



Approach to Sustainability

Atalaya Mining plc.

January 2022

Introduction

Dear Stakeholders,

On behalf of Atalaya Mining plc, we are pleased to provide this summary document that highlights the Company's comprehensive approach to Environmental, Social and Governance matters.

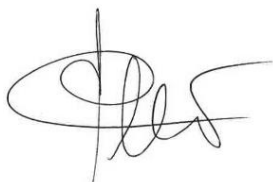
Since the re-start of Proyecto Riotinto in 2015, Atalaya has quickly grown in a number of important areas, and throughout, the Company's core objectives have remained consistent: to supply society with the essential raw materials required for economic growth and the energy transition, while ensuring that its mining activities are conducted in a manner that positively impacts local communities, the environment and all of its stakeholders.

Regular reporting of its sustainability practices and performance is viewed as key to achieving Atalaya's core objectives, and therefore this summary document serves as the first step in the Company's new strategy for enhancing disclosure concerning its sustainability practices.

This summary document includes an overview of Atalaya's longstanding and planned sustainability initiatives, highlights recent activities related to the various areas of sustainability, and provides data for the year ended 31 December 2020 relating to quantitative metrics and key performance indicators ("KPIs"), thus providing a benchmark for future comparisons.

In Q1 2022, Atalaya will be publishing its inaugural annual Sustainability Report for the year ended 31 December 2021. This comprehensive report is being prepared with the assistance of ERM, the largest global pure play sustainability consultancy, in accordance with Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and will provide further detail on Atalaya's approach to Good Governance, its People, Safety Operations, the Environment and Climate Change, Society, and Innovation and Technology.

As our Company continues to grow and evolve, we look forward to enhancing our dialogue and transparency with all our stakeholders in Spain, the United Kingdom and beyond.



César Sánchez
Chief Financial Officer



María Castro
ESG Manager

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1. ATALAYA AT A GLANCE



OUR COMPANY

Atalaya Mining is a fast-growing AIM and TSX-listed mining and development company which produces copper concentrates at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15Mtpa processing plant, which has the potential to become a processing hub from owned regional projects currently in the permitting stage.

Atalaya strives to become a leading multi-asset copper producer in Europe, maximizing the potential value of its current low-risk assets and developing new deposits

OUR RESULTS (2020)*

252.8 M€ Revenues
176.3 M€ Operating costs
67.4 M€ EBITDA
30.4 M€ Profit

OUR PORTFOLIO

Proyecto Touro (permitting)*



Past producing mine with well understood orebodies and excellent infrastructure.

It is considered by the company as a low-geographical-risk first step in creating a multi-asset producer

Other projects (exploration)*

Include unmined orebodies adjacent to current pit and a potential satellite deposit (Masa Valverde).

The company is also operating a pilot plant with a newly developed electrochemical extraction process (E-LIX System) with potential to unlock additional value from Atalaya's orebodies and beyond



Atalaya Mining has a portfolio of assets comprising an operating mine and others in the exploration and permitting phase that constitute options for future growth.



Proyecto Riotinto (in operation)*. Constitutes a large-scale, long-life operation located in a prolific mining district. In 2019, it completed an expansion project which increased total commercial production to 15 Mtpa.

14.8 Mt Ore processed (2020)	55,890 t Copper production (2020)	2.21 \$/lb All-in sustaining costs (2020)
84.53 % Copper recovery (2020)	0.45% lb Ore grade	1.95 \$/lb Cash cost

*Find more information about portfolio projects in chapter 3.

SUSTAINABILITY COMMITMENT

Atalaya Mining is committed to produce copper in a manner that provides benefits for those regions where it operates, without compromising the ability of future generations to meet their own needs.

Our sustainability strategy pursues a two fold objective:



Provide society with the essential raw materials required for economic growth and the energy transition



Conduct responsible mining that positively impacts local communities, the environment and all our stakeholders

ESG PERFORMANCE (2020)

Good Governance

62.5% independent directors

People

479 employees
17.8 hr of training/employee

Environment and climate change*

1.08 M€ investment & expenditures
1.78 kg/tonne concentrate of PM10 dust particulate emissions
1.34 MWh/t of total energy consumption to annual concentrate production

Safety operation*

28M€ Cumulative invested to improve tailing dams in the last 2 years
0 Injury rate
0.13 Severity rate (workforce + contractors)

Society*

68% local employees
51% purchases from local suppliers
1.6M€ invested for heritage conservation.
492 K€ dedicated to social activities through our foundation.

Innovation and Technology

2.8 M€ investment in geological and mining research

*Data for Proyecto Riotinto

OBJECTIVES FOR 2021



Meet or increase annual production within the lower end of cost guidance



Implementation of the Compliance and criminal risk control system.



Beginning of negotiations to draw up an Equality Plan



Hiring of a significant number of people to support the archaeological excavations



Accomplishment of materiality analysis and develop first sustainability report



Development of several actions to reinforce the safety of key elements such as tailings deposits, waste dumps and excavations



Request for Authorization of the 50 MW Photovoltaic Solar Plant for self-consumption of energy.



Creation of an industrial school for the unemployed of the local region



Formalization of an internal R&D working group

2. OUR COMMITMENT TO SUSTAINABILITY

Atalaya Mining plc is committed to sustainability and to conducting its activities in accordance with the highest Environmental, Social and Governance standards.

Mining, due to its characteristics, is an activity that can generate significant impacts in the areas where it is carried out. However, if properly managed, negative impacts can be mitigated and mining can become an engine for generating wealth, developing the human capital of the local community and promoting environmental projects that ensure the conservation of the environment for future generations to enjoy. At the same time, mining commodities such as copper play a key role in helping society to achieve an environmentally friendly future.

Atalaya has developed its operation in accordance with these principles since the beginning of its activity in 2015, offering the Riotinto Mining Basin a mining project that has been a source of prosperity and sustainable development for the region, having achieved outstanding results since mine restart

OUR ACHIEVEMENTS IN ESG (2015-2020)

Environmental	Social	Governance
<ul style="list-style-type: none">• Management certified in accordance with the highest standards.• Continuous improvement in environmental performance and resource consumption.• Implementation of biodiversity conservation projects.• Promotion of the circular economy and proper waste management.• Development of pioneering projects and techniques through collaboration with other organizations in R&D.• Rehabilitation of the environment, even assuming environmental liabilities prior to the company's activity.	<ul style="list-style-type: none">• Promotion of local employment.• Development of our talent in order to have a trained staff to develop activities in an efficient, safe and responsible way with the environment.• Creation of Works Council and other bodies to promote social dialogue and coordination of efforts in key areas.• Local purchasing.• Development of a mining project with safety standards higher than those required by law.• Historical heritage management.• Creation of Atalaya Riotinto Minera Foundation, for CSR management in the local community.	<ul style="list-style-type: none">• Approval of operational policies: Environment, Health and Safety, quality and prevention of serious accidents.• Legal compliance.• Ethics and transparency.• Risk and opportunity analysis.• Creation of a structure for the management of ESG aspects.• Incorporation of sustainability and ESG aspects in our dialogue with shareholders and other stakeholders.• €1.8 million through Atalaya Riotinto Foundation for projects in the local community.

