healthcare System contribution at a rate of 1.7% - 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on subsequent pages are an integral part of these consolidated and company financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

(Euro 000's)	Note	2023	2022
Cash flows from operating activities			
Profit before tax		**36,093**	32,320
Adjustments for:			
Depreciation of property, plant and equipment	13	**33,307**	29,637
Amortisation of intangible assets	14	**4,493**	4,482
Recognition of share-based payments	23	**661**	1,279
Interest income	8	**(5,393)**	(244)
Interest expense	9	**2,607**	1,025
Unwinding of discounting	9	**690**	-
Legal provisions	26	**1**	(43)
Net foreign exchange differences		**1,278**	(11,546)
Unrealised foreign exchange (loss)/gain on financing activities		**(1,492)**	25
Cash inflows from operating activities before working capital changes		**72,245**	56,935
Changes in working capital:			
Inventories	18	**5,527**	(14,060)
Trade and other receivables	19	**10,918**	(24,471)
Trade and other payables	25	**(14,924)**	24,662
Provisions	26	**(1,203)**	(91)
Cash flows from operations		**72,563**	42,975
Interest expense on lease liabilities	27	**(25)**	(20)
Interest paid		**(2,607)**	(1,025)
Tax paid		**(5,188)**	(3,427)
Net cash from operating activities		**64,743**	38,503
Cash flows from investing activities			
Purchases of property, plant and equipment	13	**(53,837)**	(52,650)
Purchases of intangible assets	14	**(460)**	(944)
Interest received	8	**3,891**	65
Net cash used in investing activities		**(50,406)**	(53,529)
Cash flows from financing activities			
Lease payment	27	**(536)**	(617)
Net (repayments)/proceeds from borrowings		**(6,486)**	24,484
Proceeds from issue of share capital		**-**	3,643
Dividends paid		**(11,478)**	(5,099)
Net cash (used in)/from financing activities		**(18,500)**	22,411
Net increase in cash and cash equivalents		**(4,163)**	7,385
Net foreign exchange difference		**(1,278)**	11,546
Cash and cash equivalents:			
At beginning of the year	21	**126,448**	107,517
At end of the year	21	**121,007**	126,448

The notes on subsequent pages are an integral part of these consolidated and company financial statements.

Company Statement of Cash Flows
for the year ended 31 December 2023

(Euro 000's)	Note	2023	2022
Cash flows from operating activities			
Profit before tax		**13,404**	70,816
Adjustments for:			
Interest income	8	**(518)**	(36)
Interest income from interest-bearing intercompany loans	8	**(14,087)**	(12,900)
Net foreign exchange difference		**390**	(3,439)
Unrealised foreign exchange loss on financing activities		**-**	(63)
Cash inflows (used in)/from operating activities before working capital changes		**(811)**	54,378
Changes in working capital:			
Trade and other receivables	19	**21,089**	(61,273)
Trade and other payables	25	**(3,030)**	3,950
Cash flows from operations		**17,247**	(2,945)
Tax paid		**(498)**	(311)
Net cash from/(used in) operating activities		**16,749**	(3,256)
Cash flows from investing activities			
Investment in subsidiaries	15	**(1)**	(9,461)
Interest received		**518**	36
Interest income from interest-bearing intercompany loans	8	**14,087**	12,900
Net cash from investing activities		**14,603**	3,475
Cash flows from financing activities			
Proceeds from issue of share capital	22	**-**	3,643
Dividends paid	12	**(11,477)**	(5,099)
Net cash used in financing activities		**(11,477)**	(1,456)
Net increase/(decrease) in cash and cash equivalents		**19,876**	(1,237)
Net foreign exchange difference		**(390)**	3,439
Cash and cash equivalents:			
At beginning of the year	21	**39,472**	37,270
At end of the year	21	**58,958**	39,472

The notes on subsequent pages are an integral part of these consolidated and company financial statements.
For non-cash transactions refer to Note 15.

Notes to the Consolidated and Company Financial Statements

for the year ended 31 December 2023

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. The Company continued to be listed on AIM as at 31 December 2023.

In February 2023, Atalaya announced its application for the voluntary delisting of its ordinary shares from the Toronto Stock Exchange (the "TSX"). The delisting from the TSX took effect on 20 March 2023. Ordinary shares in the Company continue to trade on the AIM market of the London Stock Exchange under the symbol "ATYM".

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

Change of name and share consolidation

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

Principal activities

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

The Group has interests in 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 East.

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 Mineria España, S.L. (since renamed Atalaya Masa Valverde, S.L.U.), a Spanish company which fully owns the Masa Valverde polymetallic project located in Huelva (Spain). Under the terms of the agreement Atalaya will make an aggregate €1.4 million cash payment in two instalments of approximately the same amount. The first payment is to be executed once the project is permitted and second and final payment when first production is achieved from the concession.

In November 2023, the exploitation permit for the Masa Valverde and Majadales deposits was officially granted.

Proyecto Ossa Morena

In December 2021, Atalaya announced the acquisition of a 51% interest in Rio Narcea Nickel, S.L., which owns 9 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. During 2022 Atalaya rejected 8 investigation permits.

Atalaya will pay a total of €2.5 million in cash in three instalments and grant a 1% net smelter return ("NSR") royalty over all acquired permits. The first payment of €0.5 million will be made following execution of the purchase agreement. The second and third instalments of €1 million each will be made once the environmental impact statement ("EIS") and the final mining permits for any project within any of the investigation permits acquired under the Transaction are secured.

Proyecto Riotinto East

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

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Overview

The financial statements of Atalaya Mining Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS comprise the standards issued by the International Accounting Standards Board ("IASB").

The financial statements are presented in € and all values are rounded to the nearest thousand (€'000), except where otherwise indicated.

Additionally, the financial statements have also been prepared in accordance with the IFRS as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. For the year ending 31 December 2023, the standards applicable for IFRS's as adopted by the EU are aligned with the IFRS's as issued by the IASB.

The consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained below and in note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 3.3.

(b) Going concern

The Directors have considered and debated different possible scenarios on the Company's operations, financial position and forecast for a period of at least 12 months since the approval of these financial statements. Possible scenarios range from (i) disruption in Proyecto Riotinto; (ii) market volatility in commodity and electricity prices; and (iii) availability of existing credit facilities.

The Directors, after reviewing these scenarios, the current cash resources, forecasts and budgets, timing of cash flows, borrowing facilities, sensitivity analyses and considering the associated uncertainties to the Group's operations have a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future.

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

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

2.2 Changes in accounting policy and disclosures

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IASs) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2023.

<u>IFRS 17: Insurance Contracts</u>

The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. These standards had no impact on the consolidated and parent company financial statements.

<u>IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)</u>

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. These amendments had no impact on the consolidated financial statements of the Group.

<u>IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)</u>

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. These amendments had no impact on the consolidated financial statements of the Group.

<u>IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)</u>

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. These amendments had no impact on the consolidated financial statements of the Group.

<u>IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)</u>

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. These amendments had no impact on the consolidated financial statements of the Group as at 31 December 2023.

2.2.1 Standards issued but not yet effective and not yet adopted by the Group

<u>IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)</u>

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments are not expected to have a material impact on the Group.

<u>IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)</u>

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments are not expected to have a material impact on the Group.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. The amendments have not yet been endorsed by the EU and are not expected to have a material impact on the Group.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU and are not expected to have a material impact on the Group.

2.3 Consolidation

(a) Basis of consolidation
The consolidated financial statements comprise the financial statements of Atalaya Mining Plc and its subsidiaries.

(b) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group and the Company has control. Control exists when the Group is exposed, or has rights, to variable returns for its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value'.

The main operating subsidiary of Atalaya Mining Plc is the 100% owned Atalaya Riotinto Minera, S.L.U. which operates "Proyecto Riotinto", in the historical site of Huelva, Spain.

The name and shareholding of the entities included in the Group in these financial statements are:

Entity name	Business	%[2]	Country
Atalaya Mining, Plc	Holding	n/a	Cyprus
EMED Marketing Ltd.	Trade	100%	Cyprus
Atalaya Riotinto Minera, S.L.U.	Operating	100%	Spain
Recursos Cuenca Minera, S.L. [3]	Dormant	50%	Spain
Atalaya Minasderiotinto Project (UK), Ltd.	Holding	100%	United Kingdom
Eastern Mediterranean Exploration & Development, S.L.U.	Dormant	100%	Spain
Atalaya Touro (UK), Ltd.	Holding	100%	United Kingdom
Fundación ARM	Trust	100%	Spain
Cobre San Rafael, S.L. [1]	Development	10%	Spain
Atalaya Servicios Mineros, S.L.U.	Holding	100%	Spain
Atalaya Masa Valverde, S.L.U.	Development	100%	Spain
Atalaya Financing Ltd.	Financing	100%	Cyprus
Atalaya Ossa Morena, S.L.	Development	99.9%	Spain
Iberian Polimetal S.L.	Development	100%	Spain

Notes

(1) Cobre San Rafael, S.L. is the entity which holds the mining rights of the Proyecto Touro. The Group has control in the management of Cobre San Rafael, S.L., including one of the two Directors, management of the financial books and the capacity to appoint the key personnel.

(2) The effective proportion of shares held as at 30 June 2023 and 31 December 2022 remained unchanged.

(3) Recursos Cuenca Minera is a joint venture with ARM, see note 16.

(4) EMED Mining Spain, S.L. was disposed on 4 January 2022. See note 29.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the transferred assets, liabilities incurred by the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Group recognised any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

(c) Acquisition-related costs are expensed as incurred
If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Gains and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Disposal of subsidiaries
When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (generally accompanying a shareholding of between 20% and 50% of the voting rights) but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates or joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates or joint ventures includes goodwill identified on acquisition.

If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' or joint ventures' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associates or the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates or joint ventures are recognised in the income statement.

(g) Functional currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro which is the Company's functional and presentation currency.

Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are updated at year-end spot exchange rates.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Gains or losses of monetary and non-monetary items are recognised in the income statement.

Balance sheet items are translated at period-end exchange rates. Exchange differences on translation of the net assets of such entities whose functional currency are not the Euro are taken to equity and recorded in a separate currency translation reserve.

2.4 Investments in subsidiary companies in the Company's financial statements

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

2.5 Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic, financial and operating policy decisions relating to the activities the joint arrangement require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint arrangement expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

The Group enters joint arrangements that involve the establishment of a separate entity in which each acquiree has an interest (jointly controlled entity). The Group reports its interests in jointly controlled entities using the equity method of accounting.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint arrangement.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions.

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

2.7 Inventory

Inventory consists of copper concentrates, ore stockpiles and metal in circuit and spare parts. Inventory is physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Cost is determined by using the FIFO method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and supplies are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

2.8 Assets under construction

All subsequent expenditure on the construction, installation or completion of infrastructure facilities including mine plants and other necessary works for mining, are capitalised in "Assets under Construction". Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in "Assets under Construction" are then transferred to the relevant asset categories.

