ATALAYA MINING PLC

ANNUAL REPORT 2020

For the year end 31 December 2020

Atalaya MINING

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COMPANY OVERVIEW

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 low-cost, 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.

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.

2020 PERFORMANCE AND KEY HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

	Unit	2021 Guidance	2020	2019
COPPER CONCENTRATE	t	-	**256,001**	**195,072**
COPPER CONTAINED IN CONCENTRATE	t	52,000-54,000	**55,890**	**44,950**
PAYABLE COPPER CONTAINED IN CONCENTRATE	t	-	**53,330**	**42,935**

- FULL YEAR 2020 COPPER PRODUCTION INCREASED BY 24.3%.
- 2020 GUIDANCE MET.
- DURING 2020, THE PROYECTO RIOTINTO 15M EXPANSION PROJECT WAS COMPLETED WITH THE PROCESSING PLANT FULLY COMMISSIONED AND OPERATING AT PLANNED CAPACITY.
- ANNUAL ORE PROCESSED IN 2020 WAS 14.8 MILLION TONNES.

FINANCIAL HIGHLIGHTS

	Unit	2020	2019
REVENUES	€k	**252,784**	**187,868**
EBITDA	€k	**67,444**	**61,333**
CASH COST	$/lb payable	**1.95**	**1.80**
ALL-IN SUSTAINING COST	$/lb payable	**2.21**	**2.14**
CASH AT BANK	€k	**37,767**	**8,077**

- EBITDA INCREASED 10% YEAR ON YEAR TO REACH €67.4 MILLION IN 2020.
- CASH COSTS OF US$1.95/LB AND AISC OF US$2.21/LB.
- HEALTHY LIQUIDITY POSITION WITH €37.8 MILLION CASH AT BANK AT 31 DECEMBER 2020.

STRATEGIC FOCUS FOR GROWTH

Atalaya's ambition is to become a multi-asset, mid-tier base metals producer.

ORGANIC GROWTH

VALUE-ADDED PRODUCTS

» Evaluation of technologies (E-LIX) to maximise value of complex sulphides at Riotinto and in the Iberian Pyrite Belt and beyond.

EVALUATION OF EXISTING PORTFOLIO OF HIGH GRADE BROWNFIELD OREBODIES IN THE RIOTINTO DISTRICT

» Increases optionality and mine life.

COST REDUCTION / ESG INITIATIVES

» Solar project to reduce operating costs and carbon emissions.

» Zero tailings water discharge design is international best practice.

PROYECTO TOURO

We continue to be confident that our world class approach to Proyecto Touro will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to the development of the project.

MASA VALVERDE

Followed the acquisition of Masa Valverde in October 2020, the work has started on general permitting and new geophysical surveys on the polymetallic project located in the Riotinto District in Huelva (Spain), one of the largest undeveloped volcanogenic massive sulphide deposits in the Iberian Pyrite Belt.

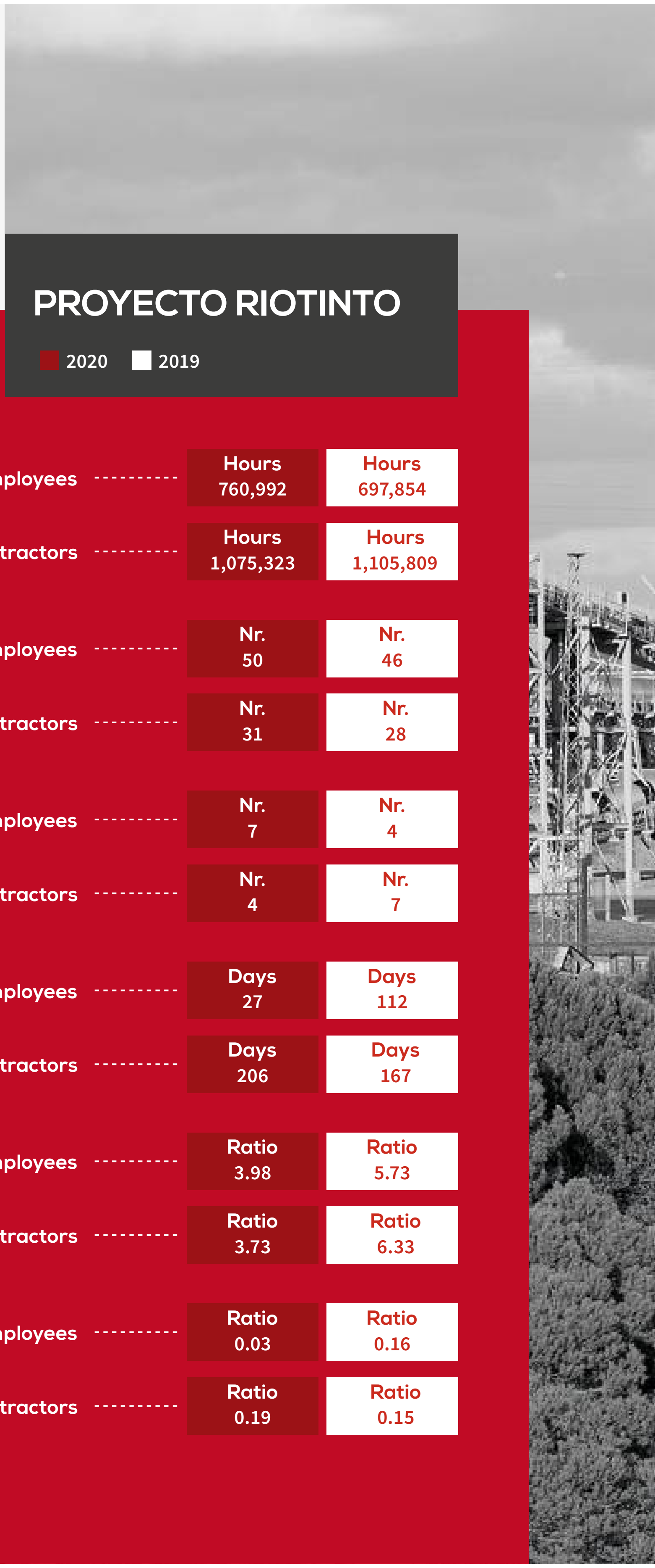
EXTERNAL GROWTH

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.

2020 KEY SAFETY HIGHLIGHTS

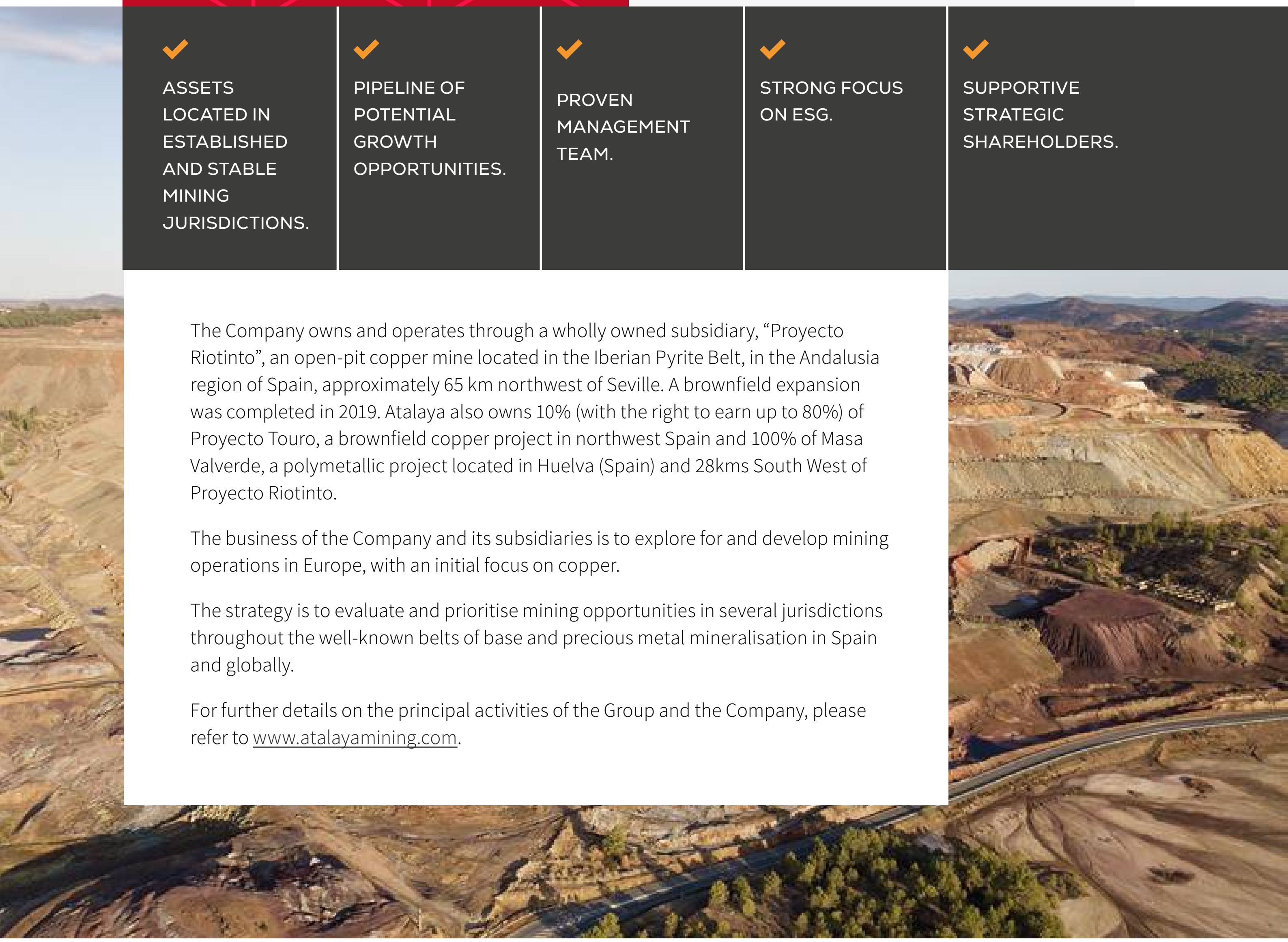


PROYECTO RIOTINTO

		2020	2019
WORKED HOURS	Employees	Hours 760,992	Hours 697,854
	Contractors	Hours 1,075,323	Hours 1,105,809
NO LOST-TIME ACCIDENTS	Employees	Nr. 50	Nr. 46
	Contractors	Nr. 31	Nr. 28
LOST-TIME ACCIDENTS	Employees	Nr. 7	Nr. 4
	Contractors	Nr. 4	Nr. 7
WORKING DAYS LOST	Employees	Days 27	Days 112
	Contractors	Days 206	Days 167
LOST TIME INJURY FREQUENCY RATE	Employees	Ratio 3.98	Ratio 5.73
	Contractors	Ratio 3.73	Ratio 6.33
INDEX OF SEVERITY	Employees	Ratio 0.03	Ratio 0.16
	Contractors	Ratio 0.19	Ratio 0.15

ATALAYA AT A GLANCE

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



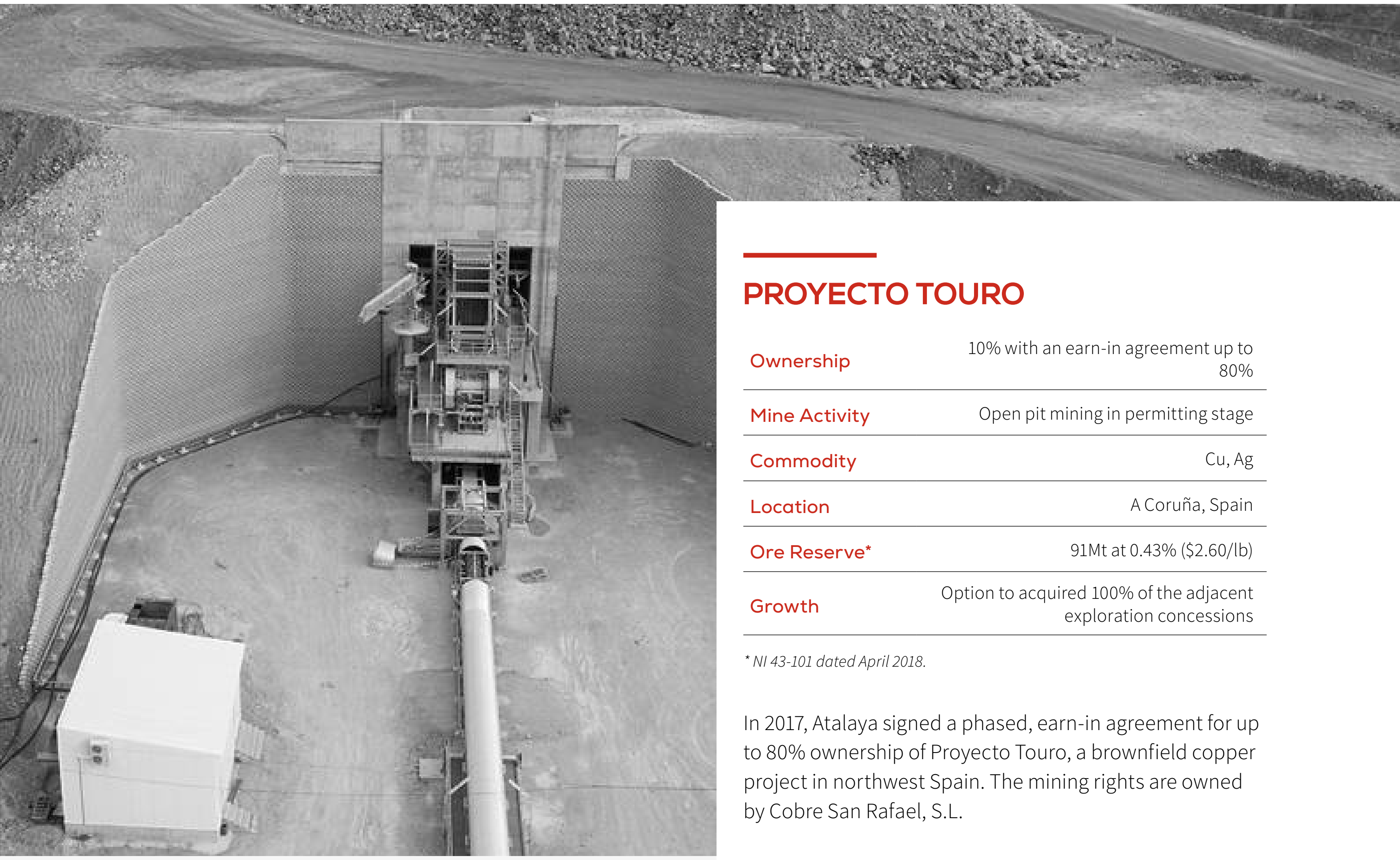
- ASSETS LOCATED IN ESTABLISHED AND STABLE MINING JURISDICTIONS.
- PIPELINE OF POTENTIAL GROWTH OPPORTUNITIES.
- PROVEN MANAGEMENT TEAM.
- STRONG FOCUS ON ESG.
- SUPPORTIVE STRATEGIC SHAREHOLDERS.

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% (with the right to earn up to 80%) of Proyecto Touro, a brownfield copper project in northwest Spain and 100% of Masa Valverde, a polymetallic project located in Huelva (Spain) and 28kms South West of Proyecto Riotinto.

The business of the Company and its subsidiaries is to explore for and develop mining operations in Europe, with an initial focus on copper.

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

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



PROYECTO TOURO

Ownership	10% with an earn-in agreement up to 80%
Mine Activity	Open pit mining in permitting stage
Commodity	Cu, Ag
Location	A Coruña, Spain
Ore Reserve*	91Mt at 0.43% ($2.60/lb)
Growth	Option to acquired 100% of the adjacent exploration concessions

** NI 43-101 dated April 2018.*

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 RIOTINTO (CERRO COLORADO)

Ownership	100,00%
Mine Activity	Open pit mining in operation
Commodity	Cu, Ag
Location	Huelva, Spain
Ore Reserve*	197Mt at 0.42% ($2.60/lb)
LOM	12+ years
2021 expected Cu production	52,000 – 54,000 tonnes
Growth	Significant additional potential

** NI 43-101 dated July 2018.*

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

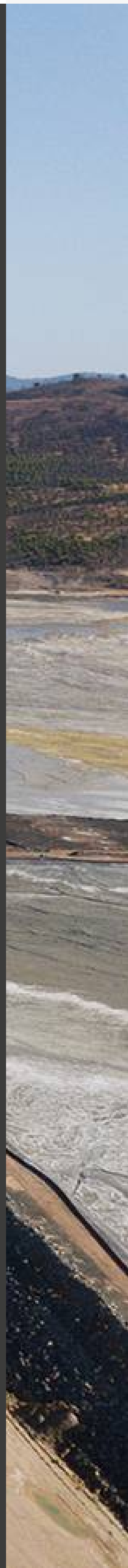
PROYECTO MASA VALVERDE

Ownership	100,00%
Mine Activity	Underground mining in permitting stage
Commodity	Cu, Zn, Pb, Ag and Au
Location	Huelva, Spain
M,I&I Resources	~ 440 kt Cu; ~1,270 kt Zn; ~72 Moz Ag; ~1.3 Moz Au
Growth	Strong exploration upside potential in the immediate surroundings. Recent discovery of the Majadales sulphide body

** Historical data.*

In 2020, Atalaya entered into a definitive purchase agreement to acquire the Masa Valverde polymetallic project which is located near Proyecto Riotinto. The mining rights are owned by Atalaya Masa Valverde, S.L.U. a fully owned subsidiary of Atalaya.

STRATEGIC REPORT



LETTER FROM THE CHAIRMAN

Dear Shareholder,

To say that 2020 was a challenging year would be an understatement. In the midst of completing the commissioning and ramp-up of the large-scale process plant expansion, your company experienced the unpredictable external pressures resulting from the arrival in Spain of the Covid 19 world-wide pandemic. The principal concern was for the protection, safety and well-being not only of our staff and contractors but also the community and our suppliers with the immediate application of measures that met and exceeded the requirements of the guidelines from the relevant authorities.

We can be justly proud of the manner in which the executive management acted, both reactively and proactively, in the face of the pandemic. Working practices were quickly modified, with procedures and controls developed that responsibly and effectively resulted in Covid-secure operating conditions. This protected not only the health of all concerned, including peace of mind for their families, but also the operational and financial health of the company.

Despite all the challenges of the year, including a thankfully short national industry lockdown, management completed the process plant commissioning and ramp-up to name-plate throughput, with the production of almost 56,000 tonnes of contained copper. This output is a record to date and an increase of around 24% from last year's production. Output guidance for 2021 has been set at 52,000 to 54,000 tonnes of contained copper resulting from a slight reduction in scheduled mined grade from the higher copper price and resulting lower cut-off grade.

The average process plant feed grade of 0.45% copper and the process recovery rate of 84.5% were consistent with reserve estimates and budgeted figures. Cash Costs and All-in Sustaining Costs for 2020 of $1.95/lb and $2.21/lb respectively, were slightly below the budgeted figures of $1.98/lb and $2.23/lb respectively.

Notwithstanding the effect of a stronger USD/Euro exchange rate, and a Covid-related brief reduction in copper price, the increase in copper production resulted in an increased turnover from €187.9 million in 2019 to €252.8 million in 2020, and an EBITDA for 2020 of €67.4 million, compared to €61.3 million in 2019.

The previously reported procedural process surrounding the re-issuance of the Unified Environmental Authorisation ("AAU") for the Project, delayed by Covid restrictions, was finally resolved in May with the resulting automatic re-validation of the mining permit of the mine.

Mine site exploration and infill drilling continued during 2020 with encouraging initial results. An independent consultant is finalising the Cerro Colorado open pit reserves and resources update taking into consideration the latest exploration results with current copper prices, operating costs and geotechnical parameters. In addition, there is an ongoing independent evaluation of the historic polymetallic San Antonio and San Dionisio deposits. The San Antonio deposit, located east of the Cerro Colorado open pit, would require underground mining methods. The San Dionisio deposit containing copper as well as polymetallic mineralisation, is located west of the Cerro Colorado pit and current indications show there is good potential for it to be mined with a combination of open pit and underground methods. Exploration work also commenced on the newly acquired Masa Valverde asset with an initial scoping study expected by the end of the year.

In March 2021, formal communication of a negative Environmental Impact Statement for the Touro project was received from the local government in Galicia, as previously reported in January 2020. Management is currently evaluating options to modify the project parameters to address the concerns of the Xunta de Galicia with the aim of moving the project forward.

In March 2021 the Company approved the early payment of the Deferred Consideration to Astor, thus removing the timing uncertainty from our balance sheet. The Deferred Consideration was funded by unsecured credit lines from four major Spanish banks on a three-year tenure and an average annual interest rate of approximately two per cent. The smaller issue of any residual interest that may or may not be payable remains unresolved. A summary judgement hearing to determine whether particular aspects of the excess cash calculation can be resolved without the need for a full trial will take place on 14 June 2021, with the hearing for the full trial on the definition of "Excess Cash" set to take place on 21 February 2022.

In addition to the focus on Covid-secure working practices, the emphasis on our high standards and responsible approach to operational safety and environmental management remained a priority throughout the year. In September 2020, the Company announced the start of a study, the completion of which is pending relaxation of Covid restrictions, to develop a 50MW solar plant on site with the aim of reducing electricity costs as well as reducing carbon emissions.

In addition to the acquisition of Masa Valverde and the ongoing work on the Touro project, the Company remains focused, via technical review and assessment of other opportunities, on growth potential to increase shareholder value. In October 2020, the Company commenced a feasibility study to evaluate the patented E-LIX leaching System developed by Lain Technologies Ltd. The aim is to produce copper cathodes at Proyecto Riotinto with the potential to generate cost savings and reduce carbon emissions. It also entered into a Licence Agreement with Lain Technologies Ltd to use its patents, under certain conditions and on an exclusive basis, for the treatment of the complex sulphide ores prevalent in the Iberian Pyrite Belt in Spain and Portugal.

I would like to take this opportunity to express our appreciation to the management and staff for their continued dedication and commitment, especially in maintaining their presence on site to safely increase production and sales in the face of such a significant health pandemic.

Finally I would like to thank the board members for their continued support and close involvement with the company activities. In particular, I would like to thank Jon Lamb, who stepped off the board in November 2020, for his advice and guidance over several years, and also welcome Neil Gregson, who joined the board in February 2021. Last but not least I would like to thank our valued shareholders for their continued support. We all look forward to the year ahead with continued confidence and optimism to take advantage of the identified opportunities to continue the growth, and increase the value, of your company.