Beyond our Proyecto Riotinto, the Company sees **sustainability as a key element in its future growth**.

To this end, the Company **has developed a specific sustainability strategy** to ensure that the management of its operations and the proposal of new projects are aligned with these principles (see highlighted box).

This strategy also aims to ensure that the sustainable exploitation of its projects **provides society with essential raw materials required for the achievement of the goals established by the main national and international sustainability policies** such as climate change mitigation and energy transition. Mining activity, and copper mining in particular, is essential for the development of renewable energies, construction, digitalization and the electrification of numerous other processes such as transportation.

Touro. A world-class approach based on sustainability and transparency to develop a new mining project in Spain

Atalaya, with the support of independent experts, is preparing a project approach that needs the standards required to receive permission by regional authorities to develop a new mining project in Touro (Galicia).

This project is promoted by the company "Cobre San Rafael", to be operated by Atalaya and assuming its commitments.

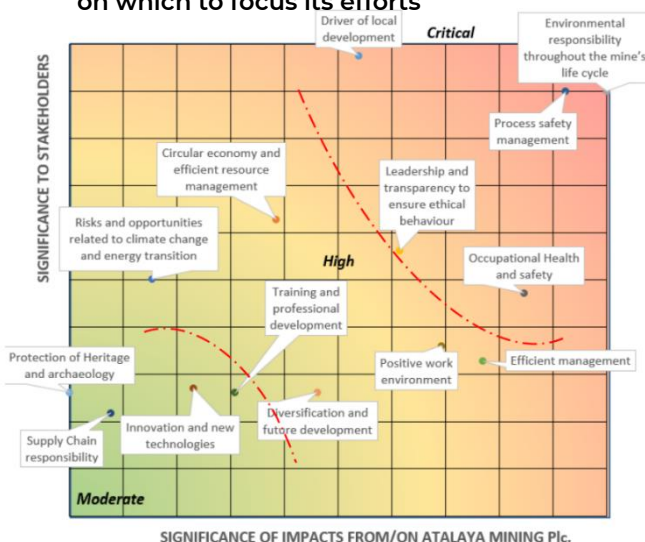
This approach, according to the sustainable commitment of the Company, is being designed considering the most stringent standards, like a "zero risk" philosophy with respect to the environment and downstream water systems.

Furthermore, the project contemplates other central aspects of Atalaya's philosophy, such as transparency in its development, constant dialogue with stakeholders to understand their expectations and the proposal of the project as an engine for the generation of employment and wealth that benefits the surrounding communities.

More information on the Proyecto Touro can be found in Chapter 3 of this report.



Atalaya has completed a materiality assessment that determines the ESG areas on which to focus its efforts



The approval of this new sustainability strategy coincides with an **important change in the Company's internal culture**, which has also resulted in the creation of a specific department in charge of the global management of ESG aspects and improving coordination of the efforts developed by different areas, and the incorporation of sustainability in our dialogue with investors and other stakeholders.

Also, transparent communication of our impacts and achievements is a very important step in the consolidation of this new sustainability culture.

Atalaya Mining plc is **preparing its first Sustainability Report** for 2021 in accordance with the Global Reporting Initiative (GRI), which will be presented in the first quarter of 2022.

To make this objective possible, the Company has completed a **materiality assessment** to define which aspects are key in terms of sustainability and will be the focus of its management and reporting efforts in the coming years.

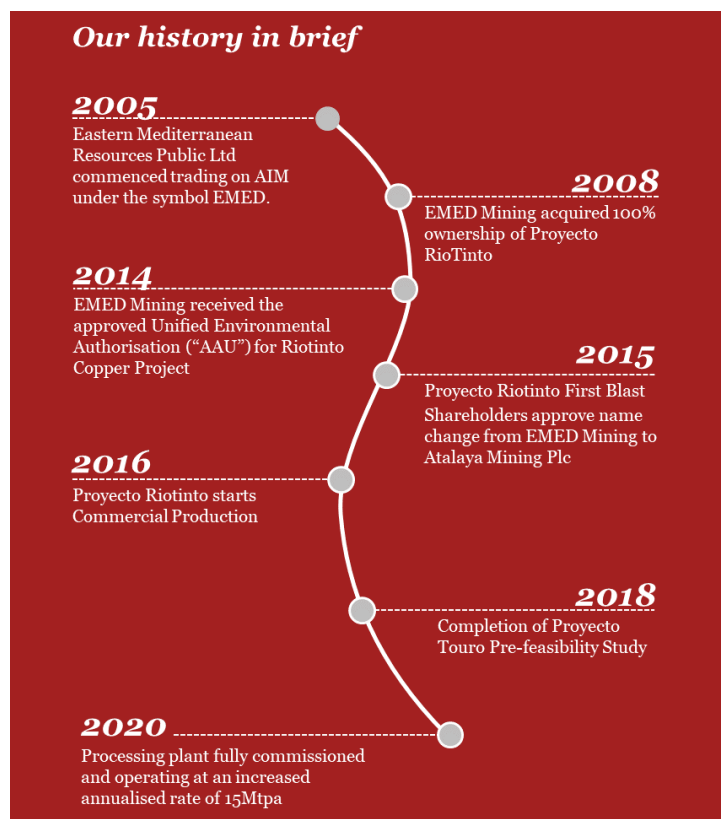
Finally, in the context of its commitment to sustainability, Atalaya has also joined various prestigious corporate frameworks and initiatives, thus joining forces with other companies and organizations to advance in the achievement of major sustainability goals.



Atalaya is committed to leading sustainability frameworks

3. ATALAYA MINING, PREMIER PURE-PLAY COPPER PRODUCER IN EUROPE

About Atalaya











Atalaya is a fast-growing AIM and TSX-listed mining and development Company which produces copper at its wholly owned Proyecto Riotinto site in southwest Spain. Atalaya's current operations include the Cerro Colorado open pit mine and a modern 15Mtpa processing plant, which has the potential to become a processing hub for owned regional projects currently in the permitting stage.

Atalaya strives to become a leading multi-asset copper producer in Europe, maximising the potential value of its current low-cost, low-risk assets and further exploring new opportunities.

Our expertise and knowledge of the copper market, coupled with our deep entrenchment with the communities in which we operate, ensures that we will achieve the best results for all stakeholders, employees, and local communities.