Once a project has been established as commercially viable, related development expenditure is capitalised. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalisation of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Capitalisation ceases when the mine is capable of commercial production, except for development costs which give rise to a future benefit.

Pre-commissioning sales are offset against the cost of assets under construction. No depreciation is recognised until the assets are substantially complete and ready for productive use.

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine ("LOM"), field or lease. Depreciation commences when the asset is available for use.

The major categories of property, plant and equipment are depreciated/amortised on a Unit of Production ("UOP") and/or straight-line basis as follows:

Buildings	UOP
Mineral rights	UOP
Deferred mining costs	UOP
Plant and machinery	UOP
Motor vehicles	5 years
Furniture/fixtures/office equipment	5 – 10 years

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Group's buildings and office properties. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income" in the income statement.

(a) Mineral rights
Mineral reserves and resources which can be reasonably valued are recognised in the assessment of fair values on acquisition. Mineral rights for which values cannot be reasonably determined are not recognised. Exploitable mineral rights are amortised using the UOP basis over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(b) Deferred mining costs – stripping costs

Mainly comprises of certain capitalised costs related to pre-production and in-production stripping activities as outlined below.

Stripping costs incurred in the development phase of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a UOP basis.

In-production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within deferred mining costs provided all the following conditions are met:

i. it is probable that the future economic benefit associated with the stripping activity will be realised;
ii. the component of the ore body for which access has been improved can be identified and;
iii. the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of income as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

(c) Exploration costs

Under the Group's accounting policy, exploration expenditure is not capitalised until the management determines a property will be developed and point is reached at which there is a high degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the Group. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

(d) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective asset. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(f) Restoration, rehabilitation and decommissioning
Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises.

The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site disturbance, which are created on an ongoing basis during production, are provided for at their net present values and charged to the consolidated statement of income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to zero and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

2.10 Intangible assets

(a) Business combination and goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquired interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

The results of businesses acquired during the year are brought into the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of a business which can be measured reliably are recorded at their provisional fair values at the date of acquisition. Acquisition-related costs are expensed as incurred.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed.

(b) Permits
Permits are capitalised as intangible assets which relate to projects that are at the pre-development stage. No amortisation charge is recognised in respect of these intangible assets. Once the Group receives those permits and commence production, the intangible assets relating to permits will be depreciated on a UOP basis.

(c) Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition provided they meet recognition criteria as per IFRS 3. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated and company statements of comprehensive income when the asset is derecognised.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group assesses whether climate risks, including physical risks and transition risks could have a significant impact.

2.12 Financial assets and liabilities

<u>2.12.1 Classification</u>

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.
- those to be measured subsequently at fair value through OCI, and.
- those to be measured subsequently at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

2.12.2 Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Impairment losses are presented as separate line item in the statement of profit or loss.

The Company´s financial assets at amortised cost include current and non-current receivables (other than trade receivables which are measured at fair value through profit and loss) and cash and cash equivalents.

2.12.3 Fair value through other comprehensive income

Financial assets which are debt instruments, that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in net foreign exchange gain/(loss) before tax and impairment expenses are presented as a separate line item in the statement of profit or loss.

2.12.4 Equity instruments designated as fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated and company statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

2.12.5 Assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised as profit or loss and presented net within other gains/(losses) in the period in which it arises.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated and company statements of comprehensive income as applicable. The Company's and Group's financial assets at fair value through profit and loss include current and non-current receivables (other than trade receivables which are measured at amortised cost).

2.12.6 De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.7 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (other than trade receivables which are measured at FVPL), the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

2.12.8. Financial liabilities and trade payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated and company statements of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking any discount or premium on acquisition and fees or costs that are an integral part of the EIR, into account. The EIR amortisation is included as finance costs in the consolidated and company statements of comprehensive income

2.13 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated and company statements of financial position based on current/non-current classification.

(a) An asset is current when it is either:
- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period

Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

(b) A liability is current when either:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period

Or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.14 Cash and cash equivalents

In the consolidated and company statements of cash flows, cash and cash equivalents includes cash in hand and in bank including deposits held at call with banks, with a maturity of less than 3 months.

2.15 Provisions

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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.16 Interest-bearing loans and borrowings

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

2.17 Deferred consideration

Deferred consideration arises when settlement of all or any part of the cost of an agreement is deferred. It is stated at fair value at the date of recognition, which is determined by discounting the amount due to present value at that date. Interest is imputed on the fair value of non-interest-bearing deferred consideration at the discount rate and expensed within interest payable and similar charges. At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition plus interest imputed on such amounts from recognition to the balance sheet date.

2.18 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds in the share premium account.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

2.20 Share-based payments

The Group operates a share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

Vesting conditions are: (i) the personnel should be an employee that provides services to the Group; and (ii) should be in continuous employment for the whole vesting period of 3 years. Specific arrangements may exist with senior managers and board members, whereby their options stay in use until the end.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (Note 23).

2.21 Rehabilitation provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the consolidated income statement.

The Group assesses its mine rehabilitation provision annually. Material estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the consolidated statement of financial position date represents management's best estimate of the present value of the future rehabilitation costs required.

The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Group in estimating the rehabilitation provision on the manufacturing facility. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

2.22 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date including whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A reassessment is made after inception of the lease only if one of the following applies:

a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

b) A renewal option is exercised, or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or

d) There is a substantial change to the asset.

Group as a lessee

The Group has lease contracts for various items of laboratory equipment, motor vehicle, lands and buildings used in its operations. Leases of laboratory equipment and motor vehicles generally have lease terms for four years, while lands and buildings generally have lease terms for the life of mine, currently after 13 years of operation. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

After initial measurement, the right-of-use assets are depreciated from the commencement date using the straight-line method over the shorter of the estimated useful lives of the right-of-use assets or the end of lease term. These are as follows:

Right-of-use asset	Depreciation terms in years
Lands and buildings	Based on Units of Production (UOP)
Motor vehicles	Based on straight line depreciation
Laboratory equipment	Based on straight line depreciation

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- Payments of penalties for early terminating the lease, unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded as profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.23 Revenue recognition

(a) Revenue from contracts with customers

Atalaya is principally engaged in the business of producing copper concentrate and in some instances, provides freight/shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which Atalaya expects to be entitled in exchange for those goods or services. Atalaya has concluded that it is the principal in its revenue contracts because it controls the goods or services before transferring them to the customer.

(b) Copper in concentrate (metal in concentrate) sales

For most copper in concentrate (metal in concentrate) sales, the enforceable contract is each purchase order, which is an individual, short-term contract. For the Group's metal in concentrate sales not sold under CIF Incoterms, the performance obligations are the delivery of the concentrate. A proportion of the Group's metal in concentrate sales are sold under CIF Incoterms, whereby the Group is also responsible for providing freight services. In these situations, the freight services also represent separate performance obligation (see paragraph (c) below).

The majority of the Group's sales of metal in concentrate allow for price adjustments based on the market price at the end of the relevant QP stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and three months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically transferred onto a vessel, train, conveyor or other delivery mechanism. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and a corresponding trade receivable is recognised. For those arrangements subject to CIF shipping terms, a portion of the transaction price is allocated to the separate freight services provided (See paragraph (c) below).

For these provisional pricing arrangements, any future changes that occur over the QP are included within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced trade receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss up from initial recognition and until the date of settlement. These subsequent changes in fair value are recognised as part of revenue in the statement of profit or loss and other comprehensive income each period and disclosed separately from revenue from contracts with customers as part of 'Fair value gains/losses on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper as well as taking other relevant fair value considerations as set out in IFRS 13, into account, including interest rate and credit risk adjustments.

Final settlement is based on quantities adjusted as required following the inspection of the product by the customer as well as applicable commodity prices. IFRS 15 requires that variable consideration should only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As the adjustments relating to the final assay results for the quantity and quality of concentrate sold are not significant, they do not constrain the recognition of revenue.

(c) Freight services

As noted above, a proportion of the Group's metal in concentrate sales are sold under CIF Incoterms, whereby the Group is responsible for providing freight services (as principal) after the date that the Group transfers control of the metal in concentrate to its customers. The Group, therefore, has separate performance obligation for freight services which are provided solely to facilitate sale of the commodities it produces.

The revenue from freight services is a separate performance obligation under IFRS 15 and therefore is recognised as the service is provided, hence at year end a portion of revenue must be deferred as well as the insurance costs associated.

Other Incoterms commonly used by the Group are FOB, where the Group has no responsibility for freight or insurance once control of the products has passed at the loading port, Ex works where control of the goods passes when the product is picked up at seller´s promises, and CIP where control of the goods passes when the product is delivered to the agreed destination. For arrangements which have these Incoterms, the only performance obligations are the provision of the product at the point where control passes.

(d) Sales of services

The Group sells services in relation to maintenance of accounting records, management, technical, administrative support and other services to other companies. Revenue is recognised in the accounting period in which the services are rendered.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

From time to time, the Group recognises contract liabilities in relation to some metal in concentrate sales which are sold under CIF Incoterms, whereby a portion of the cash may be received from the customer before the freight services are provided.

2.24 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, the estimated future cash flow is discounted at the original effective interest rate of the instrument and the discount continues unwinding as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.25 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.26 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.27 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise instruments convertible into ordinary shares and share options granted to employees.

2.28 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

2.29 Amendment of financial statements after issue

The Board of Directors and shareholders has no right to amend the Financial Statements after they are authorised.

2.30 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 and fair value through profit and loss 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 and company 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).

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(Euro 000's)	Level 1	Level 2	Level 3	Total
31 Dec 2023				
Other current financial assets				
Financial assets at FV through OCI	**30**	**-**	**1,101**	**1,131**
Trade and other receivables				
Receivables (subject to provisional pricing)	**-**	**15,164**	**-**	**15,164**
Total	**30**	**15,164**	**1,101**	**16,295**
31 Dec 2022				
Other current financial assets				
Financial assets at FV through OCI	33	-	1,101	1,134
Receivables (subject to provisional pricing)	-	27,557	-	27,557
Total	33	27,557	1,101	28,691

THE COMPANY

(Euro 000's)	Level 1	Level 2	Level 3	Total
31 Dec 2023				
Non-current receivables				
Financial assets at FV through profit and loss (note 30.4)	**-**	**-**	**-**	**-**
Other current financial assets				
Financial assets at FV through OCI	**30**	**-**	**-**	**30**
Total	**30**	**-**	**-**	**30**
31 Dec 2022				
Non-current receivables				
Financial assets at FV through profit and loss (note 30.4)	-	-	14,247	14,247
Other current financial assets				
Financial assets at FV through OCI	33	-	-	33
Total	33	-	14,247	14,280

2.31 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures, based on the assessment on climate-related matters, there was no impact.

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group products, based on the assessment on climate-related matters, there was no impact.
- In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered and based on the assessment on climate-related matters, there was no impact.
- Rehabilitation provision. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of rehabilitation of the Group facilities, based on the assessment on climate-related matters, there was no impact.