Roger Davey

Chairman of Atalaya Mining Plc

24 March 2021

MARKET OVERVIEW

COPPER DEFINITION (AS DEFINED BY INTERNATIONAL COPPER STUDY GROUP "ICSG")

Copper is a malleable and ductile metallic element that is an excellent conductor of heat and electricity as well as being corrosion resistant and antimicrobial. Copper occurs naturally in the Earth's crust in a variety of forms. It can be found in sulfide deposits (as chalcopyrite, bornite, chalcocite, covellite), in carbonate deposits (as azurite and malachite), in silicate deposits (as chrysycolla and dioptase) and as pure "native" copper.

Copper and copper-based alloys are used in a variety of applications that are necessary for a reasonable standard of living. Its continued production and use is essential for society's development. How society exploits and uses its resources, while ensuring that tomorrow's needs are not compromised, is an important factor in ensuring society's sustainable development.

Chemical Symbol......................Cu

Atomic Number........................ 29

Atomic Weight...................63.54

Density....................8,960 kg m^{-3}

Melting point...................1,356 K

COPPER MARKET (SOURCE ICSG)

Historical mine production in thousand Metric Tonnes Copper.

Year	Copper (k tn)	Year	Copper (k tn)	Year	Copper (k tn)	Year	Copper (k tn)
2001	13,636	2006	14,983	2011	15,960	2016	20,393
2002	13,487	2007	15,508	2012	16,687	2017	20,058
2003	13,699	2008	15,532	2013	18,185	2018	20,565
2004	14,594	2009	15,941	2014	18,422	2019	20,528
2005	14,927	2010	15,987	2015	19,153	2020	20,634

World copper mine production in 2020 was 20.6 million tonnes.

Production by region in 2020:

LATIN AMERICA............................ 41%
ASIA.. 16%
EUROPE 14%
NORTH AMERICA......................... 12%
AFRICA.. 12%
OCEANIA.. 5%

Top five copper mine production countries:

- Chile
- Perú
- China
- D.R. Congo
- United States

MAJOR INTERNATIONAL TRADER FLOWS OF COPPER ORES AND CONCENTRATES (SOURCE ICSG)

Major Exporters of Copper Ores and Concentrates, 2020:

1. Chile
2. Perú
3. Mexico
4. Australia
5. Mongolia
6. United States
7. Indonesia
8. Brazil
9. Kazakhstan
10. D.R. Congo

Major Importers of Copper Ores and Concentrates, 2020:

1. China
2. Japan
3. Korea Rep.
4. Spain
5. Germany
6. Bulgaria
7. Mexico
8. India
9. Finland
10. Russian Federation

THE USES OF COPPER (SOURCE ICSG)

ELECTRICAL

Copper is the best nonprecious metal conductor of electricity as it encounters much less resistance compared with other commonly used metals. It sets the standard to which other conductors are compared.

ELECTRONICS AND COMMUNICATIONS

Copper plays a key role in worldwide information and communications technologies. HDSL (High Digital Subscriber Line) and ADSL (Asymmetrical Digital Subscriber Line) technology allows for high-speed data transmission, including internet service, through the existing copper infrastructure of ordinary telephone wire.

CONSTRUCTION

Copper and brass are the materials of choice for plumbing, taps, valves and fittings. Thanks in part to its aesthetic appeal, copper and its alloys, such as architectural bronze, is used in a variety of settings to build facades, canopies, doors and window frames.

INDUSTRIAL MACHINERY AND EQUIPMENT

Wherever industrial machinery and equipment is found, it is a safe bet that copper and its alloys are present. Due to their durability, machinability and ability to be cast with high precision and tolerances, copper alloys are ideal for making products such as gears, bearings and turbine blades.

CONSUMER AND GENERAL PRODUCTS

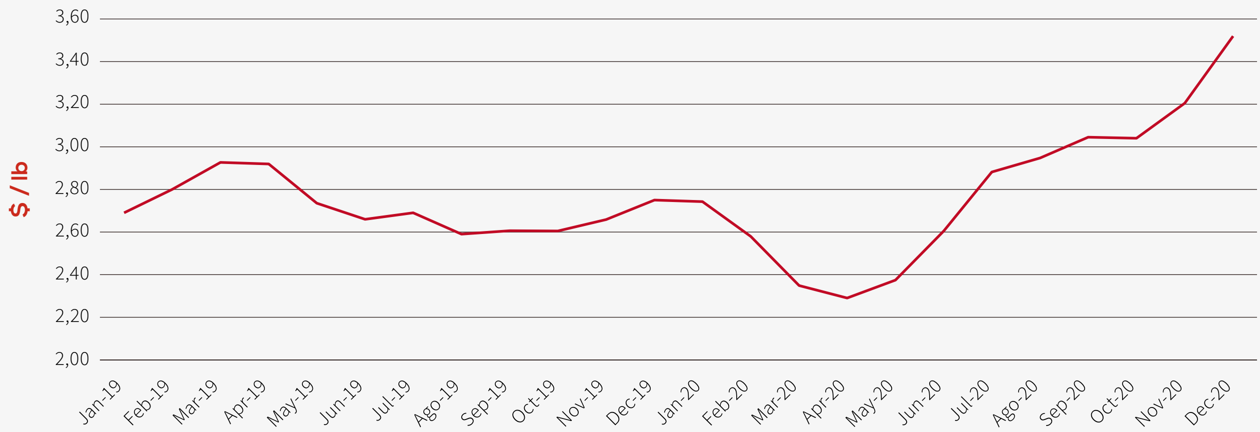
Copper and copper-based products are used in offices, households and workplaces. Computers, electrical appliances, cookware, brassware, and locks and keys are just some of the products exploiting copper's advantages.

TRANSPORTATION

All major forms of transportation depend on copper to perform critical functions. Copper-nickel alloys are used on the hulls of boats and ships to reduce marine befouling, thereby reducing drag and improving fuel consumption. Automobiles and trucks rely on copper motors, wiring, radiators, connectors, brakes and bearings.

EQUIPMENT	31%
BUILDING AND CONSTRUCTION	28%
INFRASTRUCTURE	16%
TRANSPORT	13%
INDUSTRIAL	12%

SPOT MARKET CU PRICE



In 2020, copper traded between US$2.09 and US$3.61 per pound of copper. The spot price for copper was US$2.09 as at 23 March 2020 and US$3.51 as at 31 December 2020, reflecting an increase of 67.7% for the period. The average market price for 2020 was $2.80/lb, 2.9% higher than the average for 2019. The average copper price for Q1 2021 was $3.85 and the spot price at 31 March 2021 was $4.01.

The market copper price has a significant impact on Atalaya`s ability to generate positive operating cash flows.

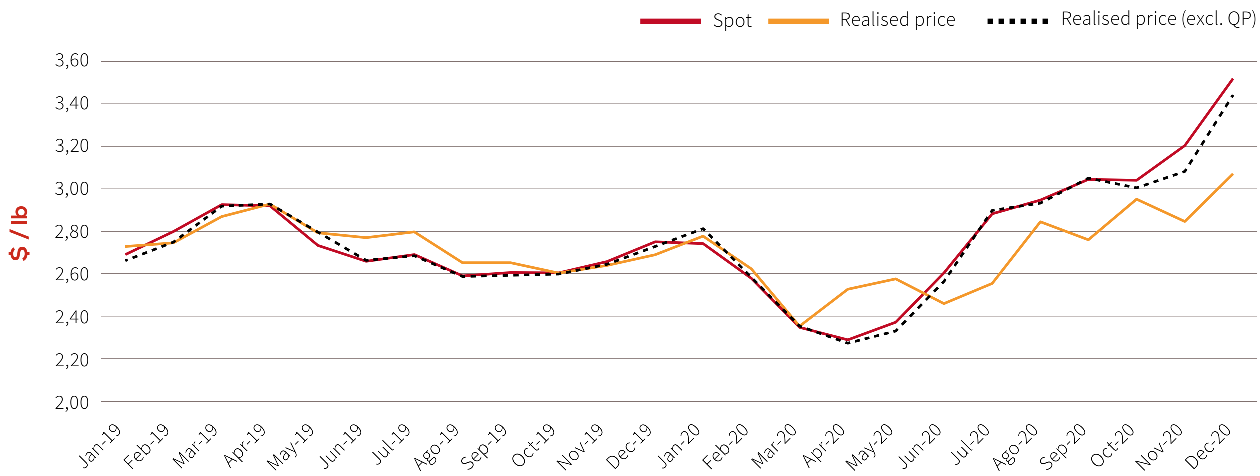
REALISED COPPER PRICES

The average prices of copper for 2020 and 2019 were:

(USD)	2020	2019
Realised copper price per lb	2.70	2.73
Market copper price per lb (period average)	2.80	2.72

Realised copper prices for the reporting period noted above have been calculated using payable copper and including both provisional invoices and final settlements of quotation periods ("QPs") together. Higher realised prices than market copper prices are mainly due to the final settlement of invoices where the QP was fixed in the previous quarter due to a short open period when copper prices were higher. The realised price during the year, excluding the QP, was approximately $2.78/lb.

SPOT VS REALISED PRICE



ATALAYA'S RESPONSE

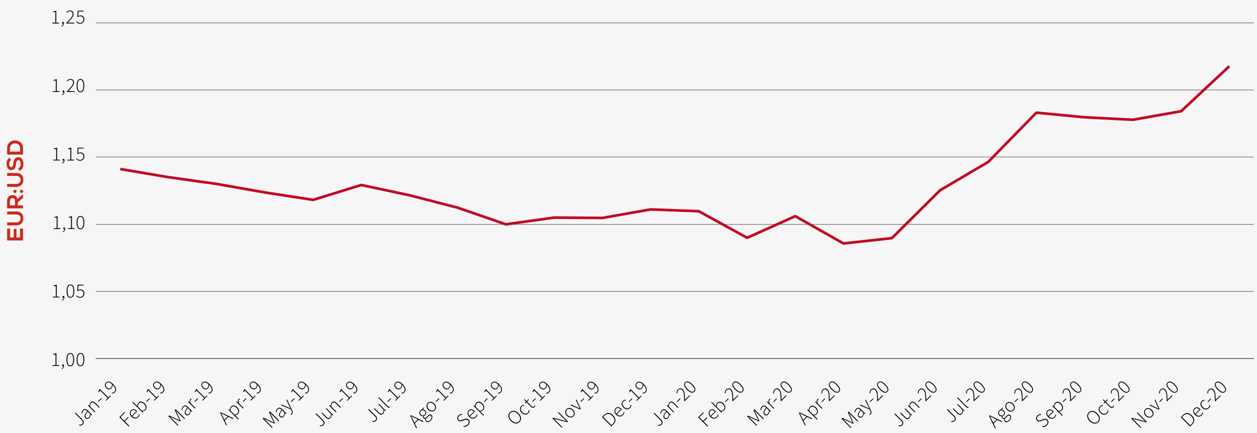
The Group had no hedges on commodities prices during 2020. At the date of this report, the Group is fully exposed to copper prices with no commodities hedging agreements in place.

FOREIGN EXCHANGE

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

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

FX RATES EUR:USD



ATALAYA'S RESPONSE

In 2020, the Group was positively impacted by favourable rate against USD, the currency in which all sales of the Group are denominated.

Management is continuously monitoring currency rates and evaluating possible currency hedging to minimise risk.

STRATEGY 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.

OUR VALUES

Importance of People:

- Importance of Safety, Health, Environment & Security.
- Strong workforce with longstanding employees.

Operational Excellence:

- Importance of cost management.
- Establishing high performance.
- Operating to a world-class standard.
- Maximising production capacity.

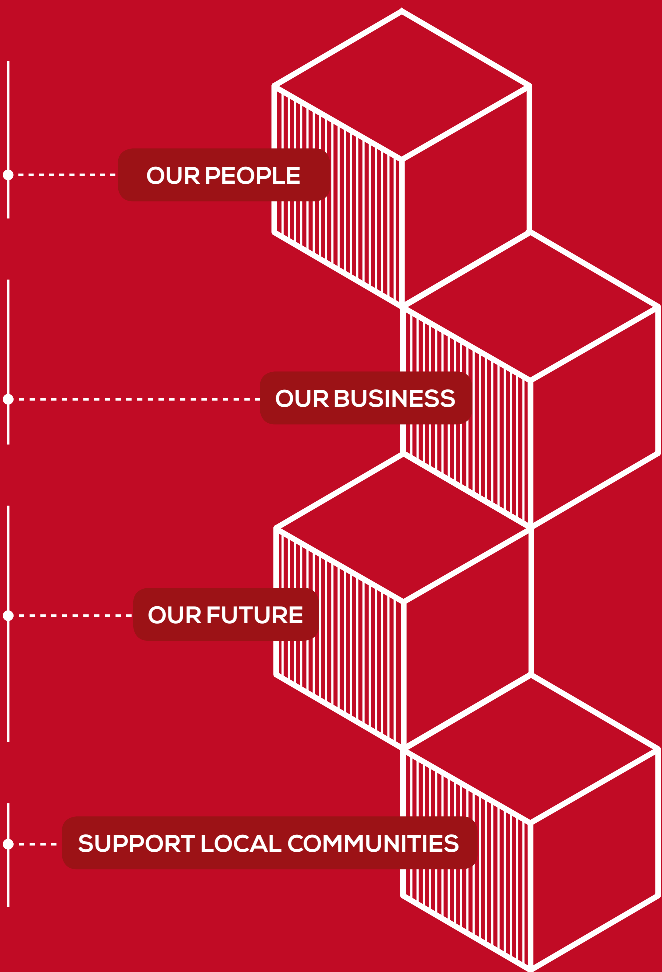
Creating Value:

- Increasing asset value under management.
- Focusing on generating free cash flows.
- Focusing on creating value for shareholders.
- Allocating capital efficiently.
- Creating opportunities for growth.
- Maximising production capacity.

Social Projects:

- Working closely with communities.
- Contributing to community development.

STRATEGIC PILLARS



OUR PEOPLE

» Environmental matters are discussed across the Group from the operating workforce to the Board of Directors.
» Continuous communication with regulatory bodies and shareholders to ensure a safe world-class operation.
» Experienced mining team to ensure proper safety, health and security policies.
» Focused on creating a high-performance culture where its people are its core asset.
» Atalaya has a flat management structure with accessible people.
» Atalaya's personnel are primarily based at sites.
» Focused on improving its relationships with local government and communities.
» Limited presence in the media, with efforts focused on direct contact with people.

Key Driver

✓ **Reduce environmental impact**
✓ **490 employees**
✓ **99.5% based at mine sites**
✓ **Socially responsible through Fundación Atalaya Riotinto**

Achievements

2020 Achievements
» Increased the number of employees at Proyecto Riotinto
» LTI improved in 2020 compared with 2019.
» Better monitoring process of safety records
» Prompt responses to COVID-19
» Little impact of COVID-19

2021 Priorities
» Further improve health and safety statistics
» Continue support to local and regional governments to control COVID-19 incidence.

Principal Risks

» Operational Risks
» External Risks

OUR BUSINESS

» World-class processing plant in Europe to maximise value of the Group, thereby increasing free cash flows from operations.
» Ensure the ongoing stable growth of the Company
» Protecting and enhancing the value for all stakeholders.

Key Driver

✓ **14.8 m tonnes of ore processed**
✓ **56k tonnes of Cu produced**
✓ **€67.4m EBITDA**
✓ **€59.1 m cash flows from operations**
✓ **€37.8m cash balance as at 31 December 2020**

Achievements

2020 Achievements
» Production at Proyecto Riotinto within guidance.
» Consolidation our internal growth with production levels of 15Mtpa.
» Contained All-in sustaining cost
» All AAU legal issues of Proyecto Riotinto resolved.
» Operational continuity despite COVID-19.
» Acquisition of new mining projects.

2021 Priorities
» Further growth via acquisitions.
» Continue with strong operational results.

Principal Risks

» Financial Risks
» Operational Risks

CREATING VALUE

- Evaluation of existing capacity of each project and investment in exploration to replace reserves deployed.
- With a view to becoming a multi-asset producer focussed in copper.
- Focus on the development of low-cost assets in mining-favourable jurisdictions.
- Searching and evaluating projects around the world.

Key Driver

✓ **Share price of 235.0 pence as at 31 December 2020**

Achievements

2020 Achievements

- Investment of €5.4 million (2019: €9.8 million) in sustaining Capex in Proyecto Riotinto.
- Investment of €11.0 million in tailing dams improvements.
- Completion of 15Mtpa expansion project.

2021 Priorities

- Continuing exploration works to expand the reserves and resources of Proyecto Riotinto
- Exploration in Proyecto Masa Valverde.
- Monitoring new opportunities.
- Working to understand and resolve environmental permitting decision on Proyecto Touro.

Principal Risks

- Strategic Risks
- External Risks

SUPPORT AND ASSISTANCE IN THE COVID-19 PANDEMIC

- 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.

Key Driver

✓ **48 actions programmes through Fundación Atalaya**

Achievements

2020 Achievements

- Investment of €5.5 million in local communities at Proyecto Riotinto.
- €5.1 million taxes paid globally.
- Support for local community events at Proyecto Riotinto and Proyecto Touro.
- Support and assistance in the COVID-19 sanitary emergency

2021 Priorities

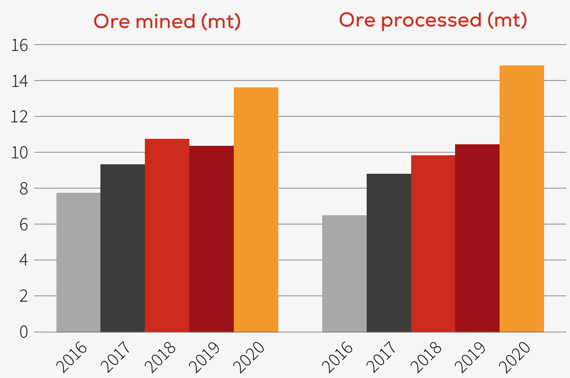
- Increase support and presence in local community projects around Proyectos Riotinto and Touro.
- Increase community engagement in Touro.

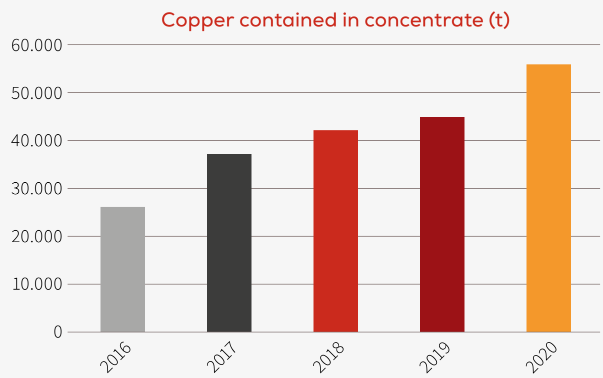
Principal Risks

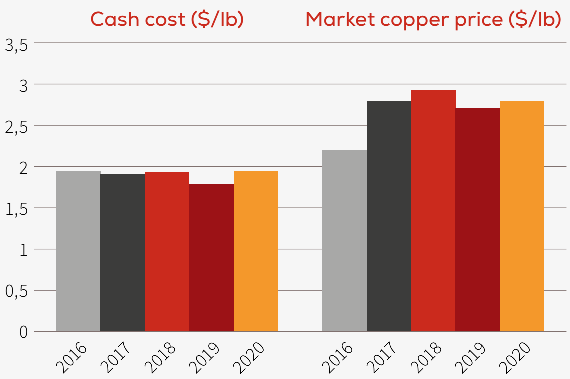
- Operational Risks
- External Risks

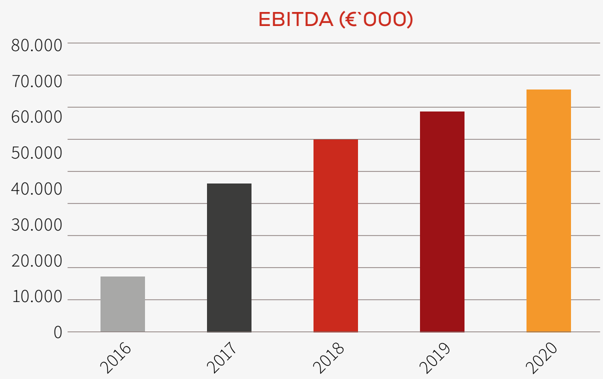
KEY PERFORMANCE INDICATORS

Proyecto Riotinto	Units	2016	2017	2018	2019	2020
Ore mined	mt	7,754,499	9,340,028	10,753,598	10,366,903	13,604,801
Ore processed	mt	6,505,762	8,796,715	9,819,839	10,453,116	14,833,916
Copper contained in concentrate	t	26,179	37,164	42,114	44,950	55,890
Cash cost	$/lb	1.95	1.91	1.94	1.80	1.95
AISC	$/lb	n.a.	2.30	2.26	2.14	2.21
Market copper price	$/lb	2.21	2.80	2.93	2.72	2.80
EBITDA	€'000	15,393	41,347	53,542	61,333	67,444
WC surplus / (deficit)	€'000	(25,382)	22,137	8,435	3,598	(17,904)
Cash at bank	€'000	1,135	42,856	33,070	8,077	37,767









RISK ANALYSIS

PRINCIPAL 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.