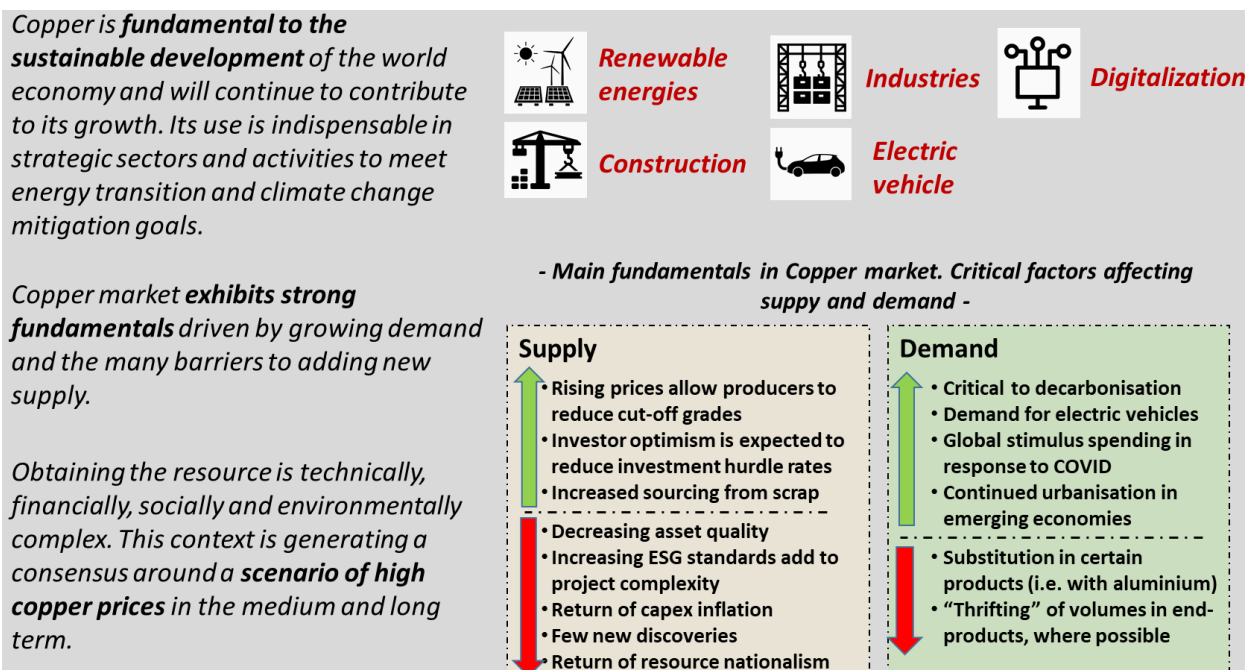


ATALAYA'S SALIENT FEATURES

 <p>Premier pure-play copper producer in Europe</p> <p>In 2020 Atalaya has achieved a strong copper production (55,890 tonnes) thanks to its high recovery rates (84.53%).</p>	 <p>Copper producer with scale, growth and consistency</p> <p>Processing 15 Mtpa, Atalaya has sufficient reserves to support a long mine life at Proyecto Riotinto.</p>	 <p>Health, Safety and ESG aligned with best practices</p> <p>Atalaya counts on strong relationships with the local communities and several environmental, social and health and safety initiatives aligned with industry best practices.</p>	 <p>Consolidated project with a strong focus on safety in all operations</p> <p>The Safety of Proyecto Riotinto has been a priority from the beginning, designed with safety factors beyond what is legally required.</p>
 <p>Strong pipeline of organic growth projects</p> <p>Atalaya develops its projects exploiting common or existing infrastructure. The Company is carrying out exploration in adjacent or nearby orebodies, which implies a low CAPEX and a potential for high returns. Furthermore, Atalaya is promoting in Touro (Galicia) a second project to complement its portfolio.</p>	 <p>Led by team of proven mine builders and operators</p> <p>Atalaya's team has a strong track record in executing capital projects, with significant in-house capabilities, which helps to reduce costs and ensure the best performance.</p>	 <p>Low risk investment proposition</p> <p>Atalaya has its assets in top mining jurisdictions, providing a robust cash and a strong balance sheet.</p>	 <p>Generation of a large number of jobs, mainly for local communities</p> <p>479 people are currently part of the Atalaya's staff, 80% come from the province of Huelva, as well as, a large number of jobs through subcontractors and business that provide services to Atalaya.</p>

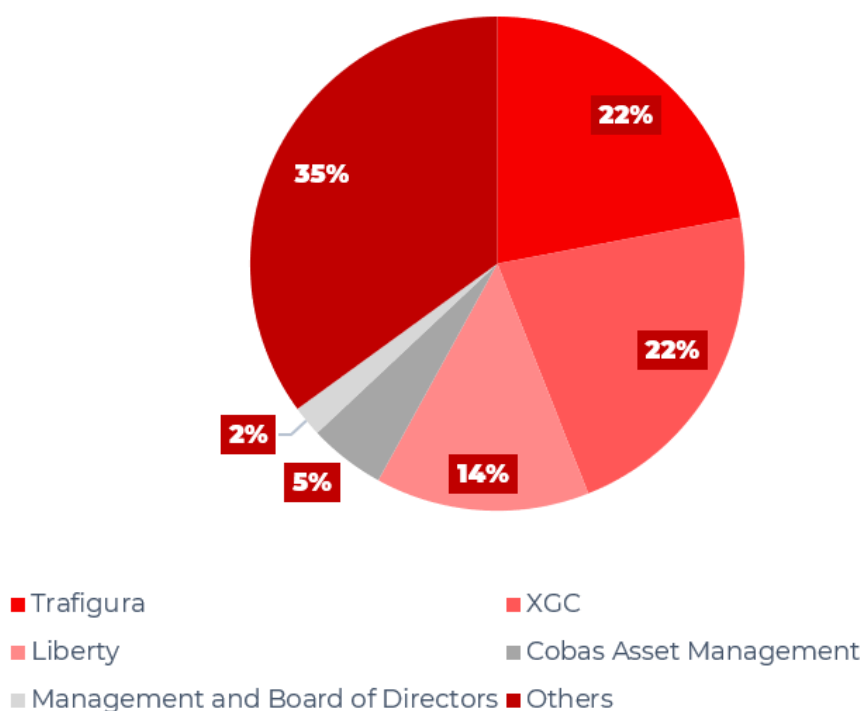
Focused on copper

Atalaya focuses on an essential raw material market with strong fundamentals.