3. Financial Risk Management and Critical accounting estimates and judgements

3.1 Financial risk factors

The Group manages its exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are market risks comprising: commodity price risk, interest rate risk and foreign currency risk; liquidity risk and credit risk; operational risk, compliance risk and litigation risk. Management reviews and agrees policies for managing each of these risks that are summarised below.

The Group's senior management oversees the management of financial risks. The Group's senior management is supported by the AC that advises on financial risks and the appropriate financial risk governance framework for the Group. The AC provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Currently, the Group does not apply any form of hedge accounting.

(a) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash to meet liabilities when due. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

THE GROUP

(Euro 000's)	Carrying amounts	Contractual cash flows	Less than 3 months	Between 3 – 12 months	Between 1 – 2 years	Between 2 – 5 years	Over 5 years
31 Dec 2023							
Tax liability	**1,317**	**1,317**	**-**	**1,317**	**-**	**-**	**-**
Lease liability	**4,378**	**4,378**	**-**	**501**	**-**	**1,928**	**1,949**
Other financial liabilities	**66,687**	**65,406**	**-**	**50,556**	**16,131**	**-**	**-**
Non-current payables	**2,205**	**-**	**-**	**205**	**-**	**-**	**2,000**
Trade and other payables	**75,922**	**72,623**	**36,964**	**38,882**	**76**	**-**	**-**
	150,509	**143,724**	**36,967**	**91,458**	**16,207**	**1,928**	**3,949**
31 Dec 2022							
Tax liability	1,425	1,425	-	1,425	-	-	-
Lease liability	4,914	4,914	-	536	-	1,957	2,421
Other financial liabilities	73,362	73,362	-	52,594	10,812	9,956	-
Non-current payables	2,015	-	-	15	-	-	2,000
Trade and other payables	90,022	86,810	53,912	36,110	-	-	-
	171,738	166,511	53,912	90,680	10,812	11,913	4,421

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(Euro 000's)	Carrying amounts	Contractual cash flows	Less than 3 months	Between 3 – 12 months	Between 1 – 2 years	Between 2 – 5 years	Over 5 years
31 Dec 2023							
Tax liability	**189**	**189**	**-**	**189**	**-**	**-**	**-**
Trade and other payables	**2,369**	**868**	**-**	**2,369**	**-**	**-**	**-**
	2,558	**1,057**	**-**	**2,558**	**-**	**-**	**-**
31 Dec 2022							
Tax liability	107	107	-	107	-	-	-
Trade and other payables	5,402	543	-	5,402	-	-	-
	5,509	650	-	5,509	-	-	-

(b) Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the British Pound. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Foreign currency sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at reporting date:

(Euro 000's)	**Effect on profit before tax for the year ended 31 Dec 2023 increase/(decrease)**	Effect on profit before tax for the year ended 31 Dec 2022 increase/(decrease)
+5%	**17,454**	17,303
-5%	**(17,454)**	(17,303)

(c) Commodity price risk

Commodity price is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities, primarily copper. Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned apart from a hedging scheme.

Commodity price hedging is governed by the Group´s policy which allows to limit the exposure to prices. The Group may decide to hedge part of its production during the year.

Commodity price sensitivity

The table below summarises the impact on profit before tax for changes in commodity prices on the fair value of derivative financial instruments and trade receivables (subject to provisional pricing). The impact on equity is the same as the impact on profit before income tax as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading and are therefore fair valued through profit or loss.

The analysis is based on the assumption that the copper prices move $0.05/lb with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the last two years' historical prices.

	Effect on profit before tax for the year ended 31 Dec 2023 increase/(decrease)	Effect on profit before tax for the year ended 31 Dec 2022 increase/(decrease)
	Eur 000's	Eur 000's
Increase/(decrease) in copper prices		
Increase $0.05/lb (2022: $0.05)	**5,138**	5,285
Decrease $0.05/lb (2022: $0.05)	**(5,138)**	(5,285)

(d) Credit risk
Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The Group has policies to limit the amount of credit exposure to any financial institution.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the maximum credit exposure without taking account of the value of any collateral obtained:

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Unrestricted cash and cash equivalents at Group level	**94,868**	108,550
Unrestricted cash and cash equivalents at Operation level	**26,139**	17,567
Restricted cash and cash equivalents at Operation level	**-**	331
Consolidated cash and cash equivalents	**121,007**	126,448
Net cash position [(1)]	**54,320**	53,085
Working capital surplus	**68,618**	84,047

(1) *Includes restricted cash and bank borrowings at 31 December 2022*

Restricted cash amounted at 31 December 2022 to €0.3 million was held in escrow, which represented funds utilized by the Company to cover possible remaining costs due to Astor following litigation during 2022. However, due to the settlement reached with Astor on 17 May 2023 whereby Astor agreed to repay €3.5 million of interest previously paid to it to finalise the litigation, the previously restricted cash has now been released and reversed (Note 8).

Besides of the above, there are no collaterals held in respect of these financial instruments and there are no financial assets that are past due or impaired as at 31 December 2023 and 2022.

(e) Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

(Euro 000's)	**2023**	2022
Variable rate instruments		
Financial assets	**121,007**	126,448

An increase of 100 basis points in interest rates at 31 December 2023 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity		**Profit or loss**	
(Euro 000's)	**2023**	2022	**2023**	2022
Variable rate instruments	**1,210**	1,264	**1,210**	1,264

(f) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

(g) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations. The Group has systems in place to mitigate this risk, including seeking advice from external legal and regulatory advisors in each jurisdiction.

(h) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

3.2 Capital risk management

The Group considers its capital structure to consist of share capital, share premium and share options reserve. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group issues new shares. The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The AC reviews the capital structure on a continuing basis.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as provisions plus deferred consideration plus trade and other payables less cash and cash equivalents.

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Total liabilities less cash	**57,170**	70,326
Total equity (excluding NCI)	**501,496**	473,295
Total capital	**558,666**	543,621
Gearing ratio	**10.23%**	12.94%

3.3 Critical accounting estimates and judgements

The preparation of the financial statements requires 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.
In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required.

(a) Capitalisation of exploration and evaluation costs
Under the Group's accounting policy, exploration and evaluation expenditure is not capitalised until the point is reached at which there is a high degree of confidence in the project's viability, and it is considered probable that future economic benefits will flow to the Group. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project proves to be unviable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

(b) Stripping costs
The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at surface mining operations.

The Group is required to identify the separately identifiable components or phases of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.
Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The Group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

(c) Ore reserve and mineral resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates.

Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data. Changes in the judgments surrounding proven and probable reserves may impact as follows:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the consolidated and company statements of comprehensive income may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(d) Impairment of assets

Events or changes in circumstances can give rise to significant impairment charges or impairment reversals in a particular year. The Group assesses each Cash Generating Unit ("CGU") annually to determine whether any indications of impairment exist. If it was necessary management could contract independent expert to value the assets. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. An impairment loss is recognised immediately in net earnings. The Group has determined that each mine location is a CGU.

These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a CGU.

Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

(e) Provisions for decommissioning and site restoration costs

Accounting for restoration provisions requires management to make estimates of the future costs the Group will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Group is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash outflows.

Management uses its judgement and experience to provide for and (in the case of capitalised decommissioning costs) amortise these estimated costs over the life of the mine. The ultimate cost of decommissioning and timing is uncertain and cost estimates can vary in response to many factors including changes to relevant environmental laws and regulations requirements, the emergence of new restoration techniques or experience at other mine sites. As a result, there could be significant adjustments to the provisions established which would affect future financial results. Refer to Note 26 for further details.

(f) Income tax

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Judgement is also required to determine whether deferred tax assets are recognised in the consolidated statements of financial position. Deferred tax assets, including those arising from unutilised tax losses, require the Group to assess the probability that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(g) Inventory

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

(h) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(i) Contingent liabilities

A contingent liability arises where a past event has taken place for which the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain events outside of the control of the Group, or a present obligation exists but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A provision is made when a loss to the Group is likely to crystallise. The assessment of the existence of a contingency and its likely outcome, particularly if it is considered that a provision might be necessary, involves significant judgment taking all relevant factors into account.

(j) Share-based compensation benefits

Share based compensation benefits are accounted for in accordance with the fair value recognition provisions of IFRS 2 "Share-based Payment". As such, share-based compensation expense for equity-settled share-based payments is measured at the grant date based on the fair value of the award and is recognised as an expense over the vesting period. The fair value of such share-based awards at the grant date is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions, behavioural considerations and expected volatility. Please refer to Note 23.

(k) Consolidation of Cobre San Rafael

Cobre San Rafael, S.L. is the entity which holds the mining rights of Proyecto Touro. The Group controls Cobre San Rafael, S.L. as it is exposed to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The control is proven as: one of the two Directors belongs to the Group and management of the financial books and the capacity to appoint the key personnel is controlled by Atalaya.

(l) Classification of financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The Group and Company exercises judgement upon determining the classification of its financial assets upon considering whether contractual features including interest rate could significantly affect future cash flows. Furthermore, judgment is required when assessing whether compensation paid or received on early termination of lending arrangements results in cash flows that are not 'solely payments of principal and interest (SPPI).

(n) Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

4. Segments

Segments

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

Copper concentrates produced by the Group are sold to three offtakers as per the relevant offtake agreement (Note 30.3).

Geographical areas of operations

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.

The table below presents an analysis of revenue from external customers based on their geographical location, determined by the country of establishment of each customer.

Revenue – from external customers	2023	2022
	€'000	€'000
Switzerland	**340,346**	361,846

The table below presents revenues from external customers attributed to the country of domicile of the Company.

Revenue – from external customers	2023	2022
	€'000	€'000
Cyprus	**25,712**	30,662
Spain	**314,634**	331,184
	340,346	361,846

The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment and intellectual property and the location of the operation to which they are allocated in the case of goodwill.

Non-current assets	2023	2022
	€'000	€'000
Spain	**434,136**	408,738
	434,136	408,738

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)	2023		2022	
	Segment	**€'000**	Segment	€'000
Offtaker 1	**Copper**	**80,031**	Copper	71,839
Offtaker 2	**Copper**	**76,688**	Copper	108,158
Offtaker 3	**Copper**	**183,596**	Copper	181,822

5. Revenue

THE GROUP

(Euro 000's)	**2023**	2022
Revenue from contracts with customers [1]	**344,940**	371,303
Fair value gain relating to provisional pricing within sales [2]	**(4,594)**	(9,457)
Total revenue	**340,346**	361,846

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

(1) Included within 2023 revenue there is a transaction price of €9.8 million (€7.6 million in 2022) related to the freight services provided by the Group to the customers arising from the sales of copper concentrate under CIF incoterm.

(2) Provisional pricing impact represented the change in fair value of the embedded derivative arising on sales of concentrate.