Atalaya´s principal risks have continued to fall within four categories:

✓ Strategic risks;
✓ Commercial and financial risks;
✓ External risks; and
✓ Operational risks

Importance: High | Medium | Low

Strategic Risks	Nature of Risk	Mitigation of Risk	Importance
Single asset, single commodity and single country risk	The Company´s current production relates to Proyecto Riotinto, which is its single producing asset. Atalaya produces and sells copper concentrate with silver by-product. Any interruption in the producing asset may impact the Group's results.	The operation has been producing since restart in 2016, with cash costs below the market price for copper even taking into account recent cyclical lows. Atalaya is constantly evaluating acquisitions in the mining sector, to increase the number of operations under management. The Group's Business Development Committee reviews potential growth opportunities and transactions and approves or recommends them within authority levels set by the Board.	High
Lack of replacement of reserves	Atalaya must continually replace and expand its mineral resources. The depletion of its mineral reserves may not be offset by future discoveries or acquisitions.	On-going exploration campaigns currently in areas close to Proyecto Riotinto. During 2020, Atalaya incurred a total of EUR €3.6 million in exploration activities.	Medium
Underestimation of capex, finance and licence to operate	Atalaya's capital expenditure in Proyecto Riotinto may require more capital than anticipated and/or Atalaya may have difficulties in obtaining required permitting and financing, which could delay project developments.	Expansion of Proyecto Riotinto was completed in 2020. Atalaya monitors project controls to ensure that we deliver approved projects on time, on budget and in line with the defined specifications.	High

Commercial and Financial Risks	Nature of Risk	Mitigation of Risk	Importance
Significant changes to commodity prices	A decline in the price of copper and other metals in world markets, which can fluctuate widely, could adversely affect Atalaya´s business, operating results and prospects.	The mine's cash costs are below the market price for copper, even at recent cyclical lows. Atalaya is constantly monitoring commodity prices and revisiting hedging strategies and policies.	High
Limited number of customers	A significant portion of Atalaya´s concentrate production is sold to three offtakers. Offtakers' business can significantly impact the company's operations.	Close contact with offtakers to ensure we understand how they run their business.	High
Lack of control over certain key inputs	Atalaya may be unable to control the availability of key inputs such as fuel, cement and explosives, which are beyond management's influence.	The purchase department of the operating company is continually expanding their network influence to ensure our supply chain is secure.	High
Foreign exchange risk	Volatility in the EUR:US$ exchange rate affects the Group's profitability.	Atalaya is continually monitoring exchange rate and revisiting hedging strategies policies.	High
Liquidity risk	Atalaya's operations and business model are subject to a variety of financial risks of third parties.	Manage the liquidity and financing structure in accordance with the business model. Maintain a diverse portfolio of banks and funds.	High

External Risks	Nature of Risk	Mitigation of Risk	Importance
Political, legal and regulatory developments	Atalaya is subject to extensive regulation, concessions, authorisations, licences, and permits which are subject to expiration, to limitation on renewal and to various other risks and uncertainties. Atalaya is also subject to laws and regulations relating to taxation, customs and royalties that could have an adverse effect on its business, financial conditions and results of operations.	Monitoring all legal and political decisions that might impact the mining sector, by participating among peer miners in the area in professional agencies and meetings. Partner with government and local municipalities. AAU (Environmental Declaration) and mining permit have been monitored by the company to achieve a successful result. Permit re-validated and fully resolved. Atalaya is monitoring the current situation of the environmental permit at Proyecto Touro. The Group has no operations or material exposure to the UK., Brexit has not had any appreciable impact on the Group. This position is maintained following completion of the transaction period. Recurrent meetings and analysis performed by local advisors to ensure that Atalaya monitored and anticipated taxation for significant business decisions.	
Economic conditions	General economic conditions or changes in consumption patterns may adversely affect Atalaya´s growth and profitability. In particular, the Chinese market, which has significant impact on the world's copper demand.	Monitoring commodities prices and international economic variations.	
Public health threats	Public health threats such as coronavirus (COVID-19) or other epidemics or pandemics could affect the operations of the Group, the operations of the Group's customers and suppliers.	The Group is continuously monitoring public health threats and takes necessary steps to protect the health and safety of its staff and minimise any disruption to its operations. The Group's main measures are as follows: reduce all non-critical site visits and meetings with contractors, require employees to work remotely whenever possible and communicate any potential exposure to any health threat, follow any mandatory health and safety instructions and restrictions imposed or recommended by the Authorities to reduce exposure. It is also adhering to all measures implemented by the central and regional governments.	
Dependence on key infrastructure	Atalaya is dependent on transportation facilities, infrastructure and certain suppliers, a lack of which could impact its production and development projects.	Atalaya´s contractors are very reliable. Atalaya maintains contingency plans to ensure operations would not be affected.	
Operational risks and hazards	Operational risks and hazards may adversely impact Atalaya's business, financial condition and result of operations, particularly: floods, natural disasters, industrial accidents, labour disputes, structural collapses, transportation delays and earthquakes.	Atalaya constantly invests in health and safety and regularly analyses ways in which to make its mine safer.	
Labour disruptions	Atalaya may be adversely affected by labour disruptions.	Atalaya has periodic meetings with its trade unions to discuss and agree on any changes to labour conditions and concerns. Ongoing training programmes.	

Operational Risks	Nature of Risk	Mitigation of Risk	Importance
Water, electricity and other key supply shortages	Atalaya's mining operations depend on the availability of water, electricity and other key inputs.	Atalaya monitors water consumption and water levels frequently. As the Company expands, Atalaya will need more water and electricity. Atalaya has undertaken a water use enlargement project in which the Company will be increasing their water resources by up to 50%.	
Complexity of environmental laws	Atalaya's operations are subject to complex and evolving environmental laws and regulations and changes may increase its running costs.	Atalaya has a dedicated team that reviews any new laws and changes regularly. Atalaya has not been made aware of any imminent changes.	
Cyber security	A cyber-attack could affect our systems, data bases and regular activities.	Atalaya's IT department is regularly reviewing the internal process to identify any potential attack and to minimise any potential impact. Additionally, the structure of the systems was reviewed in 2019.	

In addition to the above commercial and finance risks, please refer to Note 3 of the financial statements for further details on the finance risk management policy adopted by the Group and the Company.

BASIS OF REPORTING

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 2019 and 31 December 2020 and the results of operations for the twelve month periods ended 31 December 2020 and 31 December 2019.

This report has been prepared as of 24 March 2021. The analysis herein is intended to supplement and complement the consolidated and notes thereto (the "Financial Statements") as at and for the twelve month period ended 31 December 2020. The reader should review the Financial Statements in conjunction with the review of this report and with the consolidated financial statements for the twelve month period ended 31 December 2019. These documents can be found on the Atalaya website at www.atalayamining.com.

The condensed consolidated financial statements are derived from the full audited financial statements which are available on the Atalaya website www.atalayamining.com which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and as adopted by the EU. The currency referred to in this document is the Euro ("EUR") unless otherwise specified.

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", "anticípate", "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-lookingstatementsarebased include all required third party regulatory and governmental approvals that will be obtained. Many of these assumptions are base don 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-lookingstatementsifcircumstancesor 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.

OPERATIONAL REVIEW

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.

Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain.

PROYECTO RIOTINTO

The following table presents a summarised statement of operations of Proyecto Riotinto for the twelve month period ended 31 December 2020 and 31 December 2019.

Units expressed in accordance with the international system of units (SI)	Unit	2020	2019
Ore mined	t	13,604,801	10,366,903
Ore processed	t	14,833,916	10,453,116
Copper ore grade	%	0.45	0.49
Copper concentrate grade	%	21.83	23.01
Copper recovery rate	%	84.53	87.09
Copper concentrate	t	256,001	195,072
Copper contained in concentrate	t	55,890	44,950
Payable copper contained in concentrate	t	53,330	42,935
Cash cost	$/lb payable	1.95	1.80
All-in sustaining cost	$/lb payable	2.21	2.14

Notes:

There may be slight differences between the numbers in the above table due to rounding.

MINING AND PROCESSING

MINING

Despite COVID-19, mining operations have continued normally with enough equipment on site to maintain the higher production levels required for the full operation of the expanded plant. Ore mined in 2020 increased to 13.6 Mt compared to 10.4 Mt in the previous year.

PROCESSING

During 2020 the plant processed 14.8 Mt of ore with an average copper head grade of 0.45% and a recovery rate of 84.53%. In comparison to the rates for 2019, throughput have increased however copper head grades and metallurgical recoveries have slightly decreased. 3.9 Mt of ore milled were processed in Q4 2020, reporting a consistent quarterly throughput.

Copper concentrate grade was 21.83%, in line with expectations and slightly below previous year´s grade 23.01%.

Concentrate production for 2020 was 256,001 tonnes compared to 195,072 tonnes in 2019. Contained copper was 55,890 tonnes compared to 44,950 tonnes in 2019. Copper payable amounted to 53,330 tonnes from 42,935 tonnes in 2019.

On-site concentrate inventories at 31 December 2020 were approximately 12,180 tonnes (14,201 tonnes in 2019) which has been fully sold in January 2021. All concentrate in stock was delivered to the port at Huelva.

EXPANSION PROJECT OF PROYECTO RIOTINTO

Atalaya is continuing to focus on implementing cost reduction programmes to reduce fresh water and lime consumption now that the 15Mtpa expanded plant is producing at nameplate capacity.

Initiatives to improve copper recoveries, by using some of the extra installed flotation capacity, are also ongoing.

The target of reducing the power cost at the plant in an environmentally conscious way is being addressed through the initiation of the permitting process to install a 50 MW solar power plant. The full capacity of the solar power plant will be used for self-consumption and is anticipated to make a significant contribution to reducing carbon emissions at Proyecto Riotinto.

EXPLORATION AND GEOLOGY

Local exploration at Proyecto Riotinto focused on results from core drilling confirming the presence of unmined sulphides around Filon Sur, and around San Dionisio which is under the old Atalaya pit located west of the current operating pit.

At San Dionisio, mapping of old workings and full geological interpretation has been completed in Q4 2020. A mining consultant is finalising the evaluation of the existing resource to incorporate into future mine plans. Mineralisation at San Dionisio consists of copper stockwork and polymetallic massive sulphides.

An independent consultant is finalising the Cerro Colorado open pit reserve and resources update taking into consideration the exploration results with current copper prices, operating costs and geotechnical parameters.

An independent evaluation of the historic polymetallic San Antonio/Planes deposit has begun. This shallow deposit is located East of the open pit Cerro Colorado, which is currently being mined, and would require underground mining methods.

The independent evaluation of the resources at San Dionisio, west of the Cerro Colorado pit, is ongoing. Current indications show there is good potential for it to be mined with a combination of open pit and underground methods. San Dionisio contains copper as well as polymetallic mineralisation.

PROYECTO TOURO

Atalaya received formal communication from the local government in Galicia rejecting the plan to develop Proyecto Touro on 1 March 2021 and continues evaluating its options to address the feedback from the Xunta de Galicia.

The Company continues to be confident that its world class approach to Proyecto Touro, which includes fully plastic lined tailings with zero discharge, will satisfy the most stringent environmental conditions that may be imposed by the authorities prior to the development of the project.

COVID-19 IMPACT

The Company issued COVID-19 updates through the year as the outbreak of the virus impacted the company both operationally and financially. As announced on 30

March 2020, a Royal Decree of 29 March 2020 excluded mining from essential industries resulting in the halting of operations at Proyecto Riotinto from 30 March 2020. As announced on 6 April 2020, further clarifications were received on the Royal Decree on 3 April 2020 which reinstated mining on the list of permitted activities and accordingly, operations at Proyecto Riotinto were authorized to recommence.

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

In order to mitigate the potential operational and financial impact of COVID-19 resulting from sharply decrease in commodities prices in the first half of the year, the Company increased its cash balance from €8.1 million as at 31 December 2019 to €32.4 million as at 30 June 2020 by net drawdowns on existing credit facilities. Following the recoveries of the commodities prices, the Company has repaid the credit facilities prior to the year-end.

REHABILITATION PROVISION UPDATE

Following the requirement to review the rehabilitation liability every five years, the Company has updated during 2020 its estimation of the rehabilitation provision. The updated liability has considered the impact of the affected mining area resulted from an increased operation to 15Mtpa. Further details are given in Note 26 to the Condensed Consolidated Financial Statements.

CORPORATE UPDATES 2020

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

On 21 October 2020, Atalaya announced that it had entered into a definitive purchase agreement to acquire 100% of the Masa Valverde polymetallic project located in Huelva (Spain) through the acquisition of 100% of Cambridge Minera Espana S.L., a Spanish company for €1.4 million payable in two instalments. Masa Valverde is one of the largest undeveloped volcanogenic massive sulphide deposits in the prolific Iberian Pyrite Belt and is located 28kms south west of Proyecto Riotinto.

On 28 October 2020, Atalaya announced it had commenced a feasibility study to evaluate production of cathodes at Proyecto Riotinto using the newly developed E-LIX System owned by Lain Technologies, Ltd. It also entered into a Licence Agreement with Lain Technologies, Ltd. to use its patents on an exclusive basis under certain conditions, within the Iberian pyrite belt in Spain and Portugal.

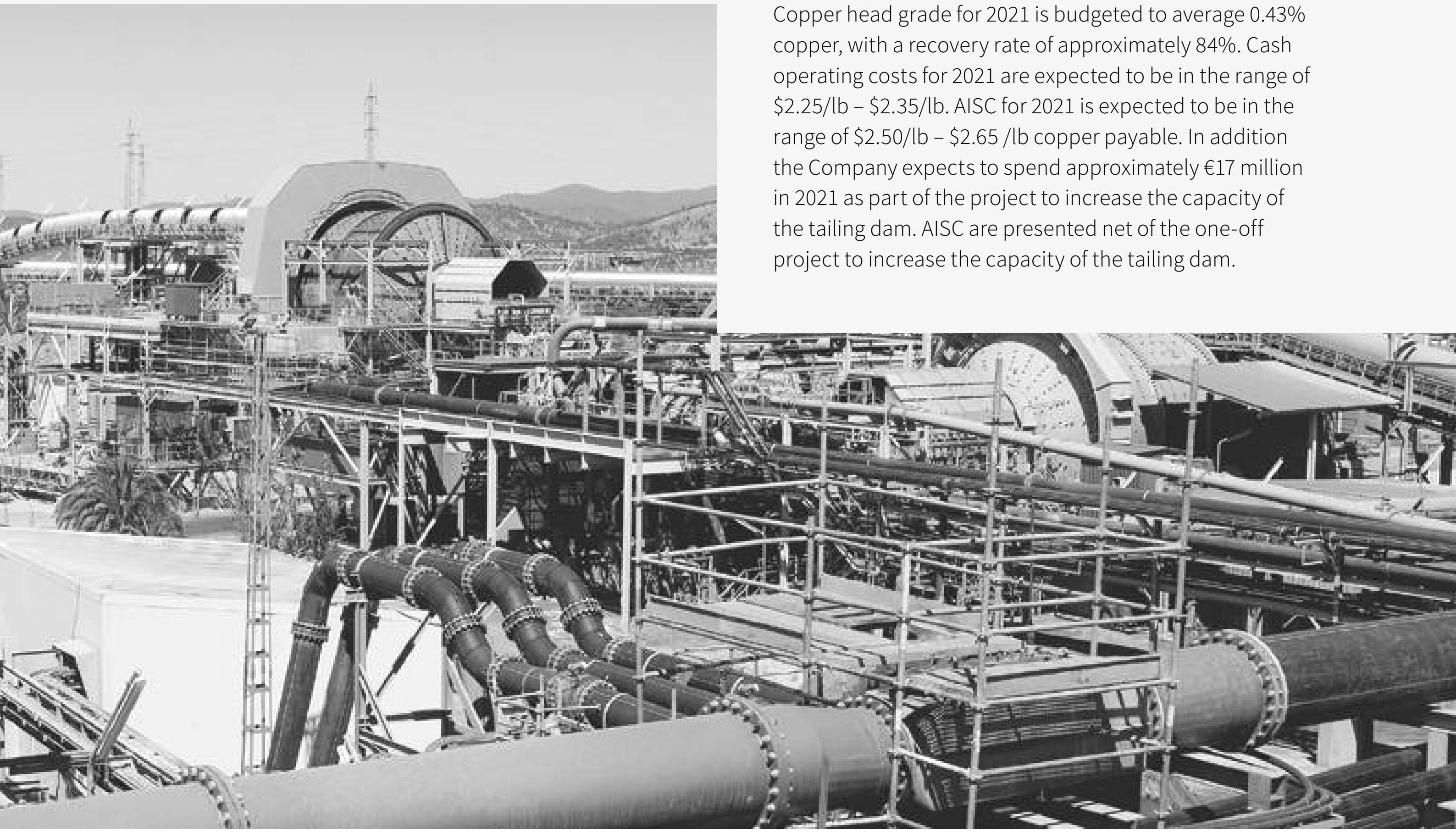
The feasibility study will help Atalaya to understand the economic viability of producing cathodes from complex sulphide ores prevalent in the Iberian Pyrite Belt through the application of a new leaching process called the E-LIX System, followed by conventional SX-EW, with a new industrial scale plant. The production of cathodes has the potential to generate cost savings by reducing charges associated with concentrate transportation, treatment and refining as well as penalties with certain elements, while also reducing carbon emissions.

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 the COVID-19 pandemic 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 2021 is as follows:

	Guidance 2021	Actual 2020	Guidance 2020
ORE PROCESSED (million tonnes)	15.1	14.8	14.0 - 15.0
CONTAINED COOPER (tonnes)	52,000-54,000	55,890	55,000-58,000



Copper head grade for 2021 is budgeted to average 0.43% copper, with a recovery rate of approximately 84%. Cash operating costs for 2021 are expected to be in the range of \$2.25/lb – \$2.35/lb. AISC for 2021 is expected to be in the range of \$2.50/lb – \$2.65 /lb copper payable. In addition the Company expects to spend approximately €17 million in 2021 as part of the project to increase the capacity of the tailing dam. AISC are presented net of the one-off project to increase the capacity of the tailing dam.

FINANCIAL REVIEW

INCOME STATEMENT

The following table presents a summarised consolidated income statement for the twelve months period ended 31 December 2020, with comparatives and comparison with the twelve months ended 31 December 2019.

(Euro 000's)	Twelve months ended 31 Dec 2020	Twelve months ended 31 Dec 2019
Revenues from operations	**252,784**	187,868
Total operating costs	**(176,300)**	(115,944)
Corporate expenses	**(6,854)**	(6,718)
Exploration expenses	**(1,661)**	(3,588)
Care and maintenance expenditure	**(525)**	(373)
Other income	**-**	88
EBITDA	**67,444**	61,333
Depreciation/amortisation and impairment	**(31,683)**	(23,025)
Impairment loss on other receivables	**(49)**	(1,694)
Net foreign exchange (loss)/gain	**(3,826)**	350
Net finance cost	**(144)**	(37)
Tax charge	**(1,352)**	(6,207)
Profit for the year	**30,390**	30,720

Revenues for FY2020 amounted to €252.8 million (FY2019: €187.9 million).

Copper concentrate production during FY2020 was 256,001 tonnes (FY2019: 195,072 tonnes) and 258,021 tonnes of copper concentrate were sold in the same period (FY2019: 185,545 tonnes). The increased volumes resulted from the higher processing levels following completion of the expansion ramp up at the end of 2019.

The realised price for the twelve-months period in 2020 was $2.70/lb copper compared to $2.73/lb copper in the same period of 2019. Concentrates were sold under offtake agreements in place. The Company did not enter into any hedging agreements in either 2020 or 2019.

Operating costs for FY2020 amounted to €176.3 million, compared to €115.9 million in FY2019. Higher costs in 2020 were mainly attributable to the increase in production volumes and cash costs.

Cash costs of US$1.95 /lb payable copper for FY2020, were higher than $1.80/lb payable copper in the same period last year. AISC excluding investment in tailings dam previously reported as sustaining capex for FY2020 was US$2.21 /lb payable copper compared to US$2.14/lb payable copper in the FY2019.

Sustaining capex for FY2020, included in capital expenditure, amounted to €5.5 million (FY2019: €9.8 million). Sustaining capex mainly accounted for enhancements in processing systems. In addition, the Company invested €11.0 million in the project to increase the tailings dam.

Corporate costs for FY2020 were €6.9 million, compared to €6.7 million for FY2019.

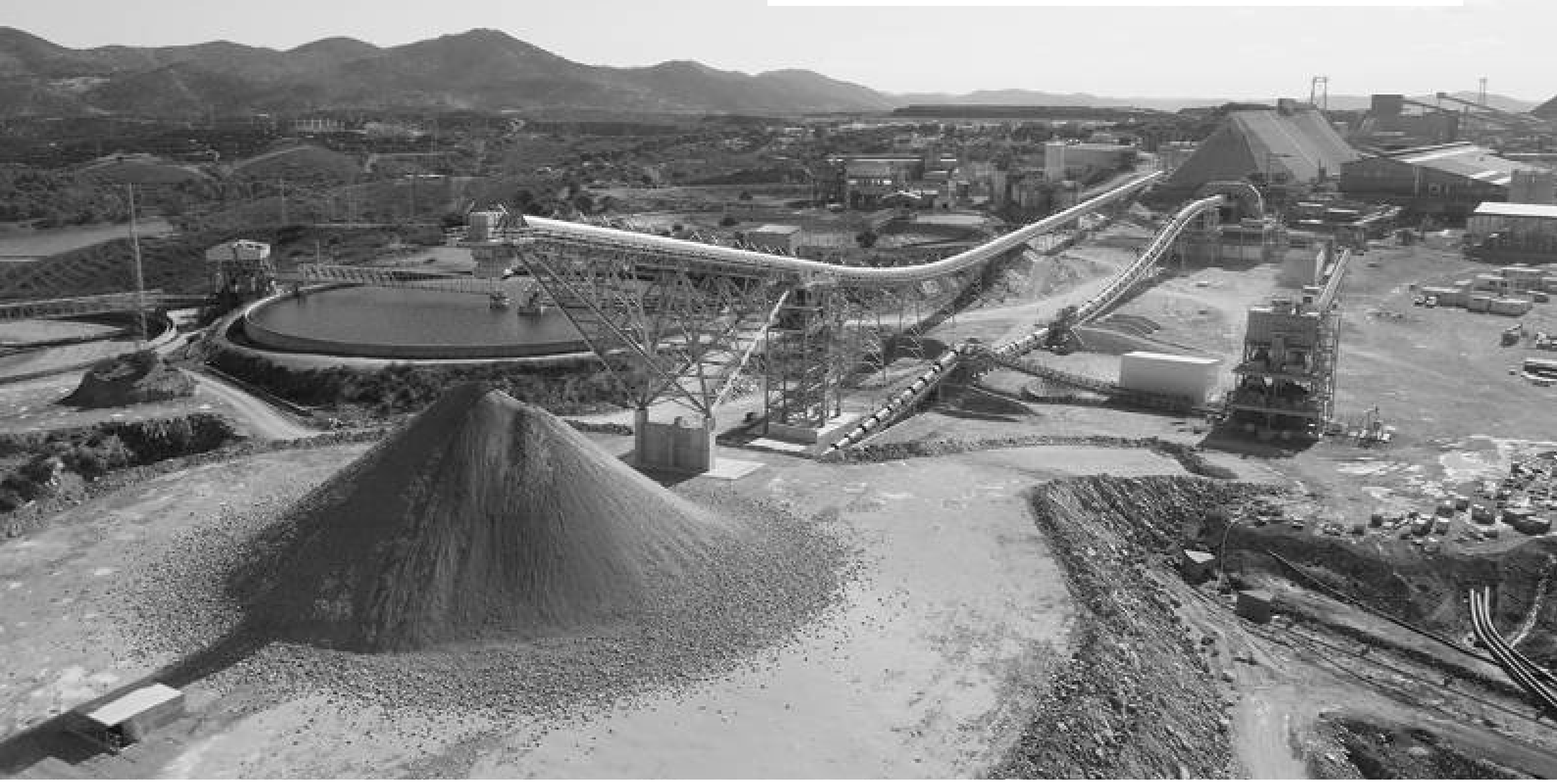
Exploration costs related to the Proyecto Riotinto for FY2020 amounted to €1.7 million, compared to €3.6 million in the same period last year. Lower costs related to a decrease in drilling during 2020.