Ownership structure as at 31 December 2020 (fully diluted)

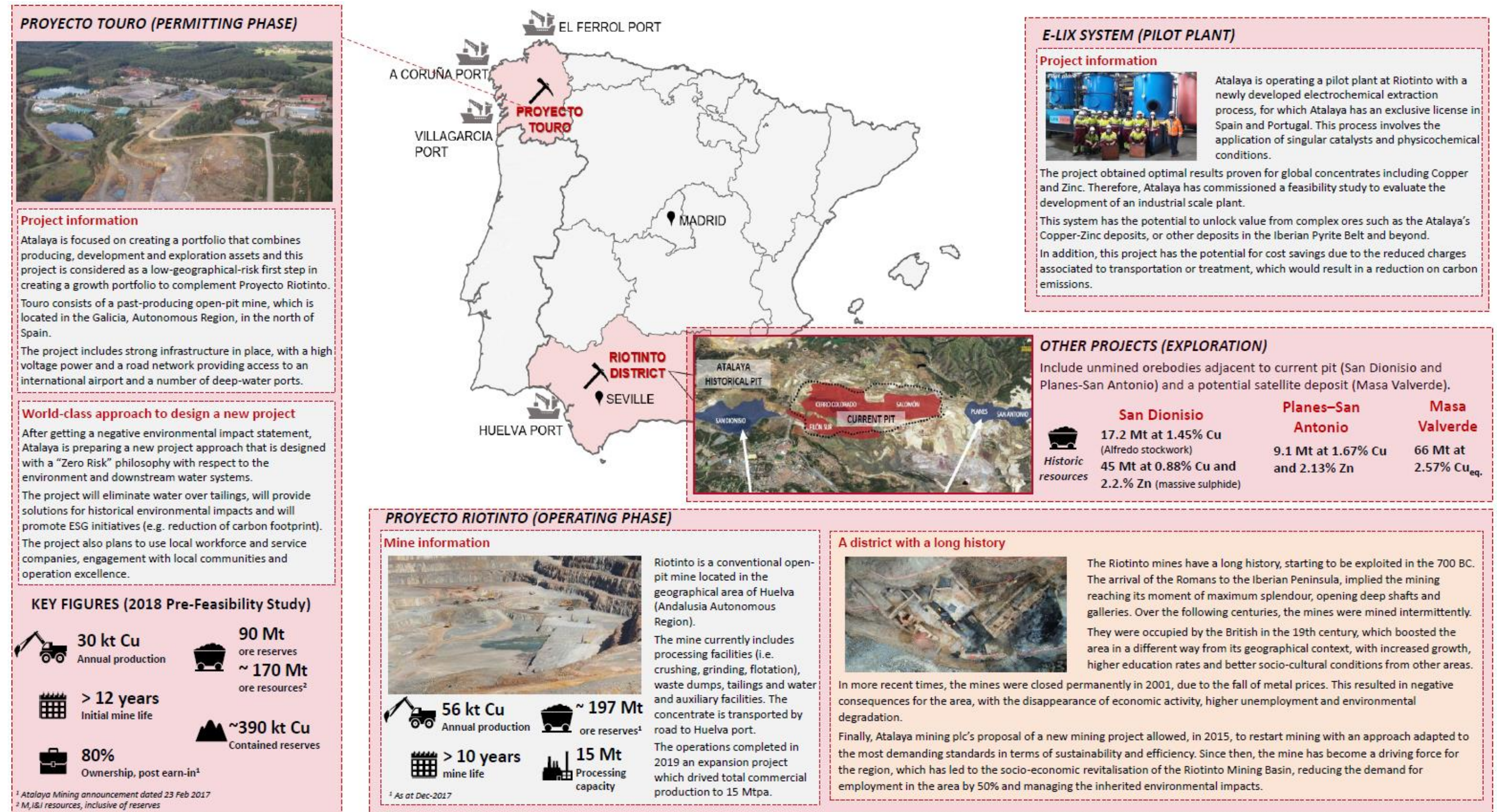
The significant shareholders in the Company¹ are Union Holdings (Malta) Ltd ("Trafigura"), Yanggu Xiangguang Copper Co. Ltd ("XGC"), Liberty Metals & Mining Holdings LLC ("Liberty"), Cobas Asset Management, SGIIC, S.A.; Management and Board of Directors.



¹ The total of the shareholdings detailed above for Trafigura, XGC, Liberty, Cobas, management and the Board of Directors represents the 64.6% on a fully diluted basis of shares not in public hands. As at 31 December 2021

Our portfolio

Atalaya Mining has a portfolio of assets comprising an operating mine (Proyecto Riotinto) and others that constitute options for future growth. Among them is Proyecto Touro, which is currently in the permitting phase. The Company is currently working with a number of key administrative bodies to address additional information requests about this project.



A project with a collaborative approach

Atalaya promotes, alongside other actors in the sector, a collaborative approach based on the exchange of knowledge, best practices and analysis of common problems, as we are aware of the benefits this can bring to the sustainable development of mining activity and the multiplication of the positive impacts it can have on the territory.

In this sense, the Company performs actions such as maintaining constant dialogue with peers from the sector as well as organising frequent visits and talks.



Atalaya is member of the Association of Research, Extractive, Mining-Metallurgical, Auxiliary and Service Companies (AMINER) with which it collaborates on numerous projects of interest to the sector in Spain.

Growth strategy

Atalaya intends to grow and expand, pursuing opportunities where it can add value. The Company maintains a long-standing philosophy based on achieving operational excellence and extending the life of its current operations and developing options for future growth.

The idea is to build on the success of Proyecto Riotinto by increasing production and capacity, with a view of to becoming multi-asset producer. The strategy is to focus on developing low-cost, low-risk assets in mining-friendly jurisdictions. The Company aims to diversify, both in assets and commodities, where it already has the necessary know-how and experience.

As for the assets, Atalaya's main operation is Riotinto, where it has achieved great management, with a mine that processes approximately 15 million tonnes of ore per year to produce 250,000 tonnes of concentrate (obtaining 55,000 tonnes of copper). Atalaya is exploring the nearby orebodies, where it is possible to add value through technologies such as the E-LIX system (owned by Lain Technologies Ltd) that would maximise the value of complex sulphides in the Riotinto District and the Pyrite Belt. In this sense, the evaluation of high-grade brownfield orebodies increases options and mine life.

In addition to Riotinto District, the short-term objective is Proyecto Touro, where the Company wishes to develop a world-class mine, being an example of sustainable mining. Touro is a critical project to create value and support the Company's growth.

Atalaya is also evaluating external opportunities that leverage core capabilities such as the new prospects in Pyrite Belt as Masa Valverde and other safe mining jurisdictions.

In this ambition for growth, Atalaya is looking to other countries where it can perform its activity, preferably in Latin America and Europe. In addition, the Company will move its listing to the London Main Market at the right time.

4. GOOD GOVERNANCE AND RESPONSIBLE MANAGEMENT

Focus for 2021	Our Key performance indicators (2020)*	
<ul style="list-style-type: none"> ↳ Departure of one non-independent director and looking for an independent replacement ↳ Initiation of the implementation of the compliance and Criminal Risk Control System. 	Independent directors ¹ 5 of 8	Confirmed incidents of corruption 0
	Non-executive directors 7 of 8	

* Atalaya Mining Plc will publish its Sustainability Report for 2021 in the first quarter of 2022. This report will incorporate updated data for each indicator corresponding to the 2021 financial year.