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(Euro 000's)	**2023**	2022
Sales of services to related companies (Note 30.3)	**5,012**	2,756
Dividends	**-**	55,000
Total revenue	**5,012**	57,756

6. Expenses by nature

THE GROUP

(Euro 000's)	**2023**	2022
Operating costs	**208,416**	246,840
Care and maintenance expenditure	**11,511**	15,603
Exploration expenses	**5,103**	3,723
Employee benefit expense (Note 7)	**25,756**	24,556
Compensation of key management personnel (Note 30.2)	**2,230**	2,189
Auditors' remuneration – audit	**584**	345
Other assurance	**20**	-
Other accountants' remuneration	**385**	138
Consultants' remuneration	**4,977**	1,087
Depreciation of property, plant and equipment (Note 13)	**33,307**	29,637
Amortisation of intangible assets (Note 14)	**4,493**	4,482
Share option-based employee benefits (Note 23)	**661**	1,279
Shareholders' communication expense	**232**	305
On-going listing costs	**521**	533
Legal costs	**1,779**	1,469
Public relations and communication development	**711**	1,035
Rents (Note 27)	**5,682**	5,678
Other expenses and provisions	**314**	2,038
Total	**306,682**	340,937

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(Euro 000's)	**2023**	2022
Key management remuneration (Note 30.2)	**605**	540
Auditors' remuneration – audit	**263**	139
Other accountants' remuneration	**341**	57
Consultants' remuneration	**1,352**	224
Management fees (Note 30.3)	**19**	66
Travel costs	**5**	2
Shareholders' communication expense	**232**	305
On-going listing costs	**521**	533
Legal costs	**1,771**	1,258
Insurances	**82**	84
Other expenses and provisions	**631**	392
Total	**5,822**	3,600

7. Employee benefit expense

THE GROUP

(Euro 000's)	**2023**	2022
Wages and salaries	**18,836**	18,438
Social security and social contributions	**6,246**	5,659
Employees' other allowances	**18**	16
Bonus to employees	**656**	443
Total	**25,756**	24,556

The average number of employees and the number of employees at year end by office are:

	Average		At year end	
Number of employees	**2023**	2022	**2023**	2022
Spain – Full time	**479**	492	**476**	489
Spain – Part time	**6**	4	**6**	5
Cyprus – Full time	**1**	1	**1**	1
Cyprus – Part time	**2**	2	**2**	2
Total	**488**	499	**485**	497

THE COMPANY

The company had no employees during the year ended 31 December 2023 and 2022.

8. Finance income

THE GROUP

(Euro 000's)	**2023**	2022
Financial interests	**1,501**	244
Other received interests	**3,892**	-
Unwinding of discount on mine rehabilitation provision (Note 26)	**-**	380
Total	**5,393**	624

THE COMPANY

(Euro 000's)	**2023**	2022
Interest income from interest-bearing intercompany loans at fair value through profit and loss (Note 30.3)	**-**	9,157
Interest income from interest-bearing intercompany loans at amortised cost (Note 30.3)	**14,087**	3,743
Financial interests	**517**	36
Total	**14,604**	12,936

Financial interests relate to interest received on bank balances.

Other received interests mainly comprise the €3.5 million interest received as a result of the agreement reached with Astor in May 2023.

9. Finance costs

THE GROUP

(Euro 000's)	**2023**	2022
Interest expense:		
Other interest	**2,607**	1,025
Interest expense on lease liabilities	**25**	20
Unwinding of discount on mine rehabilitation provision (Note 26)	**690**	-
	3,322	1,045

Other interests include the financing costs related to Astor and Solar plant facilities.

10. Tax

THE GROUP

(Euro 000's)	**2023**	2022
Current income tax charge	**3,419**	3,123
Deferred tax income relating to the origination of temporary differences (Note 17)	**(6,852)**	(4,544)
Deferred tax expense relating to reversal of temporary differences (Note 17)	**2,863**	2,815
	(570)	1,394

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

(Euro 000's)	**2023**	2022
Accounting profit before tax	**36,093**	32,320
Tax calculated at the applicable tax rates of the Company – 12.5%	**4,512**	4,040
Tax effect of expenses not deductible for tax purposes	**3,290**	1,029
Tax effect of tax loss for the year	**(1,271)**	3,819
Tax effect of allowances and income not subject to tax	**(4,381)**	(7,857)
Effect of higher tax rates in other jurisdictions of the group	**993**	2,092
Tax effect of tax losses brought forward	**276**	-
Deferred tax (Note 17)	**(3,989)**	(1,729)
Tax (credit)/ charge	**(570)**	1,394

THE COMPANY

(Euro 000's)	**2023**	2022
Current income tax charge	**579**	617
	579	617

Tax losses carried forward

As at 31 December 2023, the Group had tax losses carried forward amounting to €6 million from the Spanish subsidiaries.

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2014 and thereafter. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Spain

The corporation tax rate for 2023 and 2022 is 25%. The recent Spanish tax reform approved in 2014 reduced the general corporation tax rate from 30% to 28% in 2015 and to 25% in 2016, and introduced, among other changes, a 10% reduction in the tax base subject to equity increase and other requirements. Under current legislation, tax losses may be carried forward and be set off against taxable income with no limitation.

11. Earnings per share

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

(Euro 000's)	2023	2022
Parent company	**(6,255)**	(676)
Subsidiaries	**45,024**	33,831
Profit attributable to equity holders of the parent	**38,769**	33,155
Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	**139,880**	139,757
Basic earnings per share (EUR cents/share)	**27.7**	23.7
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**144,224**	142,834
Diluted earnings per share (EUR cents/share)	**26.9**	23.2

At 31 December 2023 there are nil warrants and 4,848,500 options (Note 22) (31 December 2022: nil warrants and 3,543,500 options) which have been included when calculating the weighted average number of shares for FY2023.

12. Dividends

Cash dividends declared and paid during the year:

(Euro 000's)	2023	2022
Final dividends declared and paid	**4,956**	-
Interim dividends declared and paid	**6,522**	5,099
	11,478	5,099

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

In March 2023, the Board of Directors proposed a final dividend for 2022 of US$0.0385 per ordinary share, which was equivalent to approximately 3.15 pence per share. Following the approval of Resolution 10 by the Company's shareholders at its 2023 Annual General Meeting, which took place on 28 June 2023, the 2022 final dividend was paid on 8 August 2023.

On 9 August 2023, the Company's Board of Directors declared an Interim Dividend for 2023 of US$0.05 per ordinary share, which is equivalent to approximately 3.9 pence per share. The Interim Dividend was paid on 28 September 2023 using foreign exchange rates announced on 12 September 2023.

A final dividend of US$0.04 per share has been proposed for approval by shareholders at the 2024 Annual General Meeting. This would give a total dividend in respect of 2023 of US$0.09 per share.

13. Property, plant and equipment

(Euro 000's)	Land and buildings	Right of use assets (5)	Plant and equipment	Assets under construction (3)	Deferred mining costs (2)	Other assets (1)	Total
2023							
Cost							
At 1 January 2023	**80,326**	**7,076**	**291,335**	**50,235**	**52,358**	**872**	**482,202**
Additions	**36**	**-**	**6,011**	**42,149**	**11,714**	**79**	**59,782**
Increase in rehab. Provision (Note 26)	**3,145**	**-**	**-**	**-**	**-**	**-**	**3,145**
Reclassifications (4)	**-**	**-**	**21,783**	**(21,783)**	**-**	**-**	**-**
Advances	**10**	**-**	**-**	**-**	**-**	**-**	**10**
31 Dec 2023	**83,517**	**7,076**	**319,129**	**70,601**	**64,072**	**951**	**545,346**
Depreciation							
At 1 January 2023	**20,454**	**1,998**	**89,182**	**-**	**14,921**	**739**	**127,294**
Adjustments	**-**	**-**	**6**	**-**	**-**	**-**	**6**
Opening adjusted	**20,454**	**1,998**	**89,188**	**-**	**14,921**	**739**	**127,300**
Charge for the year	**4,248**	**533**	**24,359**	**-**	**4,142**	**25**	**33,307**
31 Dec 2023	**24,702**	**2,531**	**113,547**	**-**	**19,063**	**764**	**160,607**
Net book value at 31 December 2023	**58,815**	**4,545**	**205,582**	**70,601**	**45,009**	**187**	**384,739**
2022							
Cost							
1 Jan 2022	65,003	7,076	283,346	22,860	51,667	801	430,753
Additions	2,383	-	1,262	49,473	691	-	53,809
Increase in rehab. provision	1,727	-	-	-	-	-	1,727
Reclassifications	15,300	-	6,727	(22,098)	-	71	-
Advances	103	-	-	-	-	-	103
Write-off	(4,190)	-	-	-	-	-	(4,190)
31 Dec 2022	80,326	7,076	291,335	50,235	52,358	872	482,202
Depreciation							
At 1 January 2022	16,026	1,546	67,991	-	11,380	714	97,657
Charge for the year	4,428	452	21,191	-	3,541	25	29,637
31 Dec 2022	20,454	1,998	89,182	-	14,921	739	127,294
Net book value at 31 December 2022	59,872	5,078	202,153	50,235	37,437	133	354,908

(1) Includes motor vehicles, furniture, fixtures and office equipment which are depreciated over 5-10 years.

(2) Stripping costs

(3) Assets under construction at 31 December 2023 amounted to €70.6 million (2022: €50.2 million) which include sustaining capital expenditures, tailings dams project, ELIX plant and solar plant.

[4] Transfers including sustaining Capex (€20.6 million).

[5] See leases in Note 27.

The Group

The above fixed assets are mainly located in Spain.

THE COMPANY

(Euro 000's)	Other assets[1]	Total
2023		
Cost		
At 1 January 2023	15	15
At 31 December 2023	15	15
Depreciation		
At 1 January 2023	15	15
Charge for the year	-	-
At 31 December 2023	15	15
Net book value at 31 December 2023	**-**	**-**
2022		
Cost		
At 1 January 2022	15	15
At 31 December 2022	15	15
Depreciation		
At 1 January 2022	15	15
Charge for the year	-	-
At 31 December 2022	15	15
Net book value at 31 December 2022	-	-

[1] Includes furniture, fixtures and office equipment which were depreciated over 5-10 years.

14. Intangible assets

THE GROUP

(Euro 000's)	Permits [1]	Licences, R&D and Software	Total
2023			
Cost			
On 1 January 2023	**81,255**	**8,642**	**89,897**
Additions	**144**	**116**	**260**
Disposals	**(200)**	**-**	**(200)**
At 31 December 2023	**81,199**	**8,758**	**89,957**
Amortisation			
On 1 January 2023	**27,627**	**8,440**	**36,067**
Charge for the year	**4,453**	**40**	**4,493**
At 31 December 2023	**32,080**	**8,480**	**40,560**
Net book value at 31 December 2023	**49,119**	**278**	**49,397**
2022			
Cost			
On 1 January 2022	80,358	8,595	88,953
Additions	897	47	944
At 31 December 2022	81,255	8,642	89,897
Amortisation			
On 1 January 2022	23,214	8,371	31,585
Charge for the year	4,413	69	4,482
At 31 December 2022	27,627	8,440	36,067
Net book value at 31 December 2022	53,628	202	53,830

(1) *Permits also include the mining rights of Proyecto Touro, Masa Valverde and Ossa Morena*

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 in case there is an indicator of impairment. Atalaya assessed its assets concluding that there are no indicators of impairment for either Proyecto Riotinto or any other as of 31 December 2023.