Care and maintenance costs related to the Proyecto Riotinto for FY2020 amounted to €0.5 million, compared to €0.4 million for FY2019.

EBITDA for FY2020 amounted to €67.4 million, compared to EBITDA of €61.3 million for FY2019.

Depreciation, amortisation and impairment of assets amounted to €31.7 million for FY2020 (FY2019: €23.0 million). Higher depreciation costs were mainly driven by the increase of capex for 15 Mtpa Expansion Project which has been fully operational since January 2020. During 2020 no impairment charge was recognised (FY19: €6.9 related to Touro).

Net finance costs for FY2020 amounted to €144k (FY2019: negative €37k).



CASH COST METHODOLOGY

During the last quarter of 2020 Atalaya carried out an exhaustive analysis on the methodology applied to its operating costs reported through the year, with the main purpose of providing enough and consistent information to the market to assess the operating cash costs and All In Sustaining Costs ("AISC") of Proyecto Riotinto.

As a result of the analysis, management has changed the methodology used when calculating AISC in previous quarters to exclude one off projects, such as the increase in the capacity of the tailing dam. The following tables provide a reconciliation between the AISC reported and the adjustments to make the information comparable.

AISC ($/lb)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY2020
AISC reported	**$2.27**	**$2.22**	**$2.29**	**$2.36**	**$2.21**
Sustaining capex related to tailing dam	($0.06)	($0.11)	($0.09)	-	-
Normalised AISC costs	**$2.21**	**$2.11**	**$2.20**	**$2.36**	**$2.21**

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 C1 cash cost.

AISC per pound of payable copper includes the C1 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.

FINANCIAL POSITION

(Euro 000's)	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets	**399,611**	379,077
Other current assets	**66,853**	54,229
Tax refundable	**815**	1,924
Cash and cash equivalents	**37,767**	8,077
Total Assets	**505,046**	443,307
Shareholders' Equity	**350,199**	317,456
LIABILITIES		
Non-current liabilities	**31,508**	65,219
Current liabilities	**123,339**	60,632
Total Liabilities	**154,847**	125,851
Total Equity and Liabilities	**505,046**	443,307

ASSETS

Total assets were €505.0 million as at 31 December 2020, compared to €443.3 million as at 31 December 2019, an increase of €61.7 million. The Group's significant assets are its mining rights and mining plant at Proyecto Riotinto.

Non-current assets increased mainly due to the tailing dams project and enhancements in processing systems and also the increase in the rehabilitation provision.

Other current assets as at 31 December 2020 amounted to €66.9 million (2019: €54.2 million), out of which €43.2 million (2019: €32.8 million) related to trade and other receivables and €23.7 million (2019: €21.3 million) related to spare parts and ore in stockpile classified as inventories.

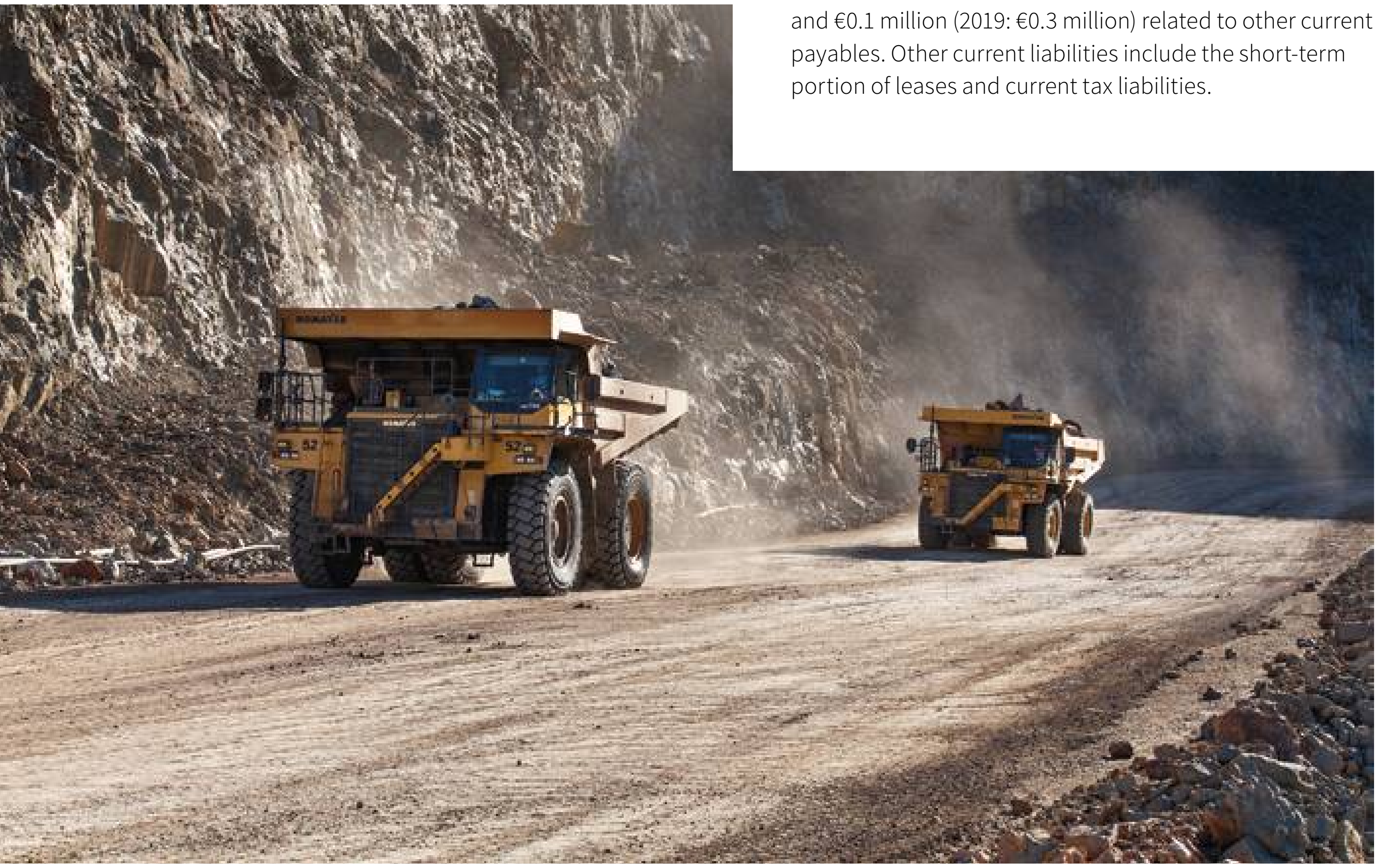
Trade and other receivables comprise €20.3 million of sales of copper concentrate receivables from third parties (2019: €8.8 million), €4.0 million (2019: €8.9 million) related to sales of copper concentrate receivables from related parties, €15.8 million (2019: €14.4 million) related to VAT due from authorities in Spain and Cyprus; €2.5 million (2019: €0.6 million) related to prepayments and other current assets amounted to €0.6 million (2019: €0.1 million).

LIABILITIES

Non-current liabilities stood at €31.5 million as at 31 December 2020 compared to €65.2 million as at 31 December 2019. Non-current liabilities mainly represent the rehabilitation provision amounting to €24.6 million as at 31 December 2020 (2019: €6.6 million). In addition to the rehabilitation provision, non-current liabilities included the Deferred Consideration to Astor of €nil million (2019: €53.0 million), the long-term portion of leases following the adoption of IFRS 16 of €4.8 million (2019: €5.3 million), legal provisions 0.6 million (2019: €0.4 million), and trade payables of €1.4 million (2019: €13k).

The decrease in non-current liabilities is mainly due to the reclassification of the Deferred Consideration of €53 million from non-current to current liabilities (Note 28). This was partly offset by the increase in the updated rehabilitation provision, which increased from €6.6 million as at 31 December 2019 to €24.6 million as at 31 December 2020 (Note 26).

Current liabilities amounted to €123.3 million at 31 December 2020 (2019: €60.6 million). Current liabilities balance is comprised of the Deferred Consideration to Astor €53.0 million (2019: €nil million) and trade and other payables amounting to €68.4 million (2019: €57.5 million) of which €63.9 million related to suppliers (2019: €52.4 million); €4.4 million related to accruals (2019: €4.9 million) and €0.1 million (2019: €0.3 million) related to other current payables. Other current liabilities include the short-term portion of leases and current tax liabilities.



LIQUIDITY AND CAPITAL RESOURCES

Atalaya monitors factors that could impact its liquidity 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 2020 and 2019, and cash flows for the twelve months ended 31 December 2020 and 2019.

LIQUIDITY INFORMATION

(Euro 000's)	31 December 2020	31 December 2019
Unrestricted cash and cash equivalents at Group level	**24,519**	1,730
Unrestricted cash and cash equivalents at Operation level	**13,248**	6,347
Restricted cash	**-**	-
Working capital (deficit)/surplus	**(17,904)**	3,598

Unrestricted cash and cash equivalents as at 31 December 2020 increased to €37.8 million from €8.1 million at 31 December 2019. The increase in the cash balance is mainly as a result of the cash flows from operating activities for the period 2020. Cash balances are unrestricted and include balances at corporate and operational level.

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

OVERVIEW OF THE GROUP'S CASH FLOWS

(Euro 000's)	Twelve months ended 31 Dec 2020	Twelve months ended 31 Dec 2019
Cash flows from operating activities	**59,090**	37,934
Cash flows used in investing activities	**(30,160)**	(62,351)
Cash flows from financing activities	**760**	(576)
Net increase/(decrease) in cash and cash equivalents	**29,690**	(24,993)

Cash and cash equivalents increased by €29.7 million in the twelve months period ended 31 December 2020. This increase was due to cash from operating activities amounting to €59.1 million, cash used in investing activities amounting to €30.2 million and cash generated by financing activities totalling €0.8 million.

Cash generated from operating activities before working capital changes was €64.6 million. Atalaya increased its trade receivables by €10.4 million, its trade payables balance in the period by €11.7 million and its inventory levels by €2.2 million.

Investing activities in 2020 amounted to €30.2 million, mainly relating to sustaining Capex.

Financing activities in 2020 amounted to €0.8 million, mostly due to the impact of share issuances from the execution of share options.

FOREIGN EXCHANGE

In FY2020, Atalaya recognised a foreign exchange loss of €3.8 million (FY2019 gain: €0.4 million). The foreign exchange loss 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 2020	Twelve months ended 31 Dec 2019
Average rates for the periods		
GBP – EUR	**0.8897**	0.8777
USD – EUR	**1.1422**	1.1195
Spot rates as at		
GBP – EUR	**0.8990**	0.8508
USD – EUR	**1.2271**	1.1234

During 2020 neither 2019, Atalaya did not have any currency hedging agreements.

RULING ON THE ASTOR LITIGATION AND DEFERRED CONSIDERATION

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

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

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the "Trial"). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the "Excess Cash" (the "Summary Judgment application"). The Summary Judgment application will be heard on 14-15 June 2021. Astor will need to demonstrate (i) Atalaya has no reasonable prospect of success at Trial: and (ii) there is no other compelling reason why the case or issue should be disposed of at Trial.

As at 31 December 2020, no consideration was paid to Astor. However, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

The Company classified the liability as current as at 31 December 2020.

On 15 March 2021, the Company fulfilled all conditions required by the Board of Directors and made the early payment of €53 million to Astor. The payment was fully funded by unsecured credit facilities entered into between December 2020 and February 2021 at interest rates ranging from 1,60% to 2,45% and repayable by 2023 and 2024. The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, the Company continues with these aspects of the case.

SUSTAINA-BILITY REPORT

SUSTAINABILITY FRAMEWORK

SOCIAL DEVELOPMENT

OVERVIEW

Atalaya Mining is strongly committed to Corporate Social Responsibility ("CSR") and strives for excellence in the way Atalaya´s operations affect people, the environment, and communities. In this regard, the management of the Company, supported by the Board of Directors, maintains standards and policies that operate across the whole organisation, and that demonstrate a strong will to fulfill stakeholder´s expectations.

OUR COMMUNITIES

Atalaya is the most relevant productive player in its region. As such, the Company is conscious of its responsibilities towards the Riotinto Mining Basin and is dedicated to being a responsible corporate citizen in all respects. This heightens the importance of maintaining a focus on adding value to its mining operations in accordance with the expectations and needs of its communities.

Thus, dealing with the social and environmental impacts of its activities in a careful and sensitive manner is essential to Atalaya´s strategy for supporting the establishment of sustainable, long-standing operations. Consequently, an appropriate degree of interaction with all stakeholders is encouraged. Transparency and mutual trust are the key values that inform the relations with governments, the regional or local authorities, the media, the workforce, the contractors and suppliers, and society in general.

In this regard, the organisation is fully aware of the importance of open and regular communication with its stakeholders. The result of this established dialogue is that the economic, social and environmental impact of the mining operations in Proyecto Riotinto are generally perceived as very positive. Notwithstanding this, it is the Company´s approach to seek further involvement with the objectives and aspirations of its communities.

These goals are fully integrated with Atalaya Mining´s CSR plans, which are implemented by its wholly owned Atalaya Riotinto Foundation. After its fourth full year in operation, the organisation led by Proyecto Riotinto management has continued building strong ties with its communities. Numerous actions and programs have been developed with the objective of assisting and supporting the Riotinto Mining Basin communities. Among these, the most relevant are the efforts devoted to local development, job creation, and diversification.

During 2020, Atalaya´s foundation has worked in four areas: Social Support; Culture & Heritage; Local Development & Education; and Health, Environment & Sports. These four areas are implemented in collaboration with local associations and NGOs, the programs established with the various municipalities and the own initiatives managed by our foundation. In total, Atalaya has invested €0.5 million in 2019 dedicated to all these activities.

SOCIAL SUPPORT

The Foundation is aware of the difficulties that part of the population living in the mine´s surrounding areas must deal with, and it assists where possible to alleviate such social problems. In this regard, the Foundation establishes collaborations with charities, NGOs and the administration that addresses such issues. In 2020, Fundación Atalaya has granted funds to support the activities of Cáritas assisting disadvantaged families with food, clothing and educational needs. It has also supported programs of AFA which assists people with Alzheimer's Disease and their families. It has also supported the activities of Athenea Association, dedicated to providing support to people with various disabilities. Also, Fundación Atalaya has provided funds to support the acquisition of a van by a local charity that will allow transport for various social purposes. Amongst others, the Foundation has sponsored the local Hospital pediatrics area to be decorated for the children, has participated in a Christmas campaign by another local NGO to provide presents for every child in disadvantaged areas of the local towns, and has contributed to the sponsoring of a charitable event to collect money for the people affected by the floods suffered by the town of Nerva last winter. Finally, the municipality of Minas de Riotinto has acquired a van for assisting people with transport difficulties, thanks to the contribution of Fundación Atalaya.

CULTURE & HERITAGE

The Riotinto Mining Basin is an area of significant culture and heritage and it is considered as strategic by the community to preserve this, to be able to express itself and attract people to promote its economy. With this view, the Company has provided sponsorship to various cultural associations to support their activities and events.

In this regard, and in association with the municipality of Campofrío, the Foundation is supporting the opening of a Visitor´s Centre and is financing the construction of a panoramic viewpoint in the municipality of Berrocal. It has also supported the publishing of a book released by Nerva´s historical TV and Radio station and the republishing of an historical book about the mining sector in Huelva.

LOCAL DEVELOPMENT & EDUCATION

The development of economic areas that are not dependent on the mine is one of the main challenges that the region must address and that Atalaya regards as its duty to support. This will be achieved by improving the local infrastructure, promoting new businesses and improving education and training for the local population.

With this view the Foundation has started multiple initiatives: It has established collaboration with the municipality of nearby Zalamea La Real, to support the project that will restore the town´s boarding school. In collaboration with Nerva Town Hall, the Foundation is sponsoring the town´s English Language School and has funded the acquisition of new equipment for the Youth House facilities. Some other initiatives with Nerva Municipality include collaboration with the paving of streets and installing LED bulbs in some of the streetlights. This last action has also been undertaken with Minas de Riotinto municipality, which has also constructed new infrastructure for the town, including a caravan park and a dog park.

In El Campillo, thanks to the collaboration between the municipality and the Foundation, a new scrubbing machine has been acquired, the Cultural Hall has been air-conditioned, a new multi-sport facility has been built and there is a new trail route prepared and signposted.

Due to the unfortunate circumstances of the COVID-19 pandemic, the Foundation has temporarily cancelled two of its key initiatives in this area: “Reto Malacate”, the entrepreneurs contest to reward the best business project to be settled in the region; and the school visits program of the mining region to Atalaya´s facilities.

HEALTH, ENVIRONMENT & SPORTS

Atalaya is interested in promoting a better environment and supports a health culture based on prevention, self-care and the practice of sports. In this regard, Atalaya´s foundation has developed or sponsored various initiatives.

This year, and in light of the extraordinary circumstances arising from the COVID-19 pandemic, the Foundation established an special aid program to support the local communities, specifically aimed at financing the acquisition of protection and cleaning equipment by local municipalities and other local institutions. The program comprised a €20,000 investment that was distributed amongst the various local organisations.

Also, in El Campillo, the company has supported the project to install a new multi-sport track, and has provided new sporting material to Nerva´s municipality. It has also supported Riotinto to build an open-air gym.

Once again this year, Atalaya has taken part in the GAVI program (Business Alliance for Childhood Vaccination) in collaboration with the Fundación La Caixa and the Bill & Melinda Gates Foundation. Atalaya has also sponsored sporting events throughout the year and sponsors local sporting teams.

HEALTH AND SAFETY

As the global health emergency became clear, Atalaya acted quickly to protect our workforce from the spread of Covid-19. Across the business, we implemented all the appropriate health, hygiene and distancing measures to keep our people safe and well, while maintaining the security and integrity of our operations to ensure unimpeded economic activity for our supply chain and flow of essential products to our customers.

Atalaya periodically tested employees to limit the spread in the operations, enabling early detection of any cases, avoiding the risk of contagion, guaranteeing the health of workers and enabling production to continue as normal.

At the same time, Atalaya created a committee to monitor the situation. Key preventive actions included disinfection, in addition to the usual cleaning, of common facilities, changing rooms, nursing and other common use areas; and highlighting health information and follow-up work with the workers' representatives, through the monitoring committee.

Regarding Safety, in 2020, the planned programme of comprehensive action on health and safety at work was carried out. This programme has enabled Atalaya to end the 2020 year meeting its goals in terms of occupational accidents and reaching the lowest numbers of accidents since the start of operations. This resulted in Index of severity and frequency rates of 0.13 and 3.81. The Company has significantly improved its rates compared to previous years.

In this regard, in 2020, Atalaya received the A. Baró award for the management of occupational health and safety from its mutual insurance company, where the work in occupational risk prevention of companies associated with the mutual is recognised at a national level.

During 2020 Atalaya continued with its "zero damage" policy, reinforcing all the actions that have been taken and increasing safety in all its operations. As such, it plans to establish the discipline of field leadership, through an ambitious programme of audits, preventive observations, inspections and the "Stop and Talk" methodology.

In addition, with regard to management systems, Atalaya, after implementation of the OHSAS 18001: 2007 certification in 2019, this year has upgraded to the ISO 45001: 2018 standard, with excellent results. Likewise, it passed the independent audit, demonstrating efficient compliance with the standards and with no Non-Conformances identified.

The Company has also continued with the formation of an emergency first-response brigade, made up of volunteers who are being trained and coached in several disciplines such as rescue from heights, fire protection and first aid. Atalaya has also invested in preparing premises to house specific emergency equipment.

ENVIRONMENT

Atalaya received a favourable report in relation to the Unified Environmental Authorisation (the "AAU") of Proyecto Riotinto in January 2020. After a short legal consultation period exclusively with parties involved in the process lapses, The Company now has the AAU revalidated with no impact on the operation.

Water management and mining facilities improvements have resulted in a 70% decrease in water pollution recorded prior to the start of Proyecto Riotinto in 2015. During 2020 Proyecto Riotinto has launched an assessment of its water footprint. This assessment will allow the Company to implement additional measures to optimize the water usage of the project.

In terms of air quality, there is a continued decline in particle levels in the surrounding population, as in the prior year (12% average reduction in these levels since 2017), as a result of the enormous efforts made by Atalaya to reduce particle emissions into the atmosphere as a consequence of its operations

In 2020, in the towns of Nerva and Riotinto, where air quality data is available prior to the start of the Proyecto Riotinto, particle levels were recorded close to the concentrations of geochemical background in PM10 recorded between the years 2009-2014. Similar results were obtained in Doñana National Park. The data obtained in 2020 (a year that was hydrologically very dry, which facilitates the production of emissions into the atmosphere), demonstrates the effectiveness of the atmospheric particulate study carried out by ARM.

Regarding the management of non-mining waste, in 2020 there has been an increase in the production of waste from the operation in Proyecto Riotinto. In 2020, 14.1kg/t of waste of concentrate produced in 2020 was generated in Proyecto Riotinto, compared to an average of 12.8 kg/t in previous years, representing a 10% increase in non-mining waste produced in 2020, mainly in non-hazardous waste and spare parts. During the year Atalaya has constructed a new non-hazardous waste facility and specific training in waste management was provided to the entire staff of the Company.

In 2020, hazardous waste production decreased by 4% compared to the previous year.

Additionally, during 2020 Atalaya built a recycling plant.

Regarding historical and archaeological heritage, a study and documentation of the archaeological site at the Look Out has been completed, providing remarkable information about the spatial and chronological definition of the city of "Urium", which is one of the most relevant models of active metallurgical deposits worldwide, since the Tartessos era. The Tartessos era was at its height during the Roman period, from the 3rd century B.C. until the end of the 2nd century A.D.