¹ At 31 December 2020

Good Governance

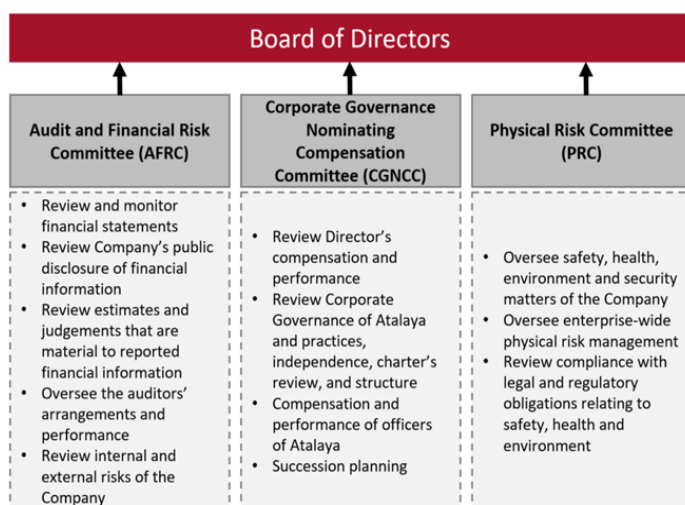
Atalaya Mining plc largely attributes its success to good governance within its organization and recognises the importance of responsible management to deliver a good performance and meet its environmental, social and governance commitments and desires. The good governance in Atalaya rules the relations between shareholders, Board of Directors and management of the Company, generating transparency, trust, credibility and security.

¹ The company disclosures against these codes may be found in the [web page](#).

Committed to the application of sound corporate governance

As an AIM and TSX listed Company, Atalaya complies with recognised corporate governance codes such as the QCA Code (Quoted Company Alliance)¹ and the National Policy 58-201 of the Canadian Securities Administrators.

Board of Directors structure



GOVERNANCE STRUCTURE IN ATALAYA MINING PLC

The Company has a unitary board comprising one executive director and seven non-executive directors, five of them are independent. The Board is structured in such a way that there is a clear balance of authority, ensuring that no one director has unfettered powers.

The Board is assisted in its responsibilities by three Board Committees. The Chair of each Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters in detail and consider the Committee's recommendations.

“One of the main strengths of the Company lies in the diversity of skills within the Board, bringing different experiences and independence, thus ensuring management success. We are also proud to have a Board of Directors with representation from different countries and cultures, providing rich diversity”

Ethics

The Company relies on a number of corporate policies and procedures to achieve responsible management.

One of the most important is the **Code of Business Conduct and Ethics**, a set of rules and procedures to reinforce ethical behaviour within the company and provide guidance on appropriate working methods. The code is reviewed at least annually by the Board and the Corporate Governance Nominating Compensation (CGNCC) Committee is responsible for oversight compliance.

To ensure compliance with the provisions of the code, Atalaya has established a system for the receipt of complaints and reports of possible breaches. This scheme is formalised in the Whistleblower Policy adopted by the Company. This policy will be communicated to all employees and states that any of them may make a complaint, which will be treated anonymously and confidentially.

Beyond the Code of Business Conduct and Ethics, Atalaya Mining plc has other internal policies and procedures to ensure integrity in its operations (see box).

These include a **conflicts of interest** policy, which states that Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between its own interests and the ones of the Company. On appointment, Directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Ongoing Conflicts of Interest.

Compliance management system

Atalaya Mining has initiated the implementation of a compliance system to reinforce the controls in place in the Group's Spanish production entity (Atalaya Riotinto Minera, SL) and to reduce the risk of the Company, as a legal entity, and its employees committing criminal offences that could imply future criminal liability.

The Compliance system of Proyecto Riotinto is part of the Company's Integrated Management System and is made up of various elements such as: a risk map assessing the criminal risks in which the Company could incur and the Criminal Liability Prevention Manual, which sets out the principles of prevention and management within the Company, among others. Additionally, Atalaya has made progress in defining the criminal compliance body that will oversee these issues in the Company, as well as the procedure it will follow after identifying non-compliance or practices that could be subject to criminal offences. To ensure a

Code of Business Conduct and Ethics

Atalaya mining plc counts on a Code of Business and Ethics which provides the principles that employees must follow in dealing with customers and creditors as well as with government administrations, the general community and the rest of directors, officers and employees of the Company.



Corporate policies

Atalaya also counts on other corporate policies in place that reinforce integrity in the management of several areas.

1. Shareholder Communication Policy
2. Continuous Disclosure Policy
3. Risk Management Policy
4. Share Dealing Code
5. Community Relations Policy
6. Whistleblower Policy
7. Anti-Bribery and Anti-Corruption Policy

good understanding and implementation of the system, a programme has been launched to provide the necessary training to employees in this area.

Risk prevention

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.

Proper management of these risks has a positive impact on stakeholders as it reduces the potential impact on shareholder return on investment, the maintenance of employment and the local environmental where the Group's mining operations are located.

Therefore, Atalaya Mining plc has a Risk Management Policy whose objective is to assist the Company in establishing an effective system of risk control and internal control.

Also, the Group has adopted a financial risk management policy which establishes key principles in managing its exposure to key financial risks. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The Group's senior management oversees the management of financial risks with the support of the AFRC (Audit and Financial Risk Committee).

Risk Assessment

Within the framework of the system, the Company conducts an assessment of its main risks, which are classified into four main categories:

- ↳ Strategic risks
- ↳ Commercial risks
- ↳ Legal and regulatory risks
- ↳ Operational and external risks

The Board of Directors is the highest body responsible for approving and monitoring these assessments. To this end, it holds an annual meeting at which it reviews and assesses whether any material risks have been identified, how these risks have been managed and what solutions have been implemented.

5. PEOPLE

Focus for 2021	Our Key performance indicators (2020)*
<ul style="list-style-type: none"> ✎ To assist with the right number of technical employees the archaeological excavation ✎ Start of the development of an Equality Plan in the framework of a negotiating committee with representatives from the Company and employees. ✎ Collaborations with several high schools in the area on dual training programmes. ✎ Launch of a job portal providing information on existing vacancies. ✎ Signing of an agreement with the Adecco Foundation with the aim of deploying initiatives for the integration of people with special needs. ✎ Constitution of a Diversity Committee to promote training, among other initiatives. ✎ Launch of a local website focused on local stakeholders www.riotinto.atalaya.com and www.proyectoriotinto.com 	<p>Total number of employees¹</p> <p>479</p> <p>Average of training hours per employee</p> <p>17.8 hr/employee</p> <p>Turnover rate</p> <p>3%</p> <p>Absenteeism rate</p> <p>7.3%</p>

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*Employees are divided into 471 at Proyecto Riotinto, 6 at Proyecto Touro and 2 at corporate level.