15. Investment in subsidiaries

(Euro 000's)	**2023**	2022
THE COMPANY		
Opening amount at cost minus provision for impairment	**74,910**	64,171
Increase of investment [1] [2] [3]	**217,225**	10,739
Closing amount at cost less provision for impairment	**292,135**	74,910

The directly owned subsidiaries of the Group, the percentage of equity owned and the main country of operation are set out below. These interests are consolidated within these financial statements.

Subsidiary companies	Date of incorporation/ acquisition	Principal activity	Country of incorporation	Effective proportion of shares held in 2023[2]	Effective proportion of shares held in 2022[2]
Atalaya Touro (UK) Ltd	10 March 2017	Holding	United Kingdom	100%	100%
AMP [1]	10 Sep 2008	Holding	United Kingdom	100%	100%
EMED Marketing Ltd	8 Sep 2008	Trading	Cyprus	100%	100%
Atalaya Financing Ltd [3]	16 Sep 2020	Financing	Cyprus	100%	100%

[1] €0.7 million related to share-based payment expense (FY2022: €10.8 million).

[2] The effective proportion of shares held as at 31 December 2023 and 2022 remained unchanged.

[3] €216.5 million attributable to the transfer of intercompany loans from ATYM to Atalaya Financing Ltd. through a share capital raise. (FY2022: €nil) (note 19 & 30.4).

16. Investment in joint venture

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2015
Recursos Cuenca Minera S.L.	Exploitation of tailing dams and waste areas resources	Spain	50%

In 2012, ARM initiated a 50/50 joint venture with Rumbo to assess and leverage the potential of class B resources within the tailings dam and waste areas at The Proyecto Riotinto. Pursuant to the joint venture agreement, ARM served as the operator and reimbursed Rumbo for the expenses linked to the classification application for the Class B resources. ARM covered the initial expenses for a feasibility study, with a maximum funding limit of €2.0 million. Subsequent costs were shared by the joint venture partners in accordance with their respective ownership interests.

The Group's significant aggregate amounts in respect of the joint venture are as follows:

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Intangible assets	94	94
Trade and other receivables	3	2
Cash and cash equivalents	19	21
Trade and other payables	(115)	(115)
Net assets	1	2
Revenue	-	-
Expenses	-	-
Net profit/(loss) after tax	-	-

17. Deferred tax

	Consolidated statement of financial position		**Consolidated income statement**	
(Euro 000's)	**2023**	2022	**2023**	2022
THE GROUP				
Deferred tax asset				
At 1 January	**7,293**	5,564	**-**	**-**
Deferred tax income relating to the origination of temporary differences (Note 10)	**6,852**	4,544	**(6,852)**	(4,544)
Deferred tax expense relating to reversal of temporary differences (Note 10)	**(2,863)**	(2,815)	**2,863**	2,815
At 31 December	**11,282**	7,293		
Deferred tax income/(expense) (Note 10)			**(3,989)**	(1,729)

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised. The Group held tax losses amounted to €6 million in Spain (2022: €4.4 million).

18. Inventories

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
THE GROUP		
Finished products	**8,416**	4,547
Materials and supplies	**21,852**	31,330
Work in progress	**3,046**	2,964
	33,314	38,841

As at 31 December 2023, copper concentrate produced and not sold amounted to 6,722 tonnes (FY2022: 3,529 tonnes). Accordingly, the inventory for copper concentrate was €8.4 million (FY2022: €4.5 million). During the year 2023 the Group recorded cost of sales amounting to €247.3 million (FY2022: €289.6 million).

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

19. Trade and other receivables

(Euro 000's)	**2023**	2022
THE GROUP		
Non-current trade and other receivables		
Deposits	**307**	256
Loans	**233**	-
Prepayments for service contract	**23,476**	12,865
Other non-current receivables	**2,686**	3,241
	26,702	16,362
Current trade and other receivables		
Trade receivables at fair value – *subject to provisional pricing*	**10,110**	14,757
Trade receivables from shareholders at fair value – *subject to provisional pricing* (Note 30.5)	**5,054**	12,800
Other receivables from related parties at amortised cost (Note 30.4)	**56**	56
Deposits	**37**	37
VAT receivable	**21,003**	28,856
Tax advances	**-**	9
Prepayments	**5,855**	5,845
Other current assets	**782**	1,795
	42,897	64,155
Allowance for expected credit losses	**-**	-
Total trade and other receivables	**69,599**	80,517

(Euro 000's)	**2023**	2022
THE COMPANY		
Non-current trade and other receivables		
Receivables from own subsidiaries at amortised cost (Note 30.4)	**227**	245,657
Receivables from own subsidiaries at fair value through profit and loss (Note 30.4)	**-**	14,247
	227	259,904
Current trade and other receivables		
Receivables from own subsidiaries at amortised cost (Note 30.4)	**70,797**	48,774
Other receivables	**58**	57
Total current trade and other receivables	**70,855**	48,831

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 value of trade and other receivables approximate their book values.

Non-current deposits included €250k (€250k at 31 December 2022) as a collateral for bank guarantees, which was recorded as restricted cash (or deposit).

The prepayments for the service contract relate to an agreement entered into between the Group and Lain Technologies Ltd for the construction of an industrial plant using the E-LIX technology, which is currently under construction at Proyecto Riotinto. This technology system is a newly developed electrochemical extraction process that utilises singular catalysts and physiochemical conditions to dissolve the valuable metals contained within sulphide concentrates. Lain Technologies Ltd. developed and fully owns the E-LIX System. According to the agreement, once the Industrial Plant at Proyecto Riotinto is operational, the Group will have access to (i) the use of E-LIX Technology to extract cathodes and (ii) exclusivity in the use of the E-LIX Technology on concentrates extracted from the Iberian Pyrite Belt for eight years.

20. Other Financial assets

THE GROUP

(Euro 000's)	31 Dec 2023	31 Dec 2022
Financial asset at fair value through OCI (see (a) below)	**1,131**	1,134
Total current	**30**	33
Total non-current	**1,101**	1,101

THE COMPANY

(Euro 000's)	31 Dec 2023	31 Dec 2022
Financial asset at fair value through OCI (see (a) below)	**30**	33
Total current	**30**	33

a) Financial assets at fair value through OCI

THE GROUP

(Euro 000's)	31 Dec 2023	31 Dec 2022
At 1 January	**1,134**	1,140
Fair value change recorded in equity (Note 23)	**(3)**	(6)
At 31 December	**1,131**	1,134

THE COMPANY

(Euro 000's)	31 Dec 2023	31 Dec 2022
At 1 January	**33**	39
Fair value change recorded in equity (Note 23)	**(3)**	(6)
At 31 December	**30**	33

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2023
Explotaciones Gallegas del Cobre SL	Exploration company	Spain	12.5%
KEFI Minerals Plc	Exploration and development mining company listed on AIM	UK	0.19%
Prospech Limited	Exploration company	Australia	0.53%

The Group decided to recognise changes in the fair value through Other Comprehensive Income ('OCI'), as explained in Note 2.12.

21. Cash and cash equivalents

THE GROUP

(Euro 000's)	31 Dec 2023	31 Dec 2022
Unrestricted cash and cash equivalents at Group level	**94,868**	108,550
Unrestricted cash and cash equivalents at Operation level	**26,139**	17,567
Restricted cash and cash equivalents at Operation level	**-**	331
Consolidated cash and cash equivalents	**121,007**	126,448

Restricted cash amounted at 31 December 2022 to €0.3 million was held in escrow, which represented funds utilized by the Company to cover interest payments 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. However, due to the settlement reached with Astor on 17 May 2023 whereby Astor agreed to repay €3.5 million of interest previously paid to it to finalise the litigation, the previously restricted cash has now been released and reversed.

Cash and cash equivalents denominated in the following currencies:

(Euro 000's)	31 Dec 2023	31 Dec 2022
Euro – functional and presentation currency	**50,470**	84,146
Great Britain Pound	**52**	895
United States Dollar	**70,485**	41,407
	121,007	126,448

THE COMPANY

(Euro 000's)	31 Dec 2023	31 Dec 2022
Cash at bank and on hand	**58,958**	39,472

Cash and cash equivalents denominated in the following currencies:		
Euro – functional and presentation currency	**36,191**	38,496
Great Britain Pound	**41**	879
United States Dollar	**22,726**	97
	58,958	**39,472**

22. Share capital

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

Issued and fully paid			Shares	Share Capital	Share premium	Total
Issue Date	**Price (£)**	**Details**	000's	€'000	€'000	€'000
31 December 2021/1 January 2022			**138,236**	**13,447**	**315,916**	**329,363**
22-Jan-22	1.44	Exercised share options (b)	314	28	512	540
22-Jan-22	2.015	Exercised share options (b)	321	29	746	775
22-Jan-22	2.045	Exercised share options (b)	400	36	941	977
22-Jan-22	1.475	Exercised share options (b)	451	42	754	796
22-Jan-22	3.09	Exercised share options (b)	135	12	505	517
23-Jun-22	1.475	Exercised share options (a)	23	2	37	39
31-Dec-22			**139,880**	**13,596**	**319,411**	**333,007**
31-Dec-23			**139,880**	**13,596**	**319,411**	**333,007**

* The Company´s share capital at 31 December 2023 is 139,879,209 ordinary shares (139,879,209 in 2022) of Stg £0.075 each.

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

Issued capital

No share issuance has taken place in FY2023.

(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 is 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 23.

23. Other reserves

THE GROUP

(Euro 000's)	Share option (5)	Bonus share	Depletion factor (1)	FV reserve of financial assets at FVOCI (2)	Non-distributable reserve (3)	Distributable reserve(4)	Total
At 1 January 2022	9,086	208	24,978	(1,147)	8,000	11,565	52,690
Recognition of depletion factor	-	-	12,800	-	-	-	12,800
Recognition of non-distributable reserve	-	-	-	-	316	-	316
Recognition of distributable reserve	-	-	-	-	-	2,726	2,726
Recognition of share based payments(5)	1,279	-	-	-	-	-	1,279
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	-	(6)	-	-	(6)
At 31 December 2022	**10,365**	**208**	**37,778**	**(1,153)**	**8,316**	**14,291**	**69,805**
Recognition of share based payments	**661**	**-**	**-**	**-**	**-**	**-**	**661**
Change in fair value of financial assets at fair value through OCI (Note 20)	**-**	**-**	**-**	**(3)**	**-**	**-**	**(3)**
At 31 December 2023	**11,026**	**208**	**37,778**	**(1,156)**	**8,316**	**14,291**	**70,463**

THE COMPANY

(Euro 000's)	Share option (5)	Bonus share	Fair value reserve of financial assets at FVOCI (2)	Total
At 1 January 2022	9,086	208	(1,147)	8,147
Recognition of share based payments(5)	1,279	-	-	1,279
Change in fair value of financial assets at fair value through OCI (Note 20)	-	-	(6)	(6)
At 31 December 2022	**10,365**	**208**	**(1,153)**	**9,420**
Recognition of share based payments	**661**	**-**	**-**	**661**
Change in fair value of financial assets at fair value through OCI (Note 20)	**-**	**-**	**(2)**	**(2)**
At 31 December 2023	**11,026**	**208**	**(1,155)**	**10,079**

(1) Depletion factor reserve
During the twelve month period ended 31 December 2023, the Group has recognised €nil (FY2022: addition of €12.8 million) as a depletion factor reserve as per the Spanish Corporate Tax Act.