Planned actions in the conservation of the natural environment have been carried out, including the Forest Fire Prevention Plan, a census of bats and the relocation of some of the existing populations of "Erica Andevalensis" (an endemic species to the mining area).

Finally, during the second quarter of 2020, the Carbon Footprint report for 2019 and 2020 was completed. Subsequently, after validation by an external company, it will be included in the voluntary register of Carbon Footprint and Reduction Commitment of the Ministry of Ecological Transition and the Demographic Challenge. The Company will implement actions to achieve improvements in the sustainability of its operations.

TARGETS FOR 2021:

WATER QUALITY

It is planned to carry out an assessment of the water footprint of the mining project, as a tool for the improvement of the water management system currently in use.

AIR QUALITY

As part of the continuous enhancement process undertaken since the beginning of the operations in Riotinto, in 2021 the objective is to finalise actions on air quality improvement in the area of La Dehesa (located next to the industrial complex of Proyecto Riotinto).

NON-MINING WASTE

The Company has integrated actions to improve the management of waste produced in its facilities in order to continue the downward trend in the production of non-mining waste and a more sustainable activity.

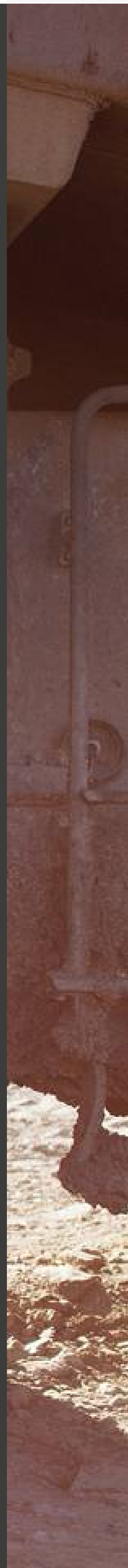
NATURAL ENVIRONMENT

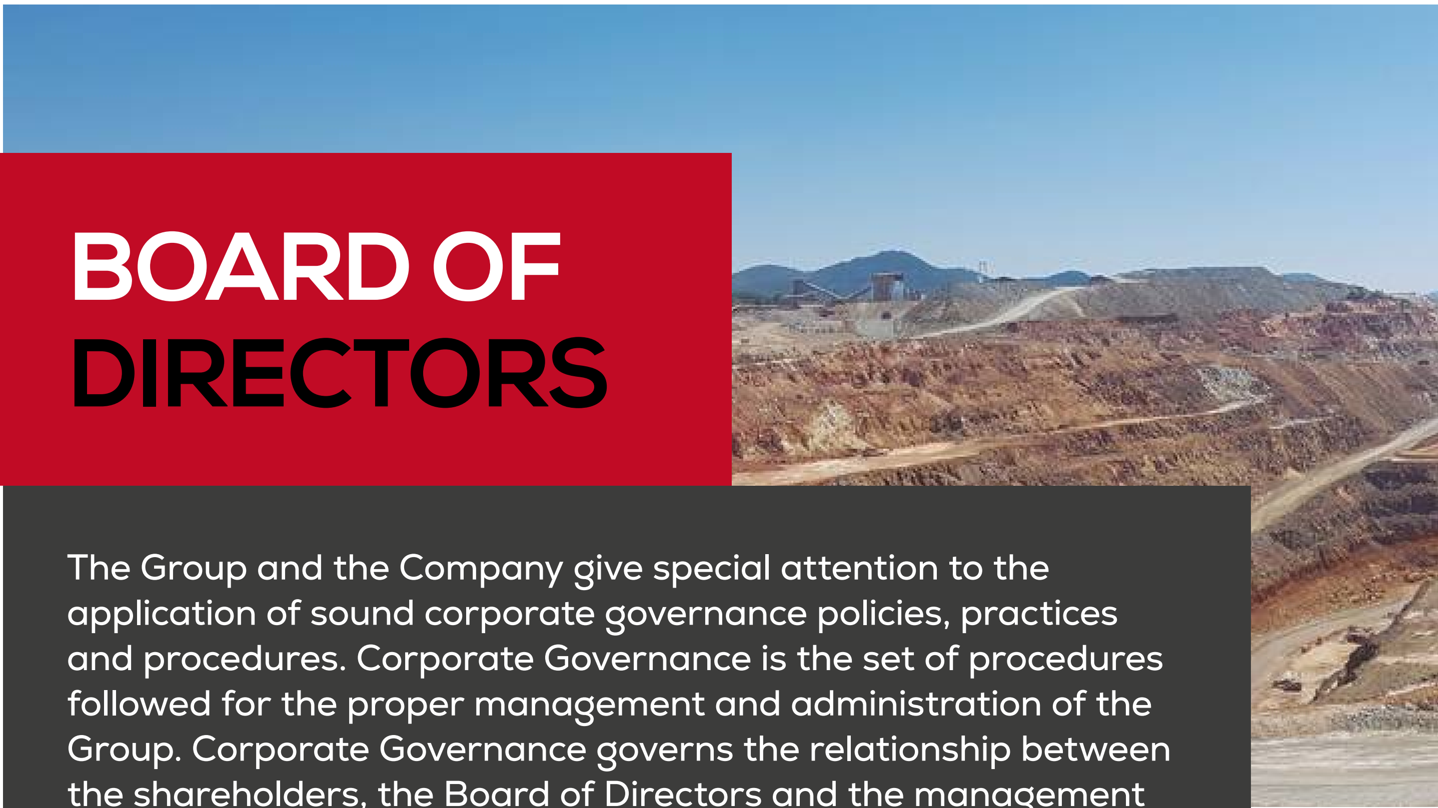
During 2021 it is intended to implement the plan for revegetation and restoration of forest spaces within the scope of the Project in order to reduce / offset the Carbon Footprint of the activity.

HISTORICAL AND ARCHAEOLOGICAL HERITAGE

The study and documentation of the Cortalago site (also belonging to the ancient city of Urium) will continue with the target of completing this in 2021.

CORPORATE GOVERNANCE REPORT





BOARD OF DIRECTORS

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 a company.

CORPORATE GOVERNANCE CODE

The Quoted Company Alliance ("QCA") code is inherent to the Company´s governance and Atalaya´s medium and long-term success depends on its compliance with the QCA code and with its forward-looking and long-term objectives.

The Company has adopted a code of standards since its inception for Directors' dealings which is appropriate for a TSX and AIM listed company. The Directors comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well.

The board reviews and is in frequent contact with the CEO and with other representatives of the Company to ensure the Company and its employees have a healthy working environment and to ensure the Company's culture reflects its values.

The Company is incorporated in Cyprus, so it is subject to Cypriot laws and regulations, and is subject to the regulations of AIM and TSX, its trading platforms. There is no conflict between the Cypriot regulations and the requirements of AIM and the TSX.

QUOTED COMPANY ALLIANCE

The QCA is an independent organisation 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 new and updated 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.

Atalaya's response to these principles is set out within this Corporate Governance Report.

Board of Directors

Committees

Audit and Financial Risk Committee ("AFRC")

SUMMARY OF COMMITTEE RESPONSIBILITIES:

✓ 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.

Dr. Hussein Barma (Chairman)
Mr. Roger Davey
Mr. Stephen Scott

Corporate Governance Nominating Compensation Committee ("CGNCC")

SUMMARY OF COMMITTEE RESPONSIBILITIES:

✓ Reviews Directors' compensation and performance.
✓ Reviews Corporate Governance of Atalaya and practices, independence, charters' review, and structure.
✓ Compensation and performance of officers of Atalaya.
✓ Succession planning.

Stephen Scott (Chairman)
Mr. Roger Davey
Dr. Hussein Barma
Mr. Damon Barber

Audit and Financial Risk Committee ("AFRC")

SUMMARY OF COMMITTEE RESPONSIBILITIES:

✓ 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.

Dr. Jose Sierra (Chairman)
Mr. Roger Davey
Mr. Stephen Scott

DIRECTORS

The names and particulars of the qualifications and experience of each director are set out below. All Directors held office from the start of the 2020 financial year to the date of this report. 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 Chairman 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).

Mr. Davey is the Chair of the Board of Directors and a member of the Audit and Financial Risk Committee, the Physical Risk Committee and the Corporate Governance Nominating Compensation Committee.

- **Name**
  Roger Davey
- **Role**
  Chairman Independent
- **Years of service**
  Since May 2010
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% meetings schedule
- **Skills**
  Mining experience, operations, processing, exploration, Capital markets, UK Market, International business, leadership, strategic, fund raising, M&A, governance, project management.

ALBERTO LAVANDEIRA

Managing Director and Chief Executive Officer

Mr. Lavandeira brings close to forty years of experience operating and developing mining projects. Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca, El Vallés-Boinas and Tasiast. He is a director of Black Dragon Gold Corp. and Samref Overseas S.A, and he was involved in the development of the Mutanda Mine in the Democratic Republic of Congo.

He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

- **Name**
  Alberto Lavandeira
- **Role**
  Chief Executive Officer
  Independent
- **Years of service**
  Since May 2014
- **Executive**
  Executive
- **Time commitment**
  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.

DAMON BARBER

Non-executive Chairman of the Board

Mr. Barber is currently the Senior Managing Director of Liberty Metals & Mining. Mr. Barber has more than 20 years' experience in natural-resources finance, mining project development and mining operations. Mr. Barber graduated from the University of Kentucky with a B.S. in Mining Engineering and began his career as a section foreman at CONSOL Energy Inc.'s Loveridge Mine. Mr. Barber holds an MBA from the Wharton School of the University of Pennsylvania.

Mr. Barber is a member of the Corporate Governance Nominating Compensation Committee.

- **Name**
  Damon Barber
- **Role**
  Non-Independent
- **Years of service**
  Since Sep 2015
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% meetings schedule
- **Skills**
  Mining experience, operations, processing, Capital market, International business, leadership, strategic, fund raising, M&A, governance, project management.

DR. HUSSEIN BARMA

Non-executive Director

Dr. Barma is a principal of Barma Advisory. He was formerly CFO (UK) of Antofagasta Plc from 1998 to 2014 and possesses a deep knowledge of governance practices at board level, as well as accounting and reporting, investor relations and regulatory requirements of the London market. He previously worked as an auditor at Price Waterhouse (now PwC) and until May 2018 he was a steering group member of the UK Financial Reporting Council's Financial Reporting Lab. He is a non-executive Director of Chaarat Gold Holdings Limited.

Dr. Barma is the Chair of the Audit and Financial Risk Committee, and a member of the Corporate Governance Nominating Compensation Committee.

- **Name**
  Hussein Barma
- **Role**
  Chair of the AFRC
  Independent
- **Years of service**
  Since Sep 2015
- **Executive**
  Non-executive director
- **Time commitment**
  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.

NEIL GREGSON

Non-executive Director

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

Mr. Gregson has a BSc (Hons) Mining Engineering from Nottingham University. He became an associate of the Institute of Investment Management and Research of 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).

- **Name**
  Neil Gregson
- **Role**
  Independent
- **Years of service**
  Since Feb 2021
- **Executive**
  Non-executive director
- **Time commitment**
  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.

JESÚS FERNÁNDEZ

Non-executive Director

Mr. Fernandez is head of the M&A team for Trafigura. He joined Trafigura in 2004 and has fifteen years of experience in mining investments and financing. Previously, he was a director of Nyrstar, Tiger Resources Limited, Cadilac Ventures, Anvil Mining Limited and Iberian Minerals Corp. plc.

- **Name**
  Damon Barber
- **Role**
  Non-Independent
- **Years of service**
  Since Jun 2015
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% meetings schedule
- **Skills**
  Mining experience, Capital market, UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

HARRY LIU

BSc. Economics - Non-executive Director

Mr. Liu is a board director of Yanggu Xiangguang Copper (Shandong, China), one of the world's largest copper smelting, refining and processing groups.

Mr. Liu has held a number of senior management and marketing positions in the mineral and financial industries in Shanghai and Hong Kong, including roles as Marketing Manager at BHP Billiton Marketing AG and Director at BNP Paribas Asia.

Mr. Liu graduated with a Bachelor´s Degree in Economics from Zhejiang University in Zhejiang Province, China.

- **Name**
  Harry Liu
- **Role**
  Non-Independent
- **Years of service**
  Since Oct 2010
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% of meetings scheduled
- **Skills**
  Commodity trading and financing, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting.

JONATHAN LAMB

Non-executive Director

Mr. Lamb is portfolio manager at Orion Mine Finance and a director at Minera la Negra and former director at Lynx Resources. He was formerly investment manager for Red Kite Group's Mine Finance business. He was previously at Deutsche Bank's Metals & Mining Investment Banking group in New York, where he worked on a variety of debt and equity financings and M&A transactions.

- **Name**
  Jonathan Lamb
- **Role**
  Non-Independent
- **Years of service**
  Since Sep 2015
  Resigned Dec 2020
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% of meetings scheduled
- **Skills**
  Mining experience, Capital market, UK Markets, International business, Corporate finance, finance and accounting, legal, leadership, strategic, fund raising, M&A, governance.

DR. JOSE SIERRA LOPEZ

Non-executive Director

Dr. Sierra has an extensive experience as a mining and energy leader in the business and government sectors. His experience includes being Spain's national Director General of Mines and Construction Industries and EU Director for Fossil Fuels for the European Commission. Most recently he was Commissioner at the National Energy Commission of Spain. He was also a member of the Single Electricity Market of the Republic of Ireland and Northern Ireland. He was a member of the Board of Transport et Infrastructures Gaz France.

Dr. Sierra holds a Ph.D. in Mining from the University of Madrid. He obtained a DIC at the Royal School of Mines (Imperial College) and is an elected member of the Royal Academy of Doctors of Spain.

Dr. Sierra is the Chair of the Physical Risk Committee.

- **Name**
  José Sierra López
- **Role**
  Chair of the PRC
  Independent
- **Years of service**
  Since Oct 2011
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% meetings schedule
- **Skills**
  Mining experience, operations, processing, exploration, capital market, UK Market, international business, leadership, strategic, governance, project management, permitting.

STEPHEN SCOTT

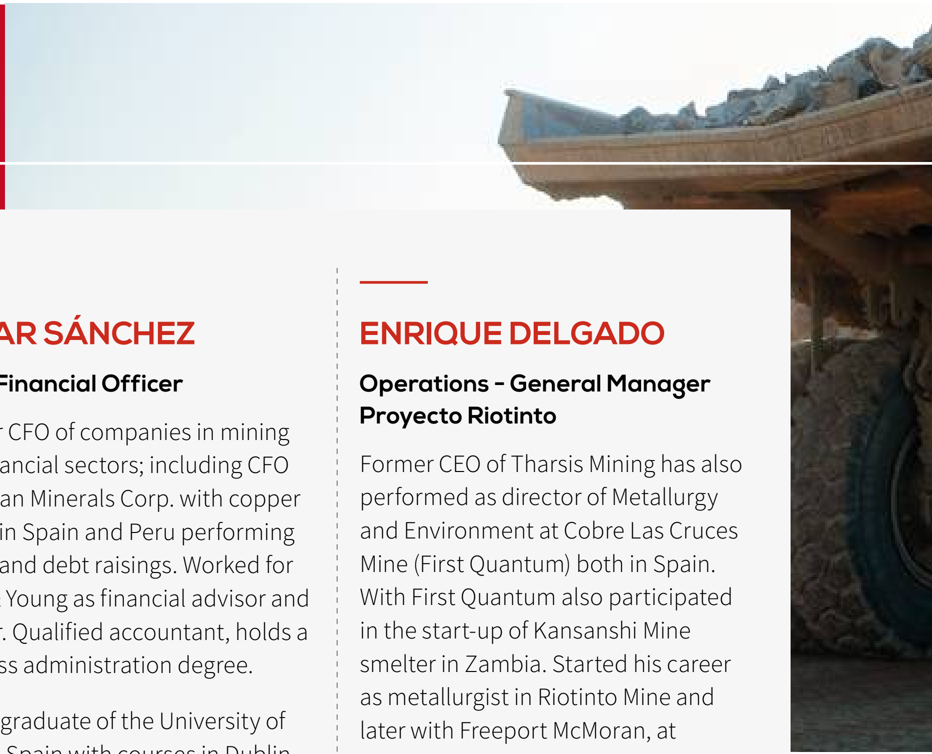
Non-executive Director

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 Rio Tinto (2000-2014) and currently serves on the boards of a number of public and private mining companies.

Mr. Scott is the Chair of the Corporate Governance Nominating Compensation Committee, and a member of the Audit and Financial Risk Committee and the Physical Risk Committee.

- **Name**
  Steve Scott
- **Role**
  Chair of the CGNCC
  Independent
- **Years of service**
  Since Sep 2015
- **Executive**
  Non-executive director
- **Time commitment**
  At least 75% of meetings scheduled
- **Skills**
  Mining experience, operations, processing, exploration, capital market, international business, leadership, strategic, fund raising, M&A, governance, project management, permitting, CEO.

MANAGEMENT



ALBERTO LAVANDEIRA

Managing Director and Chief Executive Officer

Mr. Lavandeira brings close to forty years of experience operating and developing mining projects. Formerly, he was President, CEO and COO of Rio Narcea Gold Mines which built three mines including Aguablanca, El Vallés-

Boinas and Tasiast. He is a director of Black Dragon Gold Corp. and Samref Overseas S.A, and he was involved in the development of the Mutanda Mine in the Democratic Republic of Congo.

He is a graduate of the University of Oviedo, Spain with a degree in Mining Engineering.

- **Name** ....
  Alberto Lavandeira
- **Role** ....
  Chief Executive Officer
- **Years of service** ....
  Since May 2014
- **Executive** ....
  Executive
- **Time commitment** ....
  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.

CÉSAR SÁNCHEZ

Chief Financial Officer

Former CFO of companies in mining and financial sectors; including CFO of Iberian Minerals Corp. with copper assets in Spain and Peru performing equity and debt raisings. Worked for Ernst & Young as financial advisor and auditor. Qualified accountant, holds a business administration degree.

He is a graduate of the University of Sevilla, Spain with courses in Dublin City University and ESIC.

- **Name** ....
  César Sánchez
- **Role** ....
  Chief Financial Officer
- **Years of service** ....
  Since June 2016
- **Executive** ....
  Executive
- **Time commitment** ....
  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

Former CEO of Tharsis Mining has also performed as director of Metallurgy and Environment at Cobre Las Cruces Mine (First Quantum) both in Spain. With First Quantum also participated in the start-up of Kansanshi Mine smelter in Zambia. Started his career as metallurgist in Riotinto Mine and later with Freeport McMoran, at Atlantic Copper smelter in Huelva, Spain.

He is a graduate of the University of Sevilla, Spain and Master of Senior Management of Leading Companies of the San Telmo International Institute of Sevilla, Spain.

- **Name** ....
  Enrique Delgado
- **Role** ....
  Operation General Manager
  Proyecto Riotinto
- **Years of service** ....
  Since May 2019
- **Executive** ....
  Executive
- **Time commitment** ....
  100%
- **Skills** ....
  Mining experience, operations, processing, exploration, international business, leadership, strategic, governance, project management and permitting.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Company adheres to the QCA Corporate Governance Code. Its statement of compliance is contained in section iii of the Management Report.

BOARD APPOINTMENTS

The Board is appointed by the shareholders and Directors are chosen based on their skill, experience and expertise. Directors are always expected to be ambassadors for the Company and reflect its values and work ethic. They are also expected to devote substantial time to research and preparation before each meeting to ensure that the Company is going in the right direction.

DIRECTOR INDUCTION

When appointed, new Directors are provided with an induction programme including meetings with other Directors, members of the senior management team and the Company's professional advisors. They are also briefed on their responsibilities under AIM and TSX. New Directors are also provided with an opportunity to visit the Company's operations in Spain to understand how Atalaya works on-site.

The Company requires its Directors to keep themselves professionally up-to-date and familiar with its 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 CGNC 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 Chairman 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 CGNC Committee, determine the independence of each director and the independence of each AFRC 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 CGNC 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.

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.

HIGHLIGHTS OF THE BOARD FOR THIS YEAR

Atalaya has had 11 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 had four Physical Risk Committee meetings, six Audit and Financial Risk Committee meetings and three Corporate Governance, Nominating and Compensation Committee meetings.

These committee meetings were held to deal with specifics and then a summary of those meetings was 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.
- Risk Management, Atalaya had a reassessment of risk and the areas that changed were updated.
- Board and committees' performance.
- Monitoring of expansion, review of growth opportunities/acquisitions.

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

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 CGNC Committee 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.

ROLE OF THE CHAIRMAN

The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes. The Chairman 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 Chairman and the Company Secretary in relation to establishing the agenda for Board meetings;

» Agree with the Chairman 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 Chairman 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 Chairman, on all governance matters and reports directly to the Chairman 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.

BOARD DIVERSITY AND BALANCE

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.

Name	Executive	Gender	Nationality	Years of service
R. Davey	Independent Non-executive Chairman	Male	British	Since May 2010
A. Lavandeira	Chief Executive Officer	Male	Spanish	Since May 2014
D. Barber	Non-executive Director	Male	American	Since Sep 2015
H. Barma	Independent Non-executive Director	Male	British	Since Sep 2015
J. Fernández	Non-executive Director	Male	Spanish	Since Jun 2015
H. Liu	Non-executive Director	Male	Chinese	Since Oct 2010
J. Lamb	Non-executive Director	Male	American	Since Sep 2015 to Dec 2020
J. Sierra Lopez	Independent Non-executive Director	Male	Spanish	Since Oct 2011
S. Scott	Independent Non-executive Director	Male	Canadian	Since Sep 2015

The table above comprises directors who served during the 2020 financial year.

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 2020. Meetings occurred in person and by teleconference.

Board meetings and attendance 2020

	BoD		AFRC		CGNCC		PRMC	
	Total	Attended	Total	Attended	Total	Attended	Total	Attended
R. Davey	11	**11**	5	**5**	3	**3**	3	**3**
A. Lavandeira	11	**11**	-	-		-	-	-
D. Barber	11	**11**	-	-	3	**3**	-	-
H. Barma	11	**11**	5	**5**	3	**3**	-	-
J. Fernández	11	**8**	-	-	-	-	-	-
H. Liu	11	**8**	-	-	-	-	-	-
J. Lamb	10	**10**	-	-	-	-	-	-
J. Sierra Lopez	11	**11**	-	-	-	-	3	**3**
S. Scott	11	**11**	5	**4**	3	**3**	3	**3**

BOARD EVALUATION

The Corporate Governance, Nominating and Compensation Committee determines the compensation of the directors of Atalaya, reviews the compensation of the CEO and approves the compensation of the other officers of Atalaya as recommended by the CEO. The CGNCC approves the Company´s compensation policy as regards base, short-term and long-term incentivisation, 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 Committee are held not less than twice a year to enable the Committee to undertake its role effectively.