Our workforce, in brief

Atalaya Mining plc employs 479 people in 2020. A significant proportion of them work at Proyecto Riotinto and, although the majority are men, the Company has a much higher proportion of female employees than the industry average in Spain. Our workforce also enjoys a high degree of stability.

The Company has relied heavily on people from the Riotinto surrounding communities to create this workforce. In doing so, the Company demonstrates its commitment to the local community and to making the exploitation of mining resources a source of wealth and prosperity to contribute to the sustainable development of the area¹.

- Atalaya mining plc' workforce -



From **50** employees in 2012 to **479** in 2020



79% permanent contracts



17% women rate
(above the Spanish mining sector average of 6.9%)



68% of employees coming from the villages surrounding the site
(80% of employees from Huelva province)

People management policy

The consolidation of a trained and effective workforce capable of sustaining the growth of operations has been a priority for Atalaya Mining plc since the start of its operations. In 2012, the Company had 50 employees, a figure that has risen to 479 by the end of 2020. Integrating this workforce, the majority of whom come from an

¹ For further information please see Section 8. Engagement with our local community and other stakeholders.

economically depressed local environment, has been a challenge that has been the focus of most of our people management efforts.

“We were faced with a depressed area with a high unemployment rate and no training in mining. We have hired a large number of people from the area and provided them with specific training”

Having overcome this situation, the Company has progressively advanced in the development of new management policies governing all activities in the life cycle of our people, such as selection, recruitment, training, assessment and development, remuneration, improvement of the working environment and termination of the employment relationship.

Equal opportunities and non-discrimination

Atalaya operates within a favourable framework for labour relations based on a non-discriminatory, equal opportunities system that respects diversity at all levels. This principle is shrined into the corporate Code of Conduct and the rest of the policies of the Company.

In 2021, Atalaya created a **Diversity Committee** with the mission of promoting different projects to raise awareness in society and the Company in this area and to encourage the necessary programs to correct existing imbalances. Likewise, during the year the Company has initiated the development of a specific Equality Plan which seeks to ensure equal opportunities for men and women within the Company.

For the moment, Atalaya has completed a diagnosis, conceived as an initial negotiation phase, within the framework of a negotiating committee with representatives of the Company and the employees, about the equality data to be considered, a collection of qualitative and quantitative information and an analysis of the evolution in the latest years. After this initial diagnosis, the final plan will be completed in 2022 including key goals to be reached and specific actions to make it possible.

Equally, the Company will present in 2022 the result of other actions, currently under development, aimed to prevent potential situation of exclusion such as an anti-bullying protocol, an equal opportunity plan and an intervention plan to be presented by the Diversity Committee.

Freedom of association

Atalaya complies with the rights of association, with full freedom in trade union elections and has a Collective Bargaining Agreement, thus avoiding labour disputes. A new agreement will be negotiated in 2022.

Relations between the Company and the workers are articulated in the tools established by Spanish law, one of the most important is the Works Council, which consist of 13 members elected by the workers. The highlights of 2021 included: holding of elections for Workers' Representatives; negotiations for the development of an Equality Plan and participation of the Works Committee in the implementation of measures to manage COVID-19 crisis.

Collaboration in the integration of people with special needs

Atalaya Mining collaborates regularly with two special employment centers managed by ILUNION and ASPROMIN.

Furthermore, Atalaya signed a new agreement with Fundación Adecco in 2021 with the objective of deploying joint initiatives aimed at the full social and labour integration of people with special needs in the family environment of Proyecto Riotinto's staff.





Management of the COVID-19 health crisis

The design and implementation of the most appropriate measures to prevent the spread of COVID-19 has been one of the areas in which the collaboration between the Company and the workers, through the Works Committee, has led to positive safety results.



17.8 of training hours per employee



100k€ dedicated to training plans

Competitive remuneration for new employees above minimum legal standards

Atalaya Mining offers new employees who join in the initial categories a salary 45% higher than the legal minimum wage. These conditions are offered to employees of all genders and are further proof of the Company's commitment to offer a quality employment opportunity to the environment that hosts its activities.



Training and professional development

Within the Integrated Management System of Proyecto Riotinto, training and awareness needs are identified, as well as the implementation and evaluation of actions carried out by staff.

Atalaya has an Annual Training Plan aimed at the entire staff of the Company and it includes legal requirements (e.g. Basic mining safety standards, guidelines for mobile mining machinery, etc.), as well as geological mining management software training (QGIS), occupational health and safety training, and environmental awareness training.

In addition to the activities aimed at the training and development of its own staff, Atalaya has promoted various projects with other academic and business organizations to promote the training of students who may eventually develop their careers in the Company or in other companies, and to improve the employability of other people in the Riotinto Mining Basin.

Fair compensation

In accordance with the Company's Code of Ethics, Atalaya's salary policy promotes equal opportunities among staff members.

The remuneration of our people is established in accordance with the Collective Bargaining Agreement, although for the most trained personnel, specific conditions have been established that depend on the fulfillment of key Company objectives in terms of safety, production or compliance with the budget.

The Collective Bargaining Agreement also includes some other benefits such as study grants, reduced summer working hours, shift bonuses, etc., which are offered on equal terms to all our employees.

Flexibility and transparent communication

In addition to the policies outlined above, flexibility and transparent communication are two other elements in the value proposition that Atalaya offers its employees. In the area of flexibility and family

reconciliation, the Company has implemented various measures included in its collective bargaining agreement, such as daily flexible working hours.

Likewise, and aware of the benefits that transparent communication can bring in improving the Company's internal climate, employee motivation and identification with the business project, Atalaya has created various internal communication mechanisms through which it shares with its employees the most important events in the activity or the priorities to be addressed for the future. These include the existence of a specific platform for internal communication, the publication of a periodic newsletter, the holding of face-to-face meetings and the broadcasting of the most important messages and news through television screens located in different parts of the facility.



Collaborations with educational organisations

Atalaya has establish collaborations with several high schools in the area, Andalusian universities or in the Hebe Plan of the Huelva Provincial Council to promote several curricular or extracurricular internship programs.