(2) Fair value reserve of financial assets at FVOCI
The Group decided to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve under equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(3) Non-distributable reserve
As required by the Spanish Corporate Tax Act, the Group classified a non-distributable reserve of 10% of the profits generated by the Spanish subsidiaries until the reserve is 20% of share capital of the subsidiary.

(4) Distributable reserve

The Group reclassified at least 10% of the profit of 2022 to distributable reserves.

(5) Share options

Details of share options outstanding as at 31 December 2023:

Grant date	Expiry date	Exercise price £	Share options
29 May 2019	28-May-2024	2.015	666,500
30 Jun 2020	30 Jun 2030	1.475	516,000
24 Jun 2021	23 Jun 2031	3.090	1,016,000
26 Jan 2022	25 Jan 2032	4.160	120,000
22 Jun 2022	30 Jun 2027	3.575	1,225,000
22 May 2023	21 May 2028	3.270	1,305,000
Total			**4,848,500**

	Weighted average exercise price £	Share options
At 1 January 2023	2.857	**3,543,500**
Granted options during the year	3.270	**1,305,000**
Options executed during the year	-	**-**
31 December 2023	**2.968**	**4,848,500**

On 23 May 2023, the Company announced that in accordance with the Company's Long Term Incentive Plan 2020, it granted 1,305,000 share options to Persons Discharging Managerial Responsibilities ("PDMRs") and other employees.

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.

On 26 January 2022, the Company announced that is was notified that PDMRs exercised a total of 1,350,000 options.

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.

The estimated fair values of the options were calculated using the Black Scholes option pricing model. The inputs into the model and the results are as follows:

Grant Date	Weighted average share price £	Weighted average exercise price £	Expected volatility	Expected life (years)	Risk Free rate	Expected dividend yield	Estimated Fair Value £
23 Feb 2017	1.440	1.440	51.8%	5	0.6%	Nil	0.666
29 May 2019	2.015	2.015	46.9%	5	0.8%	Nil	0.66
8 July 2019	2.045	2.045	46.9%	5	0.8%	Nil	0.66
30 June 2020	1.475	1.475	50.32%	10	0.3%	Nil	0.60
23 June 2021	3.090	3.090	50.91%	10	0.7%	Nil	0.81
26 January 2022	4.160	4.160	49.18%	10	1.149%	Nil	1.12
22 June 2022	3.575	3.575	34.12%	5	2.748%	Nil	0.71
22 May 2023	3.270	3.270	38.15%	5	4.219%	Nil	0.88

The volatility has been estimated based on the underlying volatility of the price of the Company's shares in the preceding twelve months.

24. Non-controlling interest

(Euro 000's)	**2023**	2022
Opening balance	**(6,998)**	(4,909)
On acquisition of a subsidiary	**-**	140
Share of total comprehensive income for the year	**(2,106)**	(2,229)
Closing balance	**(9,104)**	(6,998)

The Group has a 10% interest in Cobre San Rafael, S.L. acquired in July 2017 while the remaining 90% is held by a non-controlling interest (Note 2.3 (b) (1)). The significant financial information with respect to the subsidiary before intercompany eliminations as at and for the twelve month period ended 31 December 2023 and 2022 is as follows:

(Euro 000's)	**2023**	2022
Non-current assets	**7,273**	6,976
Current assets	**601**	551
Non-current liabilities	**17,096**	14,478
Current liabilities	**697**	824
Equity	**(9,918)**	(7,776)
Revenue	**-**	-
Loss for the year and total comprehensive income	**(2,341)**	(2,477)

Cobre San Rafael, S.L. was established on 13 June 2016.

25. Trade and other payables

THE GROUP

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Non-current trade and other payables		
Other non-current payables	**2,003**	2,000
Government grant	**202**	15
	2,205	2,015
Current trade and other payables		
Trade payables	**70,303**	84,806
Trade payables to shareholders (Note 30.5)	**179**	232
Accruals	**3,395**	3,322
VAT payable	**391**	259
Other	**1,654**	1,403
	75,922	90,022

THE COMPANY

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Current trade and other payables		
Suppliers	**477**	284
Accruals	**1,501**	1,034
Payable to own subsidiaries (Note 30.4)	**-**	3,825
VAT payable	**391**	259
	2,369	5,402

Other non-current payables are related with the acquisition of Atalaya Masa Valverde SL formerly 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.

The Group's exposure to currency and liquidity risk related to liabilities is disclosed in Note 3.

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

26. Provisions

(Euro 000's)	Other provisions	Legal costs	Rehabilitation costs	Total costs
At 1 January 2022	-	279	26,299	26,578
Additions	-	30	1,033	1,063
Reclassification	1,435	-	-	1,435
Used of provision	-	(10)	(81)	(91)
Reversal of provision	-	(73)	(3,497)	(3,570)
Finance income (Note 8)	-	-	(380)	(380)
At 31 December 2022	**1,435**	**226**	**23,374**	**25,035**
Additions	**-**	**1**	**-**	**1**
Used of provision	**(685)**	**-**	**(518)**	**(1,203)**
Increase of provision	**-**	**-**	**3,145**	**3,145**
Finance cost (Note 9)	**-**	**-**	**690**	**690**
At 31 December 2023	**750**	**227**	**26,691**	**27,668**

(Euro 000's)	**2023**	2022
Non-Current	**27,234**	24,083
Current	**434**	952
Total	**27,668**	25,035

Rehabilitation provision

Rehabilitation provision represents the estimated cost required for 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.

During 2020, Management engaged an independent consultant to review and update the rehabilitation liability. The updated estimation includes the expanded capacity of the plant and its impact on the mining project.

The discount rate used in the calculation of the net present value of the liability as at 31 December 2023 was 3.62% (2022: 3.41%), which is the 15-year Spain Government Bond rate for 2023. An inflation rate of 1%-5.70% (2022: 1%-5.70%) is applied on annual basis.

The reserves for Proyecto Riotinto are derived from the comprehensive technical report on the mineral resources and reserves, titled "Technical Report On the Riotinto Copper Project." The report, dated September 2022, supersedes the previous December 2020 reference, offering the latest and most accurate data available. It includes detailed assessments by qualified experts, ensuring a reliable foundation for the project's proven and probable reserves, as well as measured and indicated resources.

The expected payments for the rehabilitation work are as follows:

(Euro 000 's)	Between 1 – 5 Years	Between 6 – 10 Years	More than 10 years
Expected payments for rehabilitation of the mining site, discounted	8,563	3,275	14,853

Legal provision

The Group has been named as defendant in several legal actions in Spain, the outcome of which is not determinable as at 31 December 2023. Management has reviewed individually each case and made a provision of €227k (€226k in 2022) for these claims, which has been reflected in these consolidated financial statements.

Other provisions

Other provisions are related with the called-up equity holdings of Atalaya Masa Valverde S.L.

27. Leases

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Non-current		
Leases	**3,877**	4,378
	3,877	4,378
Current		
Leases	**501**	536
	501	536

The Group entered into lease arrangements for the renting of land and a warehouse which are subject to the adoption of all requirements of IFRS 16 Leases (Note 2.2). 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.

<u>Amounts recognised in the statement of financial position and profit or loss</u>

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right – of-use assets				
(Euro 000's)	**Lands and buildings**	**Vehicles**	**Laboratory equipment**	**Total**	**Lease liabilities**
As at 1 January 2023	**5,048**	**-**	**30**	**5,078**	**4,914**
Additions	-	-	-	**-**	**-**
Depreciation expense	(503)	-	(30)	**(533)**	**-**
Interest expense	-	-	-	**-**	**25**
Payments	-	-	-	**-**	**(561)**
As at 31 December 2023	**4,545**	**-**	**-**	**4,545**	**4,378**

The amounts recognised in profit or loss, are set out below:

(Euro 000's)	**Twelve month ended 31 Dec 2023**	Twelve month ended 31 Dec 2022
As at 31 December		
Depreciation expense of right-of-use assets	**(533)**	(452)
Interest expense on lease liabilities	**(25)**	(20)
Total amounts recognised in profit or loss	**(558)**	(472)

The Group recognised rent expense from short-term leases (Note 6).

The duration of the land and building lease is for a period of twelve years. Payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2023, the remaining term of this lease is six years. (Note 2)

The duration of the motor vehicle and laboratory equipment lease was for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2023, motor vehicle and laboratory equipment lease have been terminated.

Present value of minimum lease payments due	**31 Dec 2023**	31 Dec 2022
	€'000	€'000
Within one year	**501**	536
2 to 5 years	**1,928**	1,957
Over 5 years	**1,949**	2,421
	4,378	4,914

Minimum lease payments due	**31 Dec 2023**	31 Dec 2022
	€'000	€'000
Within one year	**531**	561
2 to 5 years	**2,125**	2,125
Over 5 years	**2,285**	2,818
	4,941	5,504

(Euro 000's)	**Lease liability**
Balance 1 January 2023	**4,914**
Additions	**-**
Interest expense	**25**
Lease payments	**(561)**
Balance at 31 Dec 2023	**4,378**
Balance at 31 Dec 2023	
- Non-current liabilities	**3,877**
- Current liabilities	**501**
	4,378

28. Borrowings

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Non-current borrowings		
Credit facilities	**16,131**	20,768
	16,131	20,768
Current borrowings		
Credit facilities	**50,556**	52,595
	50,556	52,595

The Group had credit approval for unsecured facilities totalling €103.8 million (€119.3 million at 31 December 2022). During 2023, Atalaya drew down some of its existing credit facilities to financing the construction of 50 MW solar plant (payable amount of €20.0 million at 31 December 2023) and in 2021 to pay the Deferred Consideration.

Borrowing with fixed interest rates range from 1.75% to 2.45% with an average fixed interest rate of 2.00%. Margins on borrowing with variable interest rates, usually 12 months EURIBOR, range from 0.95% to 2.00% with an average margin of 1.25%.

At 31 December 2023, the Group had used €65.3 million of its facilities and had undrawn facilities of €38.5 million. Non-current borrowings include €1.2 million of an interest-free loan received from the Ministerio de Ciencia e Innovacion and €0.2 million of accrued interest related to solar plant facilities.

29. Acquisition, incorporation and disposals of subsidiaries

2023

Acquisition and incorporation of subsidiaries

There were no acquisition or incorporation of subsidiaries during the year.