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.

COMPLIANCE

The Audit and Financial Risk 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 2020 there have not been identified any material instances of non-compliance by 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 and Financial Risk 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 and TSX 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 ensures 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 a UK and Canadian listed company, it ensures compliance with the UK Bribery Act 2010 (the "Bribery Act") and the Corruption of Foreign Public Officials Act (Canada).

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.

2021 ANNUAL GENERAL MEETING

Atalaya's AGM will be held on 24 June 2021 at 11:00h in London (United Kingdom). The business of the meeting will be conducted in accordance with regulatory requirements and standards. The Chairman of the Board and the Chairmen of the Committees will be available to answer questions put to them by shareholders at the meeting.

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.

CGNCC

CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE REPORT

MEMBERS	ATTENDANCE
Stephen Scott	3/3
Damon Barber	3/3
Hussein Barma	3/3
Roger Davey	3/3

THE ROLE OF THE CGNCC

The Company's Corporate Governance, Nominating and Compensation Committee ("CGNCC") is, among other things, 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 remuneration 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. In addition, the Committee shall have the following **specific functions and responsibilities**:

» The Committee shall periodically review and, if advisable, approve and recommend for Board approval the compensation paid to Directors.

» 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 Chairman 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 UK Corporate Governance Code and 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.
- At least annually, the Committee shall evaluate each Director and each Audit and Financial Risk Committee member against the independence criteria established by the UK Corporate Governance Code and report the results to the Board.
- 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 review and, if advisable, approve and recommend for Board approval performance goals for the CEO in light of the Company's corporate goals and objectives.
- 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 Chairman of the Board and shall be presented to the Board for its review.
- The Committee shall periodically review, and, if advisable, approve and recommend for Board approval the Chief Executive Officer's compensation package. The compensation package recommendation shall be based on the CEO's evaluation, as well as other factors and criteria as may be determined by the Committee from time to time.
- 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 Committee shall periodically review the Company's existing share option plan and make any recommendations to the Board regarding the plan as it considers advisable. The Committee shall also review any proposed equity compensation grants (other than pursuant to the existing plan), programmes or plans.

The CGNCC comprises four members all of whom are non-executive and three are Independent. The current membership of the committee is Mr. S. Scott (Chairman), Mr. R. Davey, Dr. H. Barma and Mr. D. Barber.

DIRECTORS' SHARE OPTIONS

The Directors to whom options over ordinary shares have been granted and the number of ordinary shares subject to such options (post share consolidation figures) as at the balance sheet date are as follows:

Grant Date	Expiration Date	Exercise Price	Alberto Lavandeira
23 Feb 2017	22 Feb 2022	144p	150,000
29 May 2019	28 May 2024	201.5p	600,000
30 June 2020	29 June 2030	147.5p	400,000
			1,150,000

There were no further option grants between the balance sheet date and the date of this report.

Options expire five/ten years after grant date and are exercisable at the exercise price in whole or in part up to either (i) half on grant and half on the first anniversary of the grant, or (ii) one third on grant, one third on the first anniversary of grant and one third on the second anniversary of grant.

CORPORATE GOVERNANCE

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

DIRECTORS' EMOLUMENTS

In compliance with the disclosure requirements of the listing requirements of AIM and TSX, the aggregate remuneration paid to the Directors of Atalaya Mining Plc for the year ended 31 December 2020 is set out below:

(Euro 000's)	Short term benefits		Share based payments		
31 Dec 2020	Salary & Fees	Bonus	Incentive options*	Bonus shares**	Total
Executive Directors					
A. Lavandeira	472	305**	291	-	**1,068**
Non-executive Directors					
R. Davey	115	-	-	-	**115**
D. Barber	60	-	-	-	**60**
H. Barma	80	-	-	-	**80**
J. Fernández	55	-	-	-	**55**
J. Lamb (1)	53	-	-	-	**53**
H. Liu	55	-	-	-	**55**
J. Sierra López	69	-	-	-	**69**
S. Scott	86***	-	-	-	**86**
	1,045	305	291	-	**1,641**

1) Mr. Jon Lamb resigned as director of the Company on 15 December 2020.

(*) The amount relates to the non-cash expense recognised in accordance with IFRS 2 Share-based payments. On 30 June 2020, the Company granted 400,000 share options to the Executive Director Alberto Lavandeira (see Note 23 to the financial statements).

(**) The amount relates to the approval of the performance bonus for 2019 by the Board following the proposal of the CGNC Committee. During 2020, the Group has expensed the same amount for the performance bonus of 2019 which is not included in the table. The amount is yet to be approved by the Board. There is no certain or guarantee that the Board will approve a similar amount for 2020 performance.

(***) Includes €6.7k paid to the Canadian Pension Plan.

(Euro 000's)	Short term benefits		Share based payments	
31 Dec 2019	Salary & Fees	Bonus	Incentive options*	Total
Executive Directors				
A. Lavandeira	457	325**	173	**955**
Non-executive Directors				
R. Davey	107	-	-	**107**
D. Barber	56	-	-	**56**
H. Barma	76	-	-	**76**
J. Fernández	51	-	-	**51**
J. Lamb	51	-	-	**51**
H. Liu	51	-	-	**51**
J. Sierra López	65	-	-	**65**
S. Scott	79***	-	-	**79**
	993	325	173	**1,491**

(*) The amount relates to the non-cash expense recognised in accordance with IFRS 2 Share-based payments. On 29 May 2019 the Company granted 600,000 share options to the Executive Director Alberto Lavandeira (see Note 23).

(**) The amount relates to the approval of the performance bonus for 2018 by the Board following the proposal of the CGNC Committee. During 2019, the Group has expensed the same amount for the performance bonus of 2018 which is not included in the table. The amount is yet to be approved by the Board. There was no certainty or guarantee at the time that the Board would approve a similar amount for 2019 performance.

(***) Includes €3k paid to the Canadian Pension Plan for fees related to previous years.

DIRECTORS' INTERESTS

The interests of the Directors and their immediate families, (all of which are beneficial unless otherwise stated) and of persons connected with them, in Ordinary Shares, as at 31 December 2020 and 2019, are as follows:

The interest percentage represents the percentage of voting rights. Between 31 December 2020 and the date of approval of the consolidated and Company financial statements, the only change in the Board of Directors' interests in the share capital of the Company was the disposal of 12,312 shares by Mr. Liu.

	2020		2019	
Name	No. of existing Ordinary Shares	% of issued Share Capital	No. of existing Ordinary Shares	% of issued Share Capital
A. Lavandeira	**240,000**	**0.17%**	210,000	0.15%
D. Barber[1]	**19,578,947***	**14.17%**	19,578,947*	14.26%
J. Fernández[2]	**30,821,213***	**22.31%**	30,821,213*	22.44%
H. Liu[3]	**31,118,627****	**22.53%**	31,150,943**	22.68%
J. Lamb[4]	**n/d**	**-**	18,786,609*	13.68%
J. Sierra Lopez	**26,666**	**0.02%**	26,666	0.02%

(1) Liberty Metals & Mining Holdings LLC

(2) Urion Holdings (Malta) Ltd

(3) Yanggu Xiangguang Copper Co. Ltd

(4) Orion Mine Finance (Master) Fund I LP. Mr. Lamb resigned as Director of the Company on 15 December 2020. The number of shares as of 31 December 2020 was 4,758,526 shares.

(*) Shares held by the companies the Directors represent

(**) includes 412,395 shares held personally by Mr. Liu (FY2019: 444,711 shares).

2020 REVIEW

The Committee met three times during 2020, covering a number of issues. The Company invited Field Fisher into their meetings to support all decisions from the Committee to be proposed to the Board.

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 2020.

Atalaya always bases their remuneration packages in comparison with their peers in the mining sector and in companies of similar size and similar financials.

Stephen Scott

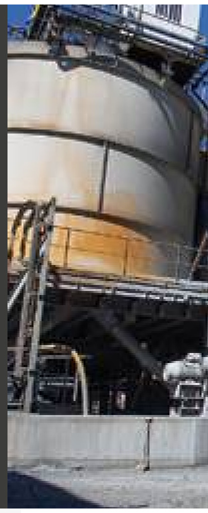
Chairman of Corporate Governance, Nominating and Compensation Committee

24 March 2021

AFRC

AUDIT AND FINANCIAL RISK COMMITTEE REPORT

MEMBERS	ATTENDANCE
Hussein Barma	5/5
Stephen Scott	4/5
Roger Davey	5/5



THE ROLE OF THE AFRC

The Company's Audit and Financial Risk Committee ("AFRC") 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 AFRC 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 AFRC 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 AFRC 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 AFRC 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.

The AFRC comprises three members all of whom are non-executive and Independent. The current membership of the committee is Dr. H. Barma (Chairman), Mr. R. Davey and Mr. S. Scott. The secretary, CEO and CFO and external auditors also attend in when requested by the Committee.

2020 REVIEW

The AFRC met six times during 2019. Four meetings were timed to coincide with approval of financial results for publication with two meetings held as planning meetings for the year-end.

During the year, the AFRC 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 AFRC 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.
- Impact of new accounting standards and guidance, in particular IFRS 16 "Leases" and IFRIC 23.
- The going concern statement in the Management Report above and in Note 2.1(b) to the Financial Statements, including the possible impact of the COVID-19 outbreak.
- Key accounting and audit matters for 2019 including the Astor Deferred Consideration and Revenue Recognition.
- An internal evaluation of the AFRC's performance with feedback from board members, senior management and the external auditors.
- A review of the AFRC's Charter to ensure that it remained fit for purpose and that the AFRC complied with its responsibilities.

Hussein Barma

Chairman of Audit and Financial Risk Committee

24 March 2021

PRC

PHYSICAL RISKS COMMITTEE REPORT

MEMBERS	ATTENDANCE
Dr José Sierra López (Chair)	3/3
Roger Davey	3/3
Stephen Scott	3/3

THE ROLE OF THE PRC

The function of the PRC is oversight. It is recognised that members of the PRC who are Non-Executive Directors 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 PRC 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 PRC comprises three members all of whom are non-executive and Independent. The current membership of the committee is Dr. J. Sierra (Chairman), Mr. R. Davey and Mr. S. Scott.

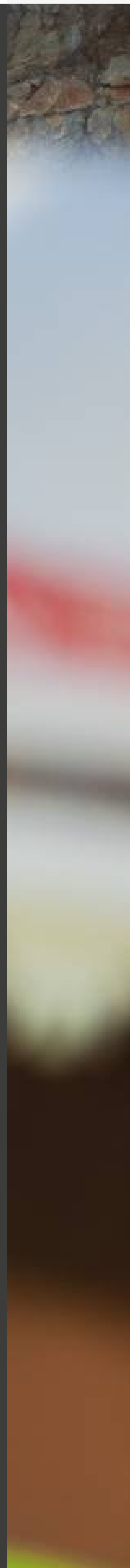
2020 REVIEW

The PRC had three meetings in the year which covered a number of issues. These included meetings on site which covered health and safety issues and risk areas. Health and safety is 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.

Dr José Sierra López
Chairman of Physical Risks Committee
24 March 2021

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements for the year ended 31 December 2020 have been extracted from the audited financial statements of the Group, but have not been audited. The auditor's report on the audited financial statements does not report on all of the information contained herein.

Shareholders are therefore advised that in order to obtain a full understanding of the financial position and results of the Group, these condensed consolidated financial statements should be read together with the full audited financial statements and full audit report.

These condensed consolidated financial statements and the audited financial statements, together with the audit report, are available on the Company's website, www.atalayamining.com.

The directors of Atalaya Mining plc:

- take full responsibility for the preparation of this report and the correct extraction of the financial information from the underlying financial statements;
- are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information in a manner that fairly presents the state of affairs of the Company;
- are responsible for ensuring that these financial statements are prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting policies of the Group, which are supported by prudent judgement;
- are responsible for the maintenance of effective systems of internal control, which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the financial statements, and to prevent and detect material misstatement and loss.

Ernst & Young Cyprus Limited has expressed an unmodified audit opinion in the Independent Auditor's Report dated 24 March 2021 on the audited consolidated financial statements approved on the same date by the Directors of the Company. The report includes the communication of key audit matters and their response to the key audit matter and it is available on the Company's website www.atalayamining.com.

The preparation of these condensed results was supervised by the Chief Finance Officer, Cesar Sanchez, a Chartered Accountant (ICAC).

The condensed consolidated financial statements have been prepared on a going concern basis, as the directors believe that the Company and Group will continue to be in operation for the foreseeable future.

The consolidated annual financial statements have been approved by the Board on 24 March 2021.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

(Euro 000's)	Note	2020	2019
Revenue	4	**252,784**	187,868
Operating costs and mine site administrative expenses		**(175,484)**	(115,325)
Mine site depreciation, amortisation and impairment	12,13	**(31,683)**	(23,025)
Gross profit		**45,617**	49,518
Administration and other expenses		**(6,854)**	(6,718)
Share based benefits	21	**(816)**	(619)
Exploration expenses		**(1,661)**	(3,588)
Impairment loss on other receivables		**(49)**	(1,694)
Care and maintenance expenditure		**(525)**	(373)
Operating profit/(loss)	6	**35,712**	36,526
Other income	5	**-**	88
Net foreign exchange (loss)/gain	3	**(3,826)**	350
Interest income from financial assets at amortised cost	8	**197**	52
Finance costs	9	**(341)**	(89)
Profit before tax		**31,742**	36,927
Tax	10	**(1,352)**	(6,207)
Profit for the year		**30,390**	30,720
Profit for the year attributable to:			
Owners of the parent		**31,479**	37,323
Non-controlling interests		**(1,089)**	(6,603)
		30,390	30,720
Earnings per share from operations attributable to equity holders of the parent during the year:			
Basic earnings per share (EUR cents per share)	11	**22.9**	27.2
Diluted earnings per share (EUR cents per share)	11	**22.4**	26.8
Profit for the year		**30,390**	30,720
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'	18	**44**	(29)
Total comprehensive profit for the year		**30,434**	30,691
Total comprehensive profit for the year attributable to:			
Owners of the parent		**31,523**	37,294
Non-controlling interests		**(1,089)**	(6,603)
		30,434	30,691

The notes on pages 87 to 109 are an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

(Euro 000's)	Note	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	12	**327,174**	307,815
Intangible assets	13	**59,816**	63,085
Trade and other receivables	17	**2,715**	500
Non-current financial asset	28	**1,101**	1,101
Deferred tax asset	15	**8,805**	6,576
		399,611	379,077
Current assets			
Inventories	16	**23,576**	21,330
Trade and other receivables	17	**43,191**	32,857
Tax refundable		**815**	1,924
Other financial assets	18	**86**	42
Cash and cash equivalents	19	**37,767**	8,077
		105,435	64,230
Total assets		**505,046**	443,307
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	20	**13,439**	13,372
Share premium	20	**315,714**	314,319
Other reserves	21	**40,049**	22,836
Accumulated losses		**(15,512)**	(30,669)
		353,690	319,858
Non-controlling interests	22	**(3,491)**	(2,402)
Total equity		**350,199**	317,456
Liabilities			
Non-current liabilities			
Trade and other payables	23	**1,448**	13
Provisions	24	**25,264**	6,941
Lease liability	25	**4,796**	5,265
Deferred consideration	26	**-**	53,000
		31,508	65,219
Current liabilities			
Trade and other payables	23	**68,437**	57,537
Lease liability	25	**592**	588
Current tax liabilities	10	**1,310**	2,507
Deferred consideration	26	**53,000**	-
		123,339	60,632
Total liabilities		**154,847**	125,851
Total equity and liabilities		**505,046**	443,307

The notes on pages 87 to 109 are an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

(Euro 000's)	Note	Share capital	Share Premium[2]	Other reserves[1]	Accumulated losses	Total	Non-controlling interest	Total equity
AT 1 JANUARY 2019		13,372	314,319	12,791	(58,308)	282,174	4,200	286,374
Profit / (loss) for the year		-	-	-	37,323	37,323	(6,602)	30,721
Change in fair value of financial assets through OCI	18	-	-	(29)	-	(29)	-	(29)
Total comprehensive income		-	-	(29)	37,323	37,294	(6,602)	30,692
Transactions with owners								
Depletion factor	21	-	-	5,378	(5,378)	-	-	-
Recognition of share-based payments	21	-	-	619	-	619	-	619
Recognition of non-distributable reserve	21	-	-	1,984	(1,984)	-	-	-
Recognition of distributable reserve	21	-	-	1,844	(1,844)	-	-	-
Other changes in equity	21			249	(478)	(229)	-	(229)
AT 31 DECEMBER 2019/ 1 JANUARY 2020		**13,372**	**314,319**	**22,836**	**(30,669)**	**319,858**	**(2,402)**	**317,456**
Profit / (loss) for the year		**-**	**-**	**-**	**31,479**	**31,479**	**(1,089)**	**30,390**
Change in fair value of financial assets through OCI	18	**-**	**-**	**44**	**-**	**44**	**-**	**44**
Total comprehensive income / (loss) for the year		**-**	**-**	**44**	**31,479**	**31,523**	**(1,089)**	**30,434**
Transactions with owners								
Issuance of share capital	20	**67**	**1,395**	**-**	**-**	**1,462**	**-**	**1,462**
Depletion factor	21	**-**	**-**	**14,155**	**(14,155)**	**-**	**-**	**-**
Recognition of share-based payments	21	**-**	**-**	**816**	**-**	**816**	**-**	**816**
Recognition of non-distributable reserve	21	**-**	**-**	**2,198**	**(2,198)**	**-**	**-**	**-**
Other changes in equity	21	**-**	**-**	**-**	**31**	**31**	**-**	**31**
AT 31 DECEMBER 2020		**13,439**	**315,714**	**40,049**	**(15,512)**	**353,690**	**(3,491)**	**350,199**

(1) Refer to Note 21

(2) The share premium reserve is not available for distribution.

The notes on pages 87 to 109 are an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

(Euro 000's)	Note	2020	2019
Cash flows from operating activities			
Profit before tax		**31,742**	36,927
Adjustments for:			
Depreciation of property, plant and equipment	12	**25,766**	12,575
Amortisation of intangible assets	13	**4,941**	3,502
Impairment of intangibles	13	**985**	6,948
Recognition of sharebased payments	21	**816**	619
Interest income	8	**(197)**	(52)
Interest expense	9	**180**	41
Unwinding of discounting	9	**144**	40
Legal provisions	24	**238**	261
Impairment loss on other receivables	17	**49**	1,694
Rehabilitation provision		**-**	(18)
Unrealised foreign exchange loss on financing activities		**(47)**	2
Cash inflows from operating activities before working capital changes		**64,617**	62,539
Changes in working capital:			
Inventories	16	**(2,246)**	(10,508)
Trade and other receivables	17	**(10,356)**	(9,911)
Trade and other payables	23	**11,747**	1,159
Cash flows from operations		**63,762**	43,279
Interest expense on lease liabilities	25	**(17)**	(8)
Interest paid		**(180)**	(41)
Tax paid		**(4,475)**	(5,296)
Net cash from operating activities		**59,090**	37,934
Cash flows from investing activities:			
Purchases of property, plant and equipment	12	**(27,046)**	(56,453)
Purchases of intangible assets	13	**(3,311)**	(5,449)
Acquisition of other financial assets	18	**-**	(501)
Interest received	8	**197**	52
Net cash used in investing activities		**(30,160)**	(62,351)
Cash flows from financing activities			
Lease payment	25	**(618)**	(576)
Proceeds from issue of share capital		**1,378**	-
Net cash from / (used in) financing activities		**760**	(576)
Net increase / (decrease) in cash and cash equivalents		**29,690**	(24,993)
Cash and cash equivalents:			
At beginning of the year	19	**8,077**	33,070
At end of the year	19	**37,767**	8,077

The notes on pages 87 to 109 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INCORPORATION AND SUMMARY OF BUSINESS

COUNTRY OF INCORPORATION

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 the Alternative Investment Market (AIM) of the London Stock Exchange in May 2005 under the symbol ATYM and on the TSX on 20 December 2010 under the symbol AYM. The Company continued to be listed on AIM and the TSX as at 31 December 2020.

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

CHANGE ON NAME AND SHARE CONSOLIDATION

Following the Company's EGM on 13 October 2015, the change of the name 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 £0.075 for every 30 existing ordinary shares of nominal value of £0.0025.

PRINCIPAL ACTIVITIES

The Company owns and operates through a wholly owned subsidiary, "Proyecto Riotinto", an open-pit copper mine located in the Pyritic belt, in the Andalusia region of Spain, approximately 65 km northwest of Seville.

Atalaya also owns 10% of Proyecto Touro, a brownfield copper project in northwest Spain. The following four phases determine how the Company may acquire up to 80% of Proyecto Touro:

» **Phase 1 –** The Company paid €0.5 million to secure the exclusivity agreement and will continue to fund up to a maximum of €5 million to get the project through the permitting and financing stages.

» **Phase 2 –** When permits are granted, the Company will pay €2 million to earn-in an additional 30% interest in the project (cumulative 40%).

» **Phase 3 –** Once development capital is in place and construction is underway, the Company will pay €5 million to earn-in an additional 30% interest in the project (cumulative 70%).

» **Phase 4 –** Once commercial production is declared, the Company will purchase an additional 10% interest in the project (cumulative 80%) in return for a 0.75% Net Smelter Return (NSR) royalty, with a buyback option.

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.

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. Initial payment to be executed once the project is permitted and second and last payment when first production is achieved from the concession.

The Company's and its subsidiaries' activity are to explore for and develop mining operations in Europe, with an initial focus on copper.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated 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 euros (€) 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 IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113. For the year ending 31 December 2020, the standards applicable for IFRSs 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 significant to the financial statements are disclosed in Note 3.4.

(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 including any potential future impact of the COVID-19 pandemic; (ii) market volatility in commodity 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. The analysis included the long term credit lines available to fund the payment of the Deferred Consideration, reclassified as at 31 December 2020 as a current liability.

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

2.2 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 2020.