6. SAFETY OPERATIONS

Focus for 2021	Our Key performance indicators (2020)*	
Project safety <ul style="list-style-type: none"> Start-up of a new process tailings thickener. Presentation of a new project to reinforce the safety of the dam and key elements such as tailings dumps, waste dumps and excavated areas. Creation of an emergency brigade. Updating of the Company's Self-Protection Plan. 	Project safety Cumulative investment to improve tailing dams in the last 2 years 28 M€	Occupational health and safety² Injury rate per occupational accident with major consequences 0
Occupational Health and Safety <ul style="list-style-type: none"> Conducting psychosocial surveys for employees Awarded a prize by FC Mutual for the Company's Risk Management System due to the improvement in accident rates. Start of the control protocol for psychoactive substances at the entrances (entrance and exit). Incorporation of the "Industrial Hygiene" speciality as part of the Company's own prevention service for better management. Increase of the nursing service to 24 hours. Collaboration with "Sumamos" Plan of the Andalusian Regional Government to vaccinate against COVID-19 at Atalaya's own facilities. 	Safety incidents 0 Dam safety factor ¹ 1.88	Hours of occupational health and safety training* ³ 116K Number and rate of fatalities ³ 0

* Atalaya Mining plc will publish its Sustainability Report for 2021 in the first quarter of 2022. This report will incorporate updated data for each indicator corresponding to the 2021 financial year.

¹ Static tracking factor for the main copper section. This factor is the ratio between the forces that can lead to dam failure and the resistant capacities of the dam. Although the regulations required a factor of 1.4, Atalaya's design is above this value.

² Data for Proyecto Riotinto

³ Employees and contractor staff

Safety Management Approach

Since the beginning of its activities, Atalaya has been committed to guaranteeing safety and preventing any accidents in the mining operation. To achieve this, it has formalized a **Major Accident Prevention Policy** that establishes the principles to achieve the highest level of protection and serves as the basis for the Safety Management System implemented by the Company.

The practices and procedures established by this system complement the safety project developed by the Company for its mining operation at Riotinto, which from the beginning has been designed considering the most stringent standards (see highlighted box).

"From the beginning of the project, safety has been one of our top priorities. The Riotinto tailings dam was designed with safety factors above current standards. No structural incident has ever occurred in the dams"



Safety project above standards

The Riotinto operation's safety project has several noteworthy features.

One of them corresponds to the construction methodology used in the tailing pond, based on rockfill walls, which allows reaching safety factors above those established in the legislation.

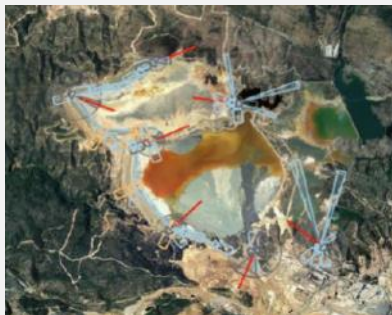
Likewise, the control system of the facilities has been designed with a level of exhaustiveness that places it at the forefront worldwide.

Atalaya is continuously striving to improve the safety features of its project, having invested 28M€ in the last two years.

In order to adapt the project's characteristics to the highest standards, the Company works with leading consultants to adopt recommendations established by international organisations such as the Canadian Dam Association (CDA) or the International Council on Mining and Metals (ICMM) Global Tailings Management Standard for the Mining Industry.

"Minerva#Smartgeocontrol" Research & development & innovation project

Atalaya is undertaking an innovative digital transition to geotechnical and geodetic control of the Proyecto Riotinto. The aim is to create a multidisciplinary monitoring and interpretation platform that will integrate classical monitoring techniques with innovative satellite, passive seismic and artificial intelligence techniques in real time.



Throughout 2021, the Company has continued to strengthen its safety systems and management practices in day-to-day operations. Some of the most important actions have been the reinforcement of geotechnical control of the tailings deposit and dumps with quarterly audits by an authorised control body, the implementation of new monitoring techniques to improve geodetic and geotechnical monitoring (see highlighted box), and the provision of specialised training for employees in mining waste management.

The Company's good safety performance has been recognized by the external audits received by the Proyecto Riotinto throughout the year. It has also served as the basis for an active knowledge-sharing effort, through which Atalaya collaborates with other public bodies and companies in the sector to jointly improve the safety of mining activities. Likewise, Touro and Masa Valverde projects have been aligned perfectly with the Group's safety policies.

Self-protection plan

Sharing of best practices on safety

The Company regularly collaborates within its industry association AMINER with public administrations to improve safety regulations.

In addition, Atalaya has participated in 2021 in seminars sharing some of the most advanced practices it has adopted in safety, such as the application to mining infrastructures of control techniques such as micro-seismicity, satellite control and artificial intelligence.



For Atalaya it is of utmost importance to have a self-protection plan that takes into account all risk scenarios. The plan aims to foresee all possible emergency situations and to establish actions, provide adequate responses and serve the authorities.

Current self-protection plan for Proyecto Riotinto was updated by the Company in December 2020 and submitted to the competent authorities. It undergoes an annual external audit and, also, internal audits of the integrated management system.

Emergency drills are one of the main actions established by the self-protection plan. In 2021, Atalaya conducted two drills at its Proyecto Riotinto, exceeding the frequency required by the current legislation. In addition, the Company developed a specific programme to improve the training of its own self-protection brigade (see box in the margin).

Creation of a self-protection brigade

In 2019, Atalaya created its own self-protection brigade made up of volunteer workers who have received specific training in basic life support and first aid, rescue at heights, confined spaces and fire protection.

To provide this training, the Company has been advised by leading organisation in this field, as well as with collaboration of the



Seville Fire Brigade, with which the Company has signified a specific agreement.

Occupational Health and Safety

In addition to project safety, Atalaya is committed to ensuring the occupational health and safety of all people working on the project, regardless of whether they are Company employees or external contractors involved in the operations.

To achieve this, the Company has implemented an Occupational Health and Safety Management System which has been externally certified in accordance with ISO 45.001:2018. This management system extends to all personnel at Proyecto Riotinto including subcontractors.

In order to be able to deploy this system and achieve the established security objectives Atalaya has set up its own Prevention Service which includes the three specialities in prevention (industrial hygiene, safety at work, ergonomics and applied psychosociology) and has arranged health surveillance with an external prevention service. Each department has one or more technicians appointed to monitor working conditions. The Company has also set up an occupational health and safety committee made up of representatives of the workers and the Company, which meets periodically to analyze developments in the most relevant aspects related to occupational health and safety.

The implementation of this management approach has driven a continuous reduction in accident rates in recent years. In any case, the reinforcement of the safety culture and its extension to all employees continues to be the Company's priority and for which various efforts have been undertaken in 2021, like the continuous training of our workshop in these aspects and the implementation of a pioneering safety leadership programme (see box).

Reduction in accident rates

Occupational accident rates have improved significantly with the number of accidents falling from 35 lost-time accidents in 2018, to 11 in 2019 and 7 in 2020. Likewise, the Company's safety ratings are better than the industry average.



Field leadership programme



In its commitment to create a safe working environment, Atalaya has implemented a field leadership programme through the creation of working groups. It consists of 26 groups with a total of 103 technicians from all areas and departments, who once a month carry out various preventive activities: audits, observations, inspections and "stop and talk", among others.