Disposals of subsidiaries

There were no disposals of subsidiaries during the year.

Wind-up of subsidiaries

There were no disposals of subsidiaries during the year.

2022

Acquisition and incorporation of subsidiaries

On 31 January 2022, Atalaya established a new entity, Iberian Polimetal S.L.U.

Disposals of subsidiaries

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

Wind-up of subsidiaries

In 2022 the subsidiary EMED Mining Spain, S.L. was wounded up.

30. Group information and related party disclosures

30.1 Information about subsidiaries

These audited consolidated financial statements include:

Subsidiary companies	Parent	Principal activity	Country of incorporation	Effective proportion of shares held
Atalaya Touro (UK) Ltd	Atalaya Mining Plc	Holding	United Kingdom	100%
Atalaya Financing Ltd	Atalaya Mining Plc	Financing	Cyprus	100%
Atalaya MinasdeRiotinto Project (UK) Ltd	Atalaya Mining Plc	Holding	United Kingdom	100%
EMED Marketing Ltd	Atalaya Mining Plc	Trading	Cyprus	100%
Atalaya Riotinto Minera S.L.U.	Atalaya MinasdeRiotinto Project (UK) Ltd	Production	Spain	100%
Eastern Mediterranean Exploration and Development S.L.U.	Atalaya MinasdeRiotinto Project (UK) Ltd	Dormant	Spain	100%
Cobre San Rafael, S.L. (1)	Atalaya Touro (UK) Ltd	Exploration	Spain	10%
Recursos Cuenca Minera S.L.U.	Atalaya Riotinto Minera SLU	Dormant	Spain	J-V
Fundacion Atalaya Riotinto	Atalaya Riotinto Minera SLU	Trust	Spain	100%
Atalaya Servicios Mineros, S.L.U.	Atalaya MinasdeRiotinto Project (UK) Ltd	Holding	Spain	100%
Atalaya Masa Valverde S.L.U.	Atalaya Servicios Mineros, S.L.U.	Exploration	Spain	100%
Atalaya Ossa Morena S.L.U. (3)	Atalaya Servicios Mineros, S.L.U.	Exploration	Spain	99.9%
Iberian Polimetal S.L.U.	Atalaya Servicios Mineros, S.L.U.	Dormant	Spain	100%

(1) Cobre San Rafael, S.L. is the entity which holds the mining rights of Proyecto Touro. The Group has control in the government, key management and other key business aspects of Cobre San Rafael, S.L., including one of the two Directors, management of the financial books and the capacity of appointment the key personnel (Note 2.3 (b) (1)).

Transactions between Atalaya and Cobre San Rafael are not disclosed as related party interest as they are fully eliminated as part of the consolidation process (Note 2.3 (b)).

(3) Rio Narcea Nickel, S.L.U. changed its name to Atalaya Ossa Morena, S.L.U on 31 January 2022. 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.

The following transactions were carried out with related parties:

30.2 Compensation of key management personnel

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

	The Group		The Company	
(Euro 000's)	**2023**	2022	**2023**	2022
Directors' remuneration and fees	**1,092**	1,028	**605**	540
Director's bonus [(1)]	**322**	357	**-**	-
Share option-based benefits to Directors	**190**	426	**-**	-
Key management personnel remuneration [(2)]	**588**	571	**-**	-
Key management bonus [(1)]	**221**	239	**-**	-
Share option-based and other benefits to key management personnel	**190**	417	**-**	-
	2,603	3,038	**605**	540

[(1)] These amounts related to the approved performance bonus for 2022 by the Board of Directors following the proposal of the Remuneration Committee. The 2023 estimates recorded are not included in the table above as this is yet to be approved by the Board of Directors. There is no certainty or guarantee that the Board of Directors will approve a similar amount for 2023 performance.

[(2)] Includes wages and salaries of key management personnel of €568k (2022: €551k) and other benefits of €20k (2022: €20k). At 31 December 2023 amounts due to Directors, as from the Group, are €nil (€nil at 31 December 2022) and €nil (€nil at 31 December 2022) to key management.

At 31 December 2023 amounts due to Directors, as from the Company, are €nil (€nil at 31 December 2022) and €nil (€nil at 31 December 2022) to key management.

Share-based benefits

On 23 May 2023, 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 28 June 2023, it had granted 1,305,000 share options, of which 800,000 to Persons Discharging Managerial Responsibilities and 505,000 to other management.

The Options expire on 21 May 2028, five years from the deemed date of grant (22 May 2023), have an exercise price of 327 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 (see note 23).

During 2023 the Directors and key management personnel have not been granted any bonus shares (2022: nil).

30.3 Transactions with shareholders and related parties

THE GROUP

(Euro 000's)	**2023**	2022
Trafigura Pte Ltd – Revenue from contracts [(a)]	**78,723**	77,005
Gains/(Losses) relating provisional pricing within sales	**1,308**	(5,165)
	80,031	71,840
Impala Terminals Huelva S.L.U. - Port Handling and Warehousing services [(b)]	**2,431**	1,824
Related parties - total amounts from contracts	**82,462**	73,664

(a) Offtake agreement and spot sales to Trafigura

Offtake agreement

In May 2015, the Company agreed terms with key stakeholders in a capitalisation exercise to finance the re-start of Proyecto Riotinto (the "2015 Capitalisation").

As part of the 2015 Capitalisation, the Company entered into offtake agreements with some of its large shareholders, one of which was Trafigura Pte Ltd ("Trafigura"), under which the total forecast concentrate production from Proyecto Riotinto was committed ("2015 Offtake Agreements").

During 2023, the company completed 6 sales transactions under the terms of the Offtake Agreements valued at €36.9m (2022: 7 sales valued at €57.7m).

Spot Sales Agreements

Due to various expansions implemented at Proyecto Riotinto in recent years, volumes of concentrate have been periodically available for sale outside of the Company's various offtake agreements.

In 2023, the Company completed 2 spot sales valued at €43.1m with Trafigura through amendments to its existing offtake agreement (2022: 2 spot sales valued at €14.2m).

Sales transactions with related parties are at arm's length basis in a similar manner to transactions with third parties.

(b) Port Handling and Warehousing services

In September 2015, Atalaya entered into a services agreement with Impala Terminals Huelva S.L.U. ("Impala Terminals") for the handling, storage and shipping of copper concentrates produced from Proyecto Riotinto.. The agreement covered total export concentrate volumes produced from Proyecto Riotinto for three years for volumes not committed to Trafigura under its offtake agreement and for the life of mine for the volumes committed to Trafigura under its offtake agreement.

In September 2018, the Company entered into an amendment to the 2015 Port Handling Agreement, which included improved financial terms and a five year extension.

As at year end 31 December 2023 and 2022, Impala Terminals was part of the Trafigura Group, under joint control.

The Company noted that the fees payable to Impala Terminals were not included in the related party disclosure notes of the Groups's financial statements in previous years. During 2023, management has carried out a reassessment of its relationship with Impala Terminals in accordance with IAS 24 requirements and has concluded that Impala Terminals is a related party of the Group. The required disclosures of transactions and balances with Impala Terminals for the year ended 31 December 2023 and 2022 have been included. These transactions with related parties are at arm's length basis in a similar manner to transactions with third parties.

In December 2023, the Company entered into an extension of the service agreement with Impala Terminals for the handling, storage and shipping of copper concentrates produced from Proyecto Riotinto on similar terms than the 2015 agreement and the extension in 2018. This extension has a term of approximately five years and covers the concentrate volumes produced for export from Proyecto Riotinto that are not already committed to the Trafigura Group under its offtake agreement.

THE COMPANY

(Euro 000's)	**2023**	2022
Sales of services (Note 5):		
EMED Marketing Ltd	**2,540**	1,404
Atalaya Riotinto Minera SLU	**2,472**	1,352
	5,012	2,756
Purchase of services (Note 6):		
Atalaya Riotinto Minera SLU	**(19)**	(66)
	(19)	(66)
Finance income (Note 8):		
Atalaya Minasderiotinto Project (UK) Ltd – Finance income from interest-bearing loan:		
Credit agreement – at amortised cost	**-**	989
Participative loan – at fair value through profit and loss	**-**	9,157
Credit facility – at amortised cost	**-**	1,465
Restructuring loan – at amortised cost	**14,087**	1,289
	14,087	12,900

30.4 Year-end balances with related parties

THE GROUP

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Current assets - Receivable from related parties (Note 19):		
Recursos Cuenca Minera S.L.	**56**	56
Total	**56**	56

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

THE COMPANY

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Non-current assets – Loan from related parties at FV through profit and loss (Note 19):		
Atalaya Masa Valverde SL – Participative Loan (2) (3)	**-**	6,150
Atalaya Ossa Morena SL – Participative Loan (2) (3)	**-**	3,100
Atalaya Touro UK Ltd – Participative Loan (2) (3)	**-**	4,997
	-	14,247

Non-current assets – Loans and receivables from related parties at amortised cost (Note 19):		
Atalaya MinasdeRiotinto Project (UK) Ltd – Restructuring Loan [1]	**-**	245,258
Atalaya MinasdeRiotinto Project (UK) Ltd – Group cost sharing	**227**	399
	227	245,657

Current assets – Loans and receivables from related parties at amortised cost (Note 19):		
Atalaya Riotinto Minera SLU - Group cost sharing	**3,824**	1,352
EMED Marketing Ltd - Group cost sharing	**3,686**	664
EMED Marketing Ltd [2]	**15,390**	-
Atalaya Touro (UK) Ltd [2]	**1,654**	1,650
Atalaya MinasdeRiotinto Project (UK) Ltd	**45,000**	45,000
Atalaya Financing Ltd	**1,243**	108
	70,797	48,774

(1) This balance bears interest of EURIBOR 12month plus 3. 50%. The Participative loan was cancelled on 30 November 2022. The Group signed on 1 December 2022 a new Loan Restructuring Agreement for the amount due of the Participative Loan bearing a EURIBOR 12month plus 3.50% interest and maturing on 30 November 2028. On 29 December 2023, the loan with a remaining balance of €195 million was transferred to Atalaya Financing Limited in exchange for share capital raised (Note 15).

(2) This balance bears no interest.

(3) On 29 December 2023, these loans with remaining balances of €21.3 million were transferred to Atalaya Financing Limited in exchange for share capital raised (Note 15).

THE COMPANY

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Payable to related party (Note 25):		
EMED Marketing Ltd	**-**	3,825
	-	3,825

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

30.5 Year-end balances with shareholders and their joint ventures

(Euro 000's)	**31 Dec 2023**	31 Dec 2022
Receivable from shareholder (Note 19)		
Trafigura Pte. Ltd – Debtor balance- subject to provisional pricing	**5,054**	12,800
	5,054	12,800
Payable from joint venture of shareholder (Note 25)		
Impala Terminals Huelva S.L.U. - Payable balance	**(179)**	(232)
	(179)	(232)

The above debtor balance arising from the agreements between Trafigura and Impala (Note 30.3), bear no interest and is repayable on demand.