Several other amendments and interpretations apply for the first time in 2020, but do not have a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective:

- Conceptual Framework in IFRS standards.
- IFRS 3: Business Combinations (Amendments).
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments).
- Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments).

2.2.1. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. Some of them have been adopted by the European Union whilst others are awaiting adoption. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

» Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

» IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments).

» IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments).

» IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment).

» Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments).

2.2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in the preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group´s consolidated financial statements for the year ended 31 December 2020.

The full set of accounting policies can be found in Note 2 and the disclosures on financial risk management and critical accounting estimates and judgements can be found in Note 3 to the audited consolidated financial statements, which are available on the Company's website www.atalayamining.com.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS 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 agreements (Note 28.3).

GEOGRAPHICAL SEGMENTS

The Group's mining activities are located in Spain. The sale 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.

2020

(Euro 000's)	Cyprus	Spain	Other	Total
Revenue	30,848	221,936	-	252,784
Earnings/(loss)before Interest, Tax, Depreciation and Amortisation	22,324	45,277	(157)	67,444
Depreciation/amortisation charge	(2)	(31,681)	-	(31,683)
Net foreign exchange gain/(loss)	(960)	(2,870)	4	(3,826)
Impairment of other receivables	(49)	-	-	(49)
Finance income	-	197	-	197
Finance cost	(1)	(340)	-	(341)
Profit/(loss) before tax	21,312	10,583	(153)	31,742
Tax	(2,036)	684	-	(1,352)
Profit for the year				30,390
Total assets	37,284	466,605	1,157	505,046
Total liabilities	(12,271)	(142,545)	(31)	(154,847)
Depreciation of property, plant and equipment	2	25,741	-	25,743
Amortisation of intangible assets	-	4,941	-	4,941
Total additions of non-current assets	2	58,650	-	58,652

2019				
(Euro 000's)	Cyprus	Spain	Other	Total
Revenue	10,335	177,533	-	187,868
Earnings/(loss)before Interest, Tax, Depreciation and Amortisation	4,195	58,209	(1,071)	61,333
Depreciation/amortisation charge	(1)	(23,024)	-	(23,025)
Net foreign exchange gain/(loss)	126	224	-	350
Impairment of other receivables	(1,694)	-	-	(1,694)
Finance income	25	27	-	52
Finance cost	(1)	(88)	-	(89)
Profit/(loss) before tax	2,650	35,348	(1,071)	36,927
Tax	(1459)	(4,748)	-	(6,207)
Profit for the year				30,720
Total assets	19,515	422,316	1,476	443,307
Total liabilities	(13,823)	(111,461)	(567)	(125,851)
Depreciation of property, plant and equipment	1	12,574	-	12,575
Amortisation of intangible assets	-	3,502	-	3,502
Total additions of non-current assets	1	63,498	-	63,499

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.

	2020		2019	
(Euro 000's)	Segment	€'000	Segment	€'000
Offtaker 1	**Copper**	**50,611**	Copper	35,766
Offtaker 2	**Copper**	**67,012**	Copper	53,147
Offtaker 3	**Copper**	**119, 491**	Copper	98,955

4. REVENUE

(Euro 000's)	2020	2019
Revenue from contracts with customers [1]	**249,438**	188,019
Fair value gain/losses relating to provisional pricing within sales [2]	**3,346**	(151)
Total revenue	**252,784**	187,868

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 2020 revenue there is a transaction price of €3.0 million (€0.2 million in 2019) related to the freight services provided by the Group to 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.

5. OTHER INCOME

(Euro 000's)	2020	2019
Gain on disposal of associate	-	50
Release of prior year provision	-	-
Other income	-	38
	-	88

6. EXPENSES BY NATURE

(Euro 000's)	2020	2019
Operating costs	**150,253**	92,699
Rents (Note 25)	**4,509**	4,040
Care and maintenance expenditure	**369**	240
Exploration expenses	**1,661**	3,588
Employee benefit expense (Note 7)	**21,194**	20,153
Compensation of key management personnel	**2,100**	2,105
Auditors' remuneration – audit	**229**	215
Other services	**19**	31
Other accountants' remuneration	**111**	152
Consultants' remuneration	**1,174**	1,026
Depreciation of property, plant and equipment (Note 12)	**25,744**	12,575
Amortisation of intangible assets (Note 13)	**4,941**	3,502
Travel costs	**140**	371
Share option-based employee benefits	**816**	619
Shareholders' communication expense	**178**	-
On-going listing costs	**235**	369
Legal costs	**689**	448
Public relations and communication development	**492**	567
Insurances	**112**	-
Impairment of intangible assets (Note 13)	**985**	6,948
Impairment loss on other receivables (Note 17)	**49**	1,694
Other expenses and provisions	**1,069**	-
Total cost of operation, corporate, share based benefits, care and maintenance, and exploration expenses	**217,069**	151,342

7. EMPLOYEE BENEFIT EXPENSE

(Euro 000's)	2020	2019
Wages and salaries	**15,675**	14,599
Social security and social contributions	**5,054**	4,997
Employees' other allowances	**20**	21
Bonus to employees	**445**	536
	21,194	20,153

The average number of employees and the number of employees at year end by office are:

Number of employees	Average		At year end	
	2020	2019	2020	2019
Spain – Full time	**482**	441	**482**	446
Spain – Part time	**6**	6	**6**	7
Cyprus – Full time	**1**	3	**1**	2
Cyprus – Part time	**1**	-	**1**	-
Total	**490**	450	**490**	455

8. FINANCE INCOME

(Euro 000's)	2020	2019
Interest income	**197**	52
	197	52

Interest income relates to interest received on bank balances.

9. FINANCE COSTS

(Euro 000's)	2020	2019
Interest expense:		
Other interest	**180**	40
Interest expense on lease liabilities	**17**	8
Unwinding of discount on mine rehabilitation provision (Note 24)	**144**	41
	341	89

10. TAX

(Euro 000's)	2020	2019
Current income tax charge	**3,582**	5,158
(Over)/under provision previous years	**-**	(302)
Deferred tax related to utilization of losses for the year (Note 15)	**777**	256
Deferred tax income relating to the origination of temporary differences (Note 15)	**(3,320)**	874
Deferred tax expense relating to reversal of temporary differences (Note 15)	**313**	221
	1,352	6,207

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)	2020	2019
Accounting profit before tax	**31,742**	36,927
Tax calculated at the applicable tax rates of the Company – 12.5%	**3,968**	4,616
Tax effect of expenses not deductible for tax purposes	**2,334**	1,103
Tax effect of tax loss for the year	**662**	4,021
Tax effect of allowances and income not subject to tax	**(3,502)**	(7,123)
Over provision for prior year taxes	**-**	(302)
Effect of higher tax rates in other jurisdictions of the Group	**897**	2,797
Tax effect of tax losses brought forward	**(777)**	(256)
Deferred tax (Note 15)	**(2,230)**	1,351
Tax charge	**1,352**	6,207

Tax losses carried forward

As at 31 December 2020, the Group had tax losses carried forward amounting to €15.4 million from the Spanish subsidiary for the period 2008 to 2015.

CYPRUS

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to a defence contribution under Cypriot tax law 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 2020 and 2019 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)	2020	2019
Parent company	**(2,842)**	(3,997)
Subsidiaries	**34,321**	41,320
Profit attributable to equity holders of the parent	**31,479**	37,323
Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	**137,359**	137,339
Basic profit per share (EUR cents/share)	**22.9**	27.2
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**140,511**	139,236
Diluted profit per share (EUR cents/share)	**22.4**	26.8

At 31 December 2020, there are 2,787,000 options (Note 21) and nil warrants (Note 20) (At 31 December 2019: 2,505,250 options and nil warrants) which have been included when calculating the weighted average number of shares for FY2020.

12. 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
2020							
Cost							
AT 1 JANUARY 2020	**46,063**	**6,421**	**248,221**	**16,517**	**34,013**	**781**	**352,016**
Additions	-	**148**	**2,278**	**16,863**	**7,855**	**20**	**27,164**
Increase in rehab. provision	**17,954(7)**	-	-	-	-	-	**17,954**
Reclassifications	-	-	**17,552(4)**	**(17,552)**	-	-	-
Advances	**17**	-	-	-	-	-	**17**
AT 31 DECEMBER 2020	**64,034**	**6,569**	**268,051**	**15,828**	**41,868**	**801**	**397,151**
Depreciation							
AT 1 JANUARY 2020	**8,257**	**391**	**28,872**	-	**6,061**	**620**	**44,201**
Charge for the year	**3,414**	**565(6)**	**19,257(8)**	-	**2,467**	**63**	**25,766**
Disposals	-	-	**5**	-	-	**5**	**10**
AT 31 DECEMBER 2020	**11,671**	**956**	**48,134**	-	**8,528**	**688**	**69,977**
NET BOOK VALUE AT 31 DECEMBER 2020	**52,363**	**5,613**	**219,917**	**15,828**	**33,340**	**113**	**327,174**
2019							
Cost							
AT 1 JANUARY 2019	45,853	6,144	152,820	62,010	27,537	785	295,149
Additions	210	277	1,171	48,737	6,476	1	56,872
Reclassifications	-	-	94,230	(94,230)	-	-	-
Disposals	-	-	-	-	-	(5)	(5)
AT 31 DECEMBER 2019	46,063	6,421	248,221	16,517	34,013	781	352,016
Depreciation							
AT 1 JANUARY 2019	6,072	-	20,315	-	4,681	561	31,629
Charge for the year	2,185	391	8,557	-	1,380	62	12,575
Disposals	-	-	-	-	-	(3)	(3)
AT 31 DECEMBER 2019	8,257	391	28,872	-	6,061	620	44,201
NET BOOK VALUE AT 31 DECEMBER 2019	37,806	6,030	219,349	16,517	27,952	161	307,815

The above fixed assets are mainly located in Spain.

(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 2020 amounted to €15.8 million (2019: €16.5 million). It includes the capitalisation of costs related sustaining capital expenses.

(4) Transfers related to sustaining Capex and the Tailing Dam Project.

(5) See leases in Note 25.

(6) Depreciation includes an adjustment of previous year amounted to €11k.

(7) Increase in lands related with the rehabilitation provision amounting to €17,941k

(8) The increase in the depreciation relate to the completion of the expansion project in January 2020 and the increase of ore processed.

In 2017 the Board approved an Expansion Project to increase the plant capacity to 15Mtpa. During 2020, the Expansion Project was completed with the processing plant fully commissioned and operating at an increased annualised rate of 15 Mtpa since January 2020.

During 2020, the Group capitalised personnel costs amounting to €466k (2019: €953k) in relation to the Expansion Project.

13. INTANGIBLE ASSETS

(Euro 000's)	Permits (1)	Licences, R&D and Software	Total
2020			
Cost			
ON 1 JANUARY 2020	**76,538**	**7,610**	**84,148**
Additions	**1,672** (2)	**1,312**	**2,984**
Disposals	**-**	**(327)**	**(327)**
AT 31 DECEMBER 2020	**78,210**	**8,595**	**86,805**
Amortisation			
ON 1 JANUARY 2020	**13,808**	**7,255**	**21,063**
Charge for the year	**4,875**	**66**	**4,941**
Impairment charge (Note 6)	**-**	**985**	**985**
AT 31 DECEMBER 2020	**18,683**	**8,306**	**26,989**
NET BOOK VALUE AT 31 DECEMBER 2020	**59,527**	**289**	**59,816**
2019			
Cost			
ON 1 JANUARY 2019	76,538	6,026	82,564
Additions from acquisition of subsidiary	-	5,449	5,499
Additions	-	(3,865)	(3,865)
AT 31 DECEMBER 2019	76,538	7,610	84,148
Amortisation			
ON 1 JANUARY 2019	10,370	243	10,613
Charge for the year	3,438	64	3,502
Impairment charge (Note 6)	-	6,948	6,948
AT 31 DECEMBER 2019	13,808	7,255	21,063
NET BOOK VALUE AT 31 DECEMBER 2019	62,730	355	63,085

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

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

The useful life of the intangible assets is estimated to be not less than fourteen years from the start of production (the revised Reserves and Resources statement which was announced in July 2016 increased the life of mine to 16 ½ years). In July 2018, the Company announced an updated technical report on the mineral resources and reserves of the Proyecto Riotinto. The Report increased the open pit mineral reserves by 29% and stated the life of mine as 13.8 years, considering the on-going expansion of the processing plant.

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

The Group conducts impairment testing on an annual basis unless indicators of impairment are not present at the reporting date. Atalaya assessed its assets concluding that there are no indicators of impairment for either Proyecto Riotinto or Atalaya Masa Valverde as of 31 December 2020. Management decided to impair in 2019 all the investment (€6,948k) related to exploration and other related expenses of Proyecto Touro due to the existence of substantial evidence of impairment based on the negative

Environmental Impact Statement notified by the Xunta de Galicia. Mining rights relating to Proyecto Touro continue to be carried at their book value of €5.0 million in Permits as their market value is in excess of the carrying value.

Goodwill of €9,333,000 arose on the acquisition of the remaining 49% of the issued share capital of Atalaya Riotinto Minera S.L.U. in September 2008. This amount was fully impaired on acquisition, in the absence of the mining licence in 2008.

14. INVESTMENT IN JOINT VENTURE

COMPANY NAME

Recursos Cuenca Minera S.L.

PRINCIPAL ACTIVITIES

Exploitation of tailing dams and waste areas resources

COUNTRY OF INCORPORATION

Spain

EFFECTIVE PROPORTION OF SHARES HELD AT 31 DECEMBER 2015

50%

In 2012 ARM entered into a 50/50 joint venture with Recursos Cuenca Minera S.L. (Rumbo) to evaluate and exploit the potential of the class B resources in the tailings dam and waste areas at Proyecto Riotinto. Under the joint venture agreement, ARM will be the operator of the joint venture and will reimburse Rumbo for the costs associated with the application for classification of the Class B resources. ARM 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.

The Group's significant aggregate amounts in respect of the joint venture are as follows:

(Euro 000's)	2020	2019
Intangible assets	**94**	94
Trade and other receivables	**2**	2
Cash and cash equivalents	**21**	21
» Trade and other payables	**(115)**	(115)
» Net assets	**2**	2
Revenue	**-**	-
» Expenses	**-**	-
» Net profit/(loss) after tax	**-**	-

15. DEFERRED TAX

(Euro 000's)	Consolidated statement of financial position 2020	Consolidated statement of financial position 2019	Consolidated income statement 2020	Consolidated income statement 2019
Deferred tax asset				
AT 1 JANUARY	**6,576**	7,927	**-**	-
Deferred tax asset due to losses available against future taxable income (Note 10)	**-**	-	**-**	-
Deferred tax related to utilization of losses for the year (Note 10)	**(777)**	(256)	**777**	256
Deferred tax asset due to losses available against future taxable income overprovision previous years (Note 10)	**-**	-	**-**	-
Deferred tax income relating to the origination of temporary differences (Note 10)	**3,319**	(874)	**(3,319)**	874
Deferred tax expense relating to reversal of temporary differences (Note 10)	**(313)**	(221)	**313**	221
AT 31 DECEMBER	**8,805**	6,576		
Deferred tax income (Note 10)			**(2,229)**	1,351

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.

In addition to recognised deferred income tax asset, the Group has unrecognised tax losses in Cyprus that are available to carry forward for 5 years against future taxable income of the Group companies in which the losses arose, and in Spain €15.4 million (2019: €18.5 million) which are available to carry forward indefinitely against future profits. Deferred tax assets have not been recognised in respect of losses in Cyprus as they may not be used to offset taxable profits elsewhere in the Group, and due to the uncertainty in profitability in the near future to support (either partially or in full) the recognition of the losses as deferred income tax assets.

16. INVENTORIES

(Euro 000's)	2020	2019
Finished products	**8,642**	11,024
Materials and supplies	**13,764**	9,266
Work in progress	**1,170**	1,040
	23,576	21,330

As at 31 December 2020, copper concentrate produced and not sold amounted to 12,180 tonnes (2019: 14,201 tonnes). Accordingly, the inventory for copper concentrate was €8.6 million (2019: €11.0 million). During the year 2020 the Group recorded cost of sales amounting to €175.5 million (2019: €115.3 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.

17. TRADE AND OTHER RECEIVABLES

(Euro 000's)	2020	2019
Non-current trade and other receivables		
Deposits	**48**	500
Loans	**2,667**	-
	2,715	500
Current trade and other receivables		
Trade receivables at fair value – subject to provisional pricing	**20,304**	8,798
Trade receivables from shareholders at fair value – subject to provisional pricing (Note 28.4)	**3,946**	8,918
Other receivables from related parties at amortised cost (Note 28.3)	**56**	56
Deposits	**21**	26
VAT receivable	**15,826**	14,380
Tax advances	**9**	7
Prepayments	**2,507**	616
Other current assets	**522**	56
	43,191	32,857
Allowance for expected credit losses	**-**	-
Total trade and other receivables	**45,906**	33,357

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.

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

In 2018, the Company recognised a €200k prepayment from an option to acquire a portion of an investment on a company which held mining rights of a land. In 2019, the Company signed an agreement to acquire an option over a portion of investment in another entity. The total amount paid in as prepayment for these two investments in 2019 was €1,494k. After the exploration processed performed by the Company on both lands, management decided not to pursue with the execution of both options and therefore to fully impaired the prepayments in 2019. Set out below are the movements of the impairment:

(Euro 000's)	2020	2019
1 JANUARY	**-**	200
Additions	**49**	1,494
Impairment	**(49)**	(1,694)
AT 31 DECEMBER	**-**	-

18. OTHER FINANCIAL ASSETS

(Euro 000's)	2020	2019
Financial asset at fair value through OCI (see (a)) below)	**1,187**	1,143
Total current	**86**	42
Total non-current	**1,101**	1,101

a) Financial assets at fair value through OCI

(Euro 000's)	2020	2019
AT 1 JANUARY (1)	**1,143**	71
Additions (3)	**-**	1,101
Fair value change recorded in equity (Note 21)	**44**	(29)
Reversal of previously impaired	**-**	50
Disposals (2)	**-**	(50)
AT 31 DECEMBER	**1,187**	1,143

(1) The Group decided to recognise changes in the fair value of available-for-sale investments in Other Comprehensive Income ('OCI').

(2) On 20 March 2019, the Board of Directors approved the disposal of the 10% free-carried investment of Atalaya in Eastern Mediterranean Minerals (Cyprus) Limited, an exploration company with interest in Cyprus.

(3) 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.

Company name	Principal activities	Country of incorporation	Effective proportion of shares held at 31 December 2020
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%

19. CASH AND CASH EQUIVALENTS

(Euro 000's)	2020	2019
Cash at bank and in hand	**37,767**	8,077

As at 31 December 2020, the Group's operating subsidiary held €250k (FY2019: €250k) as a collateral for bank guarantees, which was recorded as restricted cash (or deposit). Restricted cash was reclassified to non-current trade and other receivables (Note 19) since the deposit is considered to be long term.

CASH AND CASH EQUIVALENTS DENOMINATED IN THE FOLLOWING CURRENCIES:

(Euro 000's)	2020	2019
Euro – functional and presentation currency	**2,431**	2,059
» Great Britain Pound	**2,019**	374
» United States Dollar	**33,317**	5,644
	37,767	8,077

20. SHARE CAPITAL

Authorised			Nr. of Shares '000's	Share capital £ 000's	Share Premium £ 000's	Total £ 000's
Ordinary shares of £0.075 each			200,000	15,000	-	15,000
Issued and fully paid			**000's**	**Euro 000's**	**Euro 000's**	**Euro 000's**
1 JANUARY 2019				13,372	314,319	327,691
Issue Date	**Price (£)**	**Details**				
31 DECEMBER 2019/1 JANUARY 2020			137,340	13,372	314,319	327,691
22 Dec 2020	2.015	Exercised share options (e)	228	19	491	510
22 Dec 2020	1.475	Exercised share options (e)	41	3	65	68
22 Dec 2020	1.440	Exercised share options (e)	499	42	758	800
22 Dec 2020	2.302	Bonus share to former Key management	33	3	81	84
31 DECEMBER 2020			**138,141**	**13,439**	**315,714**	**329,153**

AUTHORISED CAPITAL

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

ISSUED CAPITAL

FY2020

a) On 22 December 2020, the Company was notified that certain employees exercised options over 768,250 ordinary shares of £0.075 at a price between £1.44 to £2.015, thus creating a share premium of €1,314k.

b) On 22 December 2020, the Company granted a bonus share to a former Key management of 33,333 ordinary shares of £0.075 at a price £2.302.

FY2019

No issuances during the twelve months period ended 31 December 2019.

21. OTHER RESERVES

(Euro 000's)	Share option	Bonus share	Depletion factor [1]	Fair value reserve of financial assets at FVOCI [2]	Non-distributable reserve [3]	Distributable reserve [4]	Total
AT 1 JANUARY 2019	**6,752**	**208**	**5,500**	**(1,115)**	**1,446**	**-**	**12,791**
Recognition of depletion factor	-	-	5,378	-	-	-	5,378
Recognition of non-distributable reserve	-	-	-	-	1,984	-	1,984
Recognition of distributable reserve	-	-	-	-	-	1,844	1,844
Recognition of share based payments	619	-	-	-	-	-	619
Change in fair value of financial assets at fair value through OCI (Note 18)	-	-	-	(29)	-	-	(29)
Other changes in reserves	-	-	-	-	-	249	249
AT 31 DECEMBER 2019	**7,371**	**208**	**10,878**	**(1,144)**	**3,430**	**2,093**	**22,836**
Recognition of depletion factor	**-**	**-**	**14,155**	**-**	**-**	**-**	**14,155**
Recognition of non-distributable reserve	**-**	**-**	**-**	**-**	**2,198**	**-**	**2,198**
Recognition of distributable reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of share based payments	**816**	**-**	**-**	**-**	**-**	**-**	**816**
Change in fair value of financial assets at fair value through OCI (Note 18)	**-**	**-**	**-**	**44**	**-**	**-**	**44**
Other changes in reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AT 31 DECEMBER 2020	**8,187**	**208**	**25,033**	**(1,100)**	**5,628**	**2,093**	**40,049**

(1) *Depletion factor reserve*: During the twelve month period ended 31 December 2020, the Group has disposed €14.2 million (FY2019: €5.4 million) as a depletion factor reserve as per the Spanish Corporate Tax Act.

(2) *Fair value reserve of financial assets at FVOCI*: The Group 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*: As result of the 2018 profit generated in ARM, the Group recorded a distributable reserve in order to comply with the Spanish Corporate Tax Act.

DETAILS OF SHARE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2020:

Grant date	Expiry date	Exercise price £	Share options
23 Feb 2017	22 Feb 2022	1.44	314,000
29 May 2019	28 May 2024	2.015	1,064,500
8 July 2019	7 July 2024	2.045	400,000
30 June 2020	29 June 2030	1.475	1,008,500
Total			**2,787,000**

	Weighted average exercise price £	Share options
AT 1 JANUARY 2020	1.833	**2,505,250**
Granted options during the year	1.475	**1,050,000**
Options executed during the year	1.612	**(768,250)**
31 DECEMBER 2020	1.759	**2,787,000**

On 30 May 2019, the Company announced a grant of 1,500,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and management, in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (29 May 2019), have an exercise price of 201.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 30 June 2020, the Company announced a grant of 1,050,000 share options (the "Options") to Persons Discharging Managerial Responsibilities ("PDMRs") and key management in accordance with the Company's approved Share Option Plan 2020 (the "Option Plan"). The Options expire ten years from the date of grant (30 June 2030), have an exercise price of 147.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 10 July 2019, the Company announced a grant of 400,000 share options (the "Options") to Person Discharging Managerial Responsibilities ("PDMRs") in accordance with the Company's approved Share Option Plan 2013 (the "Option Plan"). The Options expire five years from the date of grant (8 July 2019), have an exercise price of 204.5 pence per ordinary share, based on the minimum share price in the five days preceding the grant date, and vest in two equal tranches, half on grant and half on the first anniversary of the granting date.

On 22 December 2020, the Company was notified that certain employees exercised options over 768,250 ordinary shares of £0.075 at a price between £1.44 to £2.015 (Note 20 (b)).

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

The volatility has been estimated based on the underlying volatility of the price of the Company's shares in the preceding twelve months.

22. NON-CONTROLLING INTEREST

(Euro 000's)	2020	2019
Opening balance	**(2,402)**	4,200
Share of results for the year	**(1,089)**	(6,602)
Closing balance	**(3,491)**	(2,402)

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. The significant financial information with respect to the subsidiary before intercompany eliminations as at and for the year ended 31 December 2020 is as follows:

(Euro 000's)	2020	2019
Non-current assets	**5,111**	5,096
Current assets	**706**	580
Non-current liabilities	**-**	-
Current liabilities	**9,697**	8,345
Equity	**(3,879)**	(2669)
Revenue	**-**	-
Loss for the year and total comprehensive income	**(1,210)**	(7,336)

Cobre San Rafael, S.L. was established on 13 June 2016.

* 10% interest in Cobre San Rafael, S.L. was acquired by the Group in July 2017.

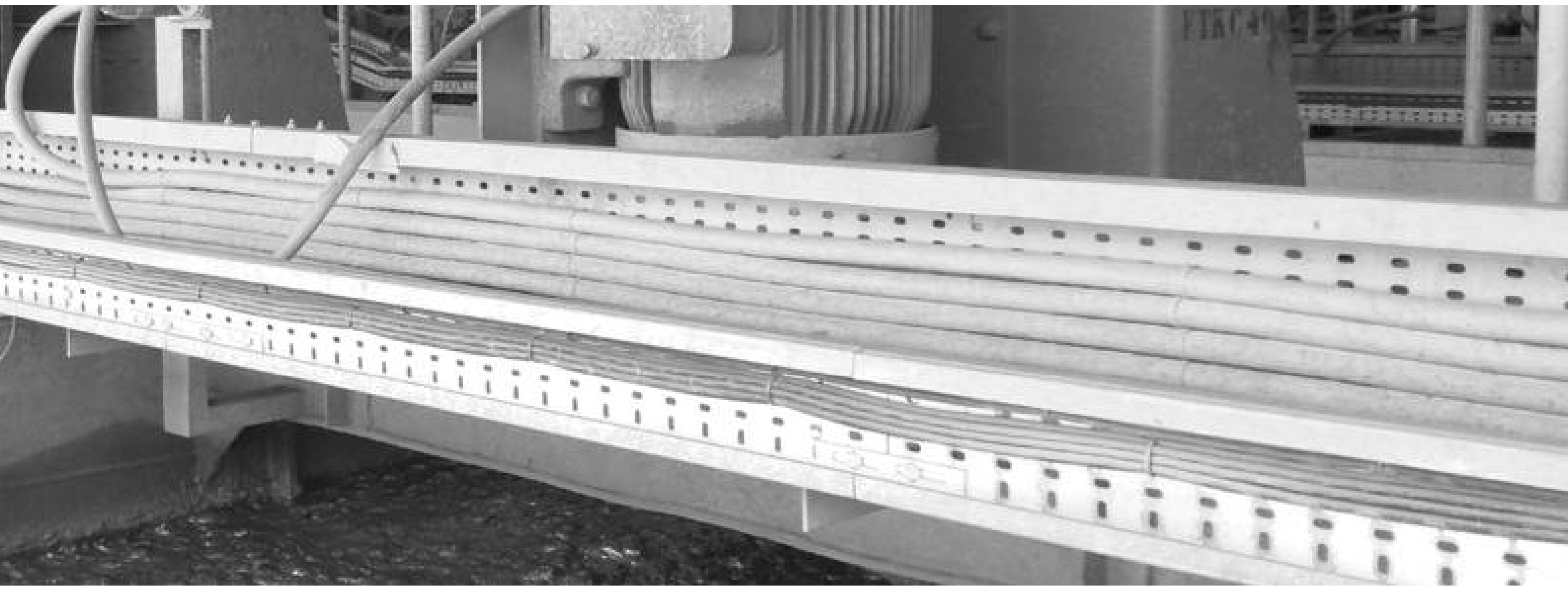
23. TRADE AND OTHER PAYABLES

(Euro 000's)	2020	2019
Non-current trade and other payables		
Other non-current payables	**1,435**	-
Government grant	**13**	13
	1,448	13
Current trade and other payables		
Trade payables	**63,946**	52,395
Land options and mortgage	**-**	282
Accruals	**4,355**	4,860
VAT payable	**60**	-
Other	**76**	-
	68,437	57,537

Other non-current payables are related with the acquisition of Atalaya Masa Valverde former Cambridge Minería España, SL (see Note 27).

Trade payables are mainly for the acquisition of materials, supplies and other services. These payables do not accrue interest and no guarantees have been granted. The fair value of trade and other payables approximate their book values.

Trade payables are non-interest-bearing and are normally settled on 60-day terms.



24. PROVISIONS

(Euro 000's)	Legal	Rehabilitation	Total
1 JANUARY 2019	127	6,392	6,519
Additions	284	138	422
Revision of provision	(23)	(18)	(41)
Finance cost (Note 9)	-	41	41
31 DECEMBER 2019/1 JANUARY 2020	**388**	**6,553**	**6,941**
Additions	**311**	**-**	**311**
(Reduction) / addition of provision	**(73)**	**17,941**	**17,868**
Finance cost (Note 19)	**-**	**144**	**144**
31 DECEMBER 2020	**626**	**24,638**	**25,264**

(Euro 000's)	2020	2019
Non-Current	**25,264**	6,941
Current	**-**	-
Total	**25,264**	6,941

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 key comparative figures are:

Key numbers	Unit	2020	2019
Undiscounted liability at the end of the Project (1)	Euro	**31,007,410**	11,617,030
Undiscounted liability affected as at reporting date	Euro	**25,334,377**	7,870,243
Life of mine (3)	Years	**13.8**	13.8
Restoration period	Years	**20**	13.8
Average inflation rate used	%	**0.8800%**	1,50%
Discount rate (2)	%	**1.3580%**	1.8700%
Discounted liability	Euro	**24,638,008**	6,553,094

(1) Total undiscounted liability in 2019 was €9.3 million with an extra 25% provision

(2) The discount rate used in the calculation of the net present value of the liability as at 31 December 2020 was 1.36% (2019: 1.87%), which is the average of the 15-year Spain Government Bond rate from 2016 to 2020.

(3) In July 2018, the Company announced an updated technical report on the mineral resources and reserves of the Proyecto Riotinto. The Report increased the open pit mineral reserves by 29% and stated the life of mine as 13.8 years, considering the on-going expansion of the processing plant.

The expected payments for the rehabilitation work are as follows:

(Euro 000 's)	Between 1 – 5 Years	Between 6 – 10 Years	Between 10 – 20 Years
Expected payments for rehabilitation of the mining site, discounted	4,704	3,247	16,687

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 2020. Management has reviewed individually each case and made a provision of €626k (€388k in 2019) for these claims, which has been reflected in these consolidated financial statements. (Note 30).

25. LEASES

(Euro 000's)	31 Dec 2020	31 Dec 2019
Non-current		
Leases	**4,796**	5,265
	4,796	5,265
Current		
Leases	**592**	588
	592	588

The Group entered into lease arrangements for the renting of land, laboratory equipment, a building and vehicles which are subject to the adoption of all requirements of IFRS 16 Leases. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND PROFIT OR LOSS

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 2020	**5,750**	**44**	**237**	**6,031**	**5,853**
Additions	135	-	-	**135**	**135**
Depreciation expense	(469)	(15)	(69)	**(553)**	**-**
Interest expense	-	-	-	**-**	**17**
Payments	-	-	-	**-**	**-617**
AS AT 31 DECEMBER 2020	**5,416**	**29**	**168**	**5,613**	**5,388**

The amounts recognised in profit or loss, are set out below:

(Euro 000's)	Twelve month ended 31 Dec 2020	Twelve month ended 31 Dec 2019
AS AT 31 DECEMBER		
Depreciation expense of right-of-use assets	**(553)**	(391)
Interest expense on lease liabilities	**(17)**	(8)
Total amounts recognised in profit or loss	**(570)**	(399)

The Group recognised rent expense from short-term leases (Note 6).

Depreciation expense regarding leases amounts to €0.5 million (2019: €0.3) for the twelve month period ended 31 December 2020.

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 2020, the remaining term of this lease is twelve years.

The duration of the motor vehicle and laboratory equipment lease is for a period of four years, payments are due at the beginning of the month escalating annually on average by 1.5%. At 31 December 2020, the remaining term of this motor vehicle and laboratory equipment lease is two years and two and half years respectively.

(Euro 000's)	Lease liability
BALANCE 1 JANUARY 2020	**5,853**
Additions	**135**
Interest expense	**17**
Lease payments	**(617)**
BALANCE AT 31 DEC 2020	**5,388**
BALANCE AT 31 DEC 2020	
» Non-current liabilities	**4,795**
» Current liabilities	**592**
	5,388

(Euro 000's)	31 Dec 2020	31 Dec 2019
Minimum lease payments due:		
Within one year	**592**	588
Two to five years	**2,068**	2,134
Over five years	**2,728**	3,131
Less future finance charges	**-**	-
Present value of minimum lease payments due	**5,388**	5,853
Present value of minimum lease payments due:		
Within one year	**592**	588
Two to five years	**2,068**	2,134
Over five years	**2,728**	3,131
	5,388	5,853

26. DEFERRED CONSIDERATION

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

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

On 2 March 2020, the Company filed an application in the High Court to seek clarity on the definition of "Excess Cash". The Company and Astor have now exchanged statements of case to set out their formal position. The trial is listed to be heard from 21 February 2022 (the "Trial"). Following the filing of the statements of case for the Trial, Astor applied to Court seeking an early determination (without the need for a full trial) of the dispute in relation to the "Excess Cash" (the "Summary Judgment application"). The Summary Judgment application will be heard on 14-15 June 2021. Astor will need to demonstrate (i) Atalaya has no reasonable prospect of success at Trial: and (ii) there is no other compiling reason why the case or issue should be disposed of at Trial.

As at 31 December 2020, no consideration was paid to Astor. However, during December 2020 the Board had discussions and considered an early payment of the Deferred Consideration and the Loan Assignment provided certain conditions could be met. Conditions included among others the execution of credit facilities agreements to fund the payment.

The Company classified the liability as current as at 31 December 2020.

On 15 March 2021, the Company fulfilled all conditions required by the Board of Directors and made the early payment of €53 million to Astor. The payment was fully funded by unsecured credit facilities entered into between December 2020 and February 2021 at interest rates ranging from 1.60% to 2.45% and repayable by 2023 and 2024.

The payment of the Deferred Consideration does not end the ongoing litigation as the issue as to whether any residual interest may or may not be payable remains unresolved. Consequently, the Company continues with these aspects of the case.

27. ACQUISITION, INCORPORATION AND DISPOSALS OF SUBSIDIARIES

2020

– ACQUISITION AND INCORPORATION OF SUBSIDIARIES

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

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

– DISPOSALS OF SUBSIDIARIES

There were no disposals of subsidiaries during the year.

2019

– ACQUISITION AND INCORPORATION OF SUBSIDIARIES

There were no acquisition nor 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 operations wound-up during FY2020 and FY2019.

28. GROUP INFORMATION AND RELATED PARTY DISCLOSURES

28.1 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 Limited	Atalaya Mining Plc	Financing	Cyprus	100%
Atalaya MinasdeRiotinto Project (UK) Limited	Atalaya Mining Plc	Holding	United Kingdom	100%
EMED Marketing Ltd	Atalaya Mining Plc	Trading	Cyprus	100%
EMED Mining Spain S.L.U.	Atalaya Mining Plc	Exploration	Spain	100%
Atalaya Riotinto Minera S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Production	Spain	100%
Eastern Mediterranean Exploration and Development S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Exploration	Spain	100%
Cobre San Rafael, S.L. (1)	Atalaya Touro (UK) Limited	Exploration	Spain	10%
Recursos Cuenca Minera S.L.U.	Atalaya Riotinto Minera SLU	Exploration	Spain	J-V
Fundacion Atalaya Riotinto	Atalaya Riotinto Minera SLU	Trust	Spain	100%
Atalaya Servicios Mineros, S.L.U.	Atalaya MinasdeRiotinto Project (UK) Limited	Dormant	Spain	100%
Atalaya Masa Valverde S.L.U. (2)	Atalaya Servicios Mineros, S.L.U.	Exploration	Spain	100%

(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 of appointment the key personnel.

(2) Cambridge Mineria Espana, S.L.U. changed its name to Atalaya Masa Valverde, S.L.U on 28 November 2020.

The following transactions were carried out with related parties:

28.2 Compensation of key management personnel

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

(Euro 000's)	2020	2019
Directors' remuneration and fees	**1,044**	1,319
Director's bonus (1)	**305**	325
Share option-based benefits to Directors	**291**	173
Key management personnel remuneration (2)	**522**	765
Key management bonus (1)	**182**	740
Key management share bonus (3)	**84**	-
Share option-based and other benefits to key management personnel (4)	**374**	267
	2,802	3,589

(1) These amounts related to the approved performance bonus for 2019 by the Board of Directors following the proposal of the CGNC Committee. The 2020 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 2020 performance.

(2) Includes wages and salaries of key management personnel of €506k (2019: €730k) and other benefits of €16k (2019: €35k).

(3) In December 2020, a former key management employee was granted with 33,333 shares.

(4) Includes share option of a former key management employee.

At 31 December 2020 amounts due to Directors, as from the Group, are €nil (€nil million at 31 December 2019) and €nil million (€0.5 million at 31 December 2019) to key management.

At 31 December 2020 amounts due to Directors, as from the Company, are €nil (€nil at 31 December 2019) and €nil (€nil million at 31 December 2019) to key management.

SHARE-BASED BENEFITS

In 2020, the Directors and key management personnel have been granted 1,050,000 options (2019: 1,650,000 options) (see Note 21).

During 2020, the Directors and key management personnel have not been granted any bonus shares (2019: nil).

28.3 Transactions with shareholders and related parties

(Euro 000's)	2020	2019
Trafigura– Revenue from contracts	**49,775**	33,179
Freight services	**-**	-
	49,775	33,179
Gains relating provisional pricing within sales	**837**	2,587
Trafigura – Total revenue from contracts	**50,592**	35,766
	50,592	35,766

(Euro 000's)	2020	2019
Current assets - Receivable from related parties (Note 17):		
Recursos Cuenca Minera S.L.	**56**	56
	56	56

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

28.4 Year-end balances with shareholders

(Euro 000's)	2020	2019
Receivable from shareholders (Note 17):		
Trafigura – Debtor balance –subject to provisional pricing	**3,946**	8,918
	3,946	8,918

The above debtor balance arising from the pre-commissioning sales of goods bears no interest and is repayable on demand.

29. 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.

30. 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.

31. SIGNIFICANT EVENTS

COVID-19 OUTBREAK

The Company issued COVID-19 updates through the year as the outbreak of the virus impacted the company both operationally and financially. As announced on 30 March 2020, a Royal Decree of 29 March 2020 excluded mining from essential industries resulting in the halting of operations at Proyecto Riotinto from 30 March 2020. As announced on 6 April 2020, further clarifications were received on the Royal Decree on 3 April 2020 which reinstated mining on the list of permitted activities and accordingly, operations at Proyecto Riotinto were authorized to recommence.

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

In order to mitigate the potential operational and financial impact of COVID-19 resulting from a sharply decrease in commodities prices, the Company increased its cash balance from €8.1 million as at 31 December 2019 to €32.4 million as at 30 June 2020 by net drawdowns on existing credit facilities. Following the recoveries of the commodities prices, the Company has repaid the credit facilities as of 31 December 2020.

AAU PERMITS

The Junta de Andalucía issued a favourable report in relation to the Unified Environmental Authorisation (the "AAU") of Proyecto Riotinto in January 2020. After a short legal consultation period exclusively with parties involved in the process lapses, The Company now has the AAU revalidated with no impact on the operation.

NEGATIVE ENVIRONMENTAL IMPACT STATEMENT ON PROYECTO TOURO

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

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

On 1 March 2021 the formal communication from the Xunta de Galicia was received. The Company along with its advisers, is evaluating potential next steps for the Project, which could include an appeal of the decision made by the Xunta de Galicia, and/or the clarification of the questions raised by the reports.

NEW GROUP ENTITY

In 2020, the Company established in Cyprus a new subsidiary under the name of Atalaya Financing, Limited. The activity of this new company will be financing.

On 21 October 2020, Atalaya announced that it had entered into a definitive purchase agreement to acquire 100% of the Masa Valverde polymetallic project located in Huelva (Spain) through the acquisition of 100% of a Spanish company for €1.4 million payable in two instalments. Masa Valverde is one of the largest undeveloped volcanogenic massive sulphide deposits in the prolific Iberian Pyrite Belt and is located 28kms south west of Proyecto Riotinto.

32. EVENTS AFTER THE REPORTING PERIOD

Depending on the duration of the COVID-19 pandemic, and continued negative impact on economic activity, the Group might experience negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Group's activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020 the Group has not incurred losses due to impairments. Refer to Note 17.

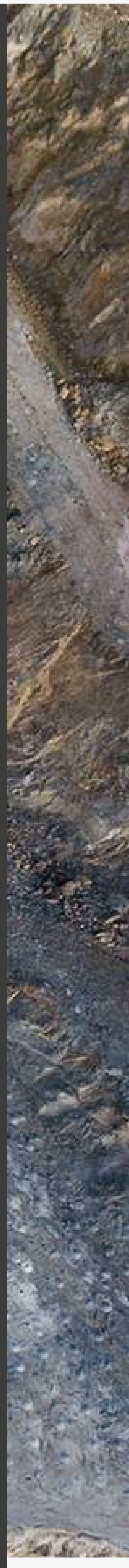
On 10 February 2021, the Company announced that its Board of Directors had appointed Mr. Neil Gregson as an independent Non-Executive Director of the Company.

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

On 1 March 2021, Atalaya received the formal communication from Xunta de Galicia of the negative Environmental Impact Declaration on Proyecto Touro (Note 31).

In March 2021, the Board of Directors of the Company decided to make an early payment of the Deferred Consideration and the Loan Assignment related to Astor. The Payment was completed in March 2021 (Note 26).

SHAREHOLDER INFORMATION



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 Pounds Sterling
£m	Million Pounds Sterling
€ / EUR	Euro
€000 / €k	Thousand Euros
€m	Million Euros
€nil	Zero Euros
FY2020 / 2020	Twelve month period ended 31 December 2020
FY2019 / 2019	Twelve month period ended 31 December 2019

DEFINITIONS AND CONVERSION TABLE

lb	Pound
Oz	Troy ounce
‘000 m^3	Thousand cubic metres
t	Tonnes
DMT	Dry Metric Tonne
‘000 tonnes	Thousand metric tonnes
mt	Million 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

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

AFRC .... Audit and Financial Risk Committee

AGM .... Annual General Meeting

AIM .... Alternative Investment Market of the London Stock Exchange

AISC .... All In Sustaining Cost

AR .... Annual Report

ARM .... Atalaya Riotinto Minera, S.L.U.

Articles .... The articles of association of 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

EIR .... Effective Interest Rate Method

EMED TARTESSUS .... Eastern Mediterranean Exploration & Development TARTESSUS S.L.

Etc. .... Et cetera

EU .... European Union

FIFO .... First In First Out

BUSINESS, FINANCE AND ACCOUNTING

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

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

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

London Stock Exchange / LSE .... London Stock Exchange plc

MBA .... Master's in Business Administration

NED´s .... Non-Executive Directors

NPV .... Net Present Value

Nr .... Number

OCI .... Other Comprehensive Income

Ordinary Shares .... Ordinary Shares of 10 pence each in the capital of the Company

Ph.D. .... Doctor of Philosophy

PRC .... Physical Risk Committee

PFS .... Pre-Feasibility Study

Plc. .... Public limited company

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

SIC .... Standard Interpretations Committee which were endorsed by the IAS

BUSINESS, FINANCE AND ACCOUNTING

Shareholders.......... Holders of Ordinary Shares

SL .... Sociedad Limitada (private limited company)

SLU.......... Sociedad Limitada Unipersonal (limited partnership)

TSX.......... Toronto Stock Exchange

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 .... Chairman. Independent non-executive chairman
Alberto Lavandeira .... Managing director and CEO
Hui (Harry) Liu .... Non-executive director
Dr. Jose Sierra Lopez .... Independent Non-executive director
Jesus Fernandez .... Non-executive director
Damon Barber .... Non-executive director
Dr. Hussein Barma .... Independent Non-executive director
Neil Gregson .... Independent Non-executive director
Stephen Scott .... Independent Non-executive director

CORPORATE BROKERS

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—
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ATALAYA MINING PLC

ANNUALREPORT 2020

For the year end 31 December 2020

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