31. 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.

32. 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.

33. Significant events

The events in Ukraine from 24 February 2022 are having an impact on the global economy, but the full implications cannot yet be predicted.

Recent events in Israel since October 2023 have had an effect on the global economy, causing an increase in oil prices, disruptions to transport and logistics, rising freight costs and uncertain delivery schedules.

The financial consequences of the current crisis on the global economy and business activity as a whole cannot be estimated with any reasonable degree of certainty at this stage.

- On 12 January 2023, the Company was notified that Allianz Global Investors GmbH, shareholder of the Company, decreased its voting rights from 4.93% to 3.98%.
- On 20 February 2023, Atalaya announced a voluntary delisting of its ordinary shares from the TSX which was effective from the closing of trading on 20 March 2023.
- On 23 February 2023, Atalaya announced the results from a new PEA for the Cerro Colorado, San Dionisio and San Antonio deposits at its Proyecto Riotinto operation in Spain.
- On 28 March 2023, Atalaya announced that Proyecto Masa Valverde was granted the Unified Environmental Authorisation AAU by the Junta de Andalucía. On 26 January 2022, executed certain options by PDMRs;.
- On 23 May 2023, the Company announced that in accordance with the Company's Long Term Incentive Plan 2020, it granted 1,305,000 share options to PDMR and other employees.
- On 26 June 2023, the Company announced that the Ontario Securities Commission, as principal regulator, granted Atalaya's request to cease to be a reporting issuer in the Canadian Jurisdictions.

- On 10 July 2023, a PMDR sold 250,000 ordinary shares.
- Following the approval of Resolution 10 by the Company's shareholders at its 2023 Annual General Meeting, which took place on 28 June 2023, the 2022 Final Dividend of US$0.0385 per ordinary share was paid on 8 August 2023.
- On 9 August 2023, the Company's Board of Directors declared an Interim Dividend for 2023 of US$0.05 per ordinary share, which is equivalent to approximately 3.9 pence per share. The Interim Dividend was paid on 28 September 2023 using foreign exchange rates announced on 12 September 2023.
- On 10 October 2023, Atalaya announced that a PDMR purchased 5,000 ordinary shares.
- On 13 November 2023, Atalaya announced its intention to apply for the Company's ordinary shares to be admitted to the premium listing segment of the Official List maintained by the FCA and to trading on the London Stock Exchange plc's main market for listed securities.
- On 14 November 2023, Atalaya announced its intention to re-domicile the Company by transferring its registered office from the Republic of Cyprus to the Kingdom of Spain.
- On 17 November 2023, the Company was notified that BlackRock, Inc., shareholder of the Company, decreased its voting rights from 4.03% to 3.99%. On 18 December 2024 the Company was notified that BlackRock, Inc. increased its voting rights from 3.99% to 4.01%.
- On 12 December 2023, the Company hosted a 2023 Extraordinary General Meeting in London to approve the re-domiciliation.
- On 14 December 2023, The Company announced that it entered into an extension of the service agreement with Impala Terminals for the handling, storage and shipping of copper concentrates produced from Proyecto Riotinto.
- On 20 December 2023, the Company was notified that Ithaki Limited., a shareholder of the Company, acquired 6.02% of the voting rights.
- On 21 December 2023, Atalaya announced that in relation to its application to the FCA to admission of its Ordinary Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange's, as announced on 13 November 2023, the Company has continued to progress the application process and admission remains subject to a number of conditions including the approval of a prospectus by the FCA.

34. Events after the reporting period

- On 10 January 2024, Atalaya paid €0.7m following the acquisition of the Masa Valverde polymetallic project after receiving the exploitation permits and restoration plan.
- On 9 February 2024, Atalaya announced that it issued 20,000 ordinary shares of 7.5p in the Company pursuant to an exercise of share options by a former employee.

Glossary of Terms

The following definitions and terms are used throughout this Annual Report.

Currency abbreviations	
US$ / USD or $	US Dollars
$000	Thousand US dollars
$m	Million US Dollars
£	Sterling Pound
£000	Thousand Sterling Pounds
£m	Million Sterling Pounds
€ / EUR	Euro
€000 / €k	Thousand Euros
€m	Million Euros
€nil	Zero Euros
FY2023	Twelve month period ended 31 December 2023
FY2022	Twelve month period ended 31 December 2022

Definitions and conversion table	
lb	Pound
Oz	Troy ounce
‘000 m^3	Thousand cubic metres
t	Tonne
DMT	Dry Metric Tonne
‘000 tonnes	Thousand metric tonnes
1 Kilogramme/ (kg)	2.2046 pounds
1000 Kilogrammes/ (´000 kg)	2,204.6 pounds
1 Kilometre (km)	0.6214 miles
1 troy ounce	31.1 grams
Ha	Hectare
ft	Foot

Chemical Symbols	
Cu	Copper
Ag	Silver
Au	Gold
Fe	Iron

Business, Finance and Accounting

AAU	Autorización Ambiental Unificada (Unified Environmental Declaration)
Atalaya or the Company	Atalaya Mining Plc, a company incorporated in Cyprus under the Companies law, cap. 113
Atalaya Group or Group	Atalaya Mining Plc and its subsidiaries
AC	Audit Committee
AGM	Annual General Meeting
AIM	Alternative Investment Market of the London Stock Exchange
AISC	All In Sustaining Cost
AMV	Atalaya Masa Valverde, S.L.
AR	Annual Report
ARM	Atalaya Riotinto Minera, S.L.U.
AMP	Atalaya Minasderiotinto Project (UK) Limited
Articles	The articles of association of Atalaya Mining Plc.
ATYM	Atalaya Mining Plc
Average head grade	Average ore grade fed into the mill, expressed in % of weight
BoD or Board of Directors	The Board of Directors of the Company
CAPEX	Capital Expenditure
Cash Cost	The cost to produce one pound of copper
CEO	Chief Executive Officer
C. Eng	Chartered Engineer
CFO	Chief Financial Officer
COO	Chief Operational Officer
COF	Cost of Freight
CIF	Cost Insurance and Freight
CIT	Corporate Income Tax
CIP	Carriage and Insurance paid to
CGU	Cash Generating Unit
CGNCC	Corporate Governance, Numeration and Compensation Committee
Code of Conduct	Atalaya's Code of Business Conduct and Ethics
Cont.	Continued
CSR	Cobre San Rafael S.L.
Directors	The Directors of Atalaya for the reporting period
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
ECL	Expected Credit Loss
EeA	Ecologistas en Accion
EGC	Explotaciones Gallegas del Cobre S.L.
EGM	Extraordinary General Meeting
EIR	Effective Interest Rate Method
E-LIX	E-LIX System
EMED TARTESSUS	Eastern Mediterranean Exploration & Development TARTESSUS S.L.
Etc.	Et cetera
EU	European Union
FCA	Financial Conduct Authority
FIFO	First In First Out
Financial statements	Consolidated and company financial statements of Atalaya Mining Plc.
FOB	Free on Board
FV	Fair Value
FVOCI	Fair Value Through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
FY	Fiscal year
GAAP	Generally Accepted Accounting Policies
Group	Atalaya Mining plc and its subsidiaries
H1, H2	Six month periods ending 30th June and 31st December
IAS	International Accounting Standards
ie.	Id est (explanatory information)

IFRS	International Financial Reporting Standards
Impala Terminals	Impala Terminals Huelva S.L.U.
IPO	Initial Public Offering
JdA	Junta de Andalucía
KPI´s	Key Performance Indicators
LDC	Louis Dreyfus Company
LIBOR	The British Bankers' Association Interest Settlement Rate for the relevant currency
LITFR	Lost Injury Time Frequency Rate
Ltd.	Limited
LLC	Limited Liability Company
LP	Limited partnership
LOM	Life of mine
London Stock Exchange / LSE	London Stock Exchange plc
MBA	Master's in Business Administration
n.a.	Not available
NED´s	Non-Executive Directors
NGC	Nomitation and Governance Committee
NPV	Net Present Value
Nr	Number
OCI	Other Comprehensive Income
Ordinary Shares	Ordinary Shares of 10 pence each in the capital of the Company
PDMR	Persons Discharging Managerial Responsibilities
PEA	Preliminary Economic Assessment
Phase I	The first phase of an industrial-scale plant that utilises the E-LIX System
Ph.D.	Doctor of Philosophy
PRC	Physical Risk Committee
PFS	Pre-Feasibility Study
Plc.	Public limited company
POM	Proyecto Ossa Morena
PP&E	Plant, property and equipment
P&L	Profit and Loss
P&P reserves	Proven and Probable reserves
Q1, Q2, Q3, Q4	Three month periods ending 31st March, 30th June, 30th September and 31st December
QCA	Quoted Companies Alliance
QP	Quotation Period
RC	Remuneration Committee
RNN	Rio Narcea Nickel, S.L.
SIC	Standard Interpretations Committee which was endorsed by the IAS
Shareholders	Holders of Ordinary Shares
SL	Sociedad Limitada (private limited company)
SLU	Sociedad Limitada Unipersonal (limited partnership)
SC	Sustainability Committee
TSX	Toronto Stock Exchange
UK Corporate Governance Code	the 2018 UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
UOP	Unit of Production
VAT	Value Added Tax
WC	Working Capital
XGC	Yanggu Xiangguang Copper Co. Ltd

Mining terms

Average head grade	Average ore grade fed into the mill, expressed in % of weight
Concentrate	A fine powdery product of the milling process containing a high percentage of valuable metal
Contained copper	Represents total copper in a mineral reserve before reduction to account for tonnes not able to be recovered by the applicable metallurgical process
Grade	The amount of metal in each tonne of ore, expressed as a percentage of valuable metal
Mtpa	Million tonnes per annum
NI 43-101	National Instrument 43-101, standard of disclosure for mineral projects according to Canadian guidelines
Open pit	A mine where the minerals are mined entirely from the surface. Also referred to as open-cut or open-cast mine
Ore body	A sufficiently large amount of ore that can be mined economically
P&P Reserves	Proven and Probable reserves
Stripping	Removal of overburden or waste rock overlying an ore body in preparation for mining by open pit methods
Tailings	Materials left over after the process of separating the valuable fraction from the uneconomic fraction of an ore
TC/RC	Treatment Charge and Refinement Charge
VTEM	Versatile Time Electomagnetic Mapping
3D	Three Dimensional

Shareholder Enquiries

Board of Directors:

Roger Davey (*)	Non-Independent Non-executive Chair
Alberto Lavandeira	Managing director and CEO
Jesus Fernandez	Non-executive director
Dr. Hussein Barma	Independent Non-executive director
Neil Gregson	Independent Non-executive director
Stephen Scott	Independent Non-executive director
Kate Harcourt	Independent Non-executive Director

(*) Roger Davey is not considered independent for the purposes of the UK Corporate Governance Code as he has served on the Board for more than nine years from the date of his first appointment.

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Shareholders information

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Depositary / transfer agent

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Company secretary:

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Group Auditor:

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