"Our aim is to change the culture of health and safety at work, both for our own employees and those of our contractors, so that they are consistently reminder of the importance of returning home after a day's work without any kind of injury"

COVID-19 prevention strategy

Atalaya has maintained a strategy at its facilities to prevent the spread of COVID-19. This strategy has ensured that the good results achieved in 2020, which allowed the activity to be carried out safely, have also been achieved in 2021.

From the outset, the implementation and monitoring of this strategy has been the responsibility of an emergency decision-making committee and a monitoring committee with the trade unions.

Specifically, the main actions carried out by the Company that have been part of this strategy included conducting PCRs, antigen tests and antibody tests on the entire workforce and monitoring contractors; the construction of new changing rooms at the entrance to the facilities and the disinfections three times a day in the changing rooms.

Collaboration with the regional government in the fight against COVID-19

In addition to fighting the pandemic in its own facilities, Atalaya has supported the efforts of public administrations to expand vaccination against COVID-19.

To this end, the Company has joined the "Sumamos Plan" of the Andalusian Regional Government for the vaccination of its own workers and contractors.



7. ENVIRONMENT AND CLIMATE CHANGE

Focus for 2021	Our Key performance indicators (2020) ¹	
<ul style="list-style-type: none"> Completion of an environmental risk analysis in accordance with Law 26/2007 on Environmental Responsibility. Check carbon footprint calculation and align with industry standard and establish medium and long term objectives Water footprint calculation Licensing process underway for a 50MW solar power plant. Collaboration with various universities on environmental projects (water and biodiversity conservation, monitoring of particulate emissions). Implementation of a training plan including environmental content for the workforce. Advancement in the environmental restoration plan and pilot test for the application of tecnosol in mining waste restoration. 	Environmental Investments and expenditures	Greenhouse Gas Emissions (Scope 1, 2 and 3) ⁴
	1.8 M€	0.49 tCO_{2eq}/tonne of concentrate
	External water consumption ²	Ration of diffuse emissions of PM10 dust particles to annual output ³
	0.35 m³/tonne ore processing	1.78 kg/tonne of concentrate
	Energy consumption ³	Financial guarantees provided within the Restoration Plan since 2015
	1.34 MWh/tonne of concentrate	77 M€
	Mine tailings reused in the project	Penalties received for non-compliance with environmental regulations
	7%	0 €

¹ Atalaya Mining plc will publish its Sustainability Report for 2021 in the first quarter of 2022. This report will incorporate updated data for each indicator corresponding to the 2021 financial year.

² The annual external water consumption per total annual ore processing

³ Annual consumption/emissions per tonne of concentrate produced

⁴ Scope 1, 2 and 3 (transport of materials extracted by contractors)

Environmental management

Atalaya Mining plc is committed to conduct its mining operation on a sustainable basis, with maximum prevention of any negative environmental, social or cultural impact on the environment, which is reflected in its Environmental Policy.

Proyecto Riotinto has an environmental management system certified to the ISO 14001 standard. This system, which is periodically audited, serves to ensure environmental compliance with the aforementioned environmental policy and aims to comply with applicable environmental regulations, respect other

commitments that the Company subscribes to and promote continuous improvement in operations.

The system is based on the Environmental Monitoring Plan authorised by the competent administration and, although its scope is currently limited to the operations of the Proyecto Riotinto, the Company is working to extend it to the rest of its projects in the operation and permitting phase.

ENVIRONMENTAL MANAGEMENT APPROACH IN ATALAYA MINING PLC'S PROJECTS



Proyecto Riotinto

The environmental management system implemented by the Company is based on the Environmental Monitoring Plan (EMP) approved by the competent authorities. The aim of the EMP is to guarantee compliance with the preventive and corrective actions proposed in the Environmental Impact Study, as well as in the rest of applicable legislation.

To monitor performance, the Proyecto Riotinto has 20 specific indicators that cover all the environmental vectors with which the project interacts. In addition, significant environmental aspects are evaluated annually according to the defined evaluation criteria.



Other projects in the exploration and permitting phase

For projects in the exploration and permitting phase the Company implements a series of environmental actions such as: obtaining environmental permits, monitoring activities to comply with internal standards and performing land restoration when needed.

Mitigation of our environmental impacts

Within the framework of its environmental management system, Atalaya adopts the most appropriate measures to monitor and mitigate its main environmental impacts:

Air Quality (particulate matter)

Our operations give rise to two types of atmospheric emissions, those that are channelled (four sources in the case of Proyecto Ritotinto) and those generated diffusely and inherent to the mining activity.

Proyecto Ritotinto has implemented an exhaustive programme of specific control for diffusive emissions, as well as preventive and corrective measures.

In 2021, the Company has continued to strengthen its management in this area by implementing various actions such as the elimination of vehicle traffic on the mining track, the installation of a bag filter in the screening plant and covering the stock of coarse materials. Atalaya has also developed a dispersions study for the emissions generated at stockpile and improvements in the weather and air quality forecasting service.

Pioneering project to improve air quality control in collaboration with the University of Huelva



Atalaya maintains a close collaboration with the University of Huelva for scientific and technological projects,

including the installation of a network of five fixed sensors with Airvisual technology that continuously measure the concentration of PM2.5 and PM10 particles. The aim is to monitor the air quality to ensure that it is adequate and in conformity with international standards. With this project, the values are known in real time, allowing immediate mitigation measures if necessary.

Circular economy

The generation of waste and its correct management is one of the most significant aspects in our activity. Mining waste constitute the main part of our impact. Besides, other smaller quantities of other hazardous and non-hazardous waste is produced (i.e. used oils, solvents, contaminated soils, laboratory reagents, aerosols, contaminated packaging, paper & cardboard and plastics, among others).

Therefore, a constant effort is made to minimise and reuse waste. In this line, the project counts on an annually reviewed waste minimization plan with reduction targets (more than 85% of the waste generated is destined for recovery). Particularly noteworthy is the management of mining waste, much of which is used for restoration and dam reinforcement activities, thus promoting the principles of the circular economy (see box in the margin).

Mining waste used in the restoration of the tailings dams



Atalaya is using the mine waste for the construction of reinforcements and extensions to the various sections of the

process tailings dam. This initiative allows the tailings to be reused, minimising their deposition on the surface and turning them to a new application. Approximately, 7% of the waste generated will be reused in the construction of the new tailings deposit.

Other initiatives in 2021 include improvements in the internal waste storage area (i.e. installation of electricity, water supply, digitalisation of processes, etc.) and raising awareness in staff and contractors through specific training, among others.

Water management

Water consumption occurs mainly during the grinding and flotation process. Our water management focuses on reuse and recirculation of the resource and by relying on supply from an external source only when necessary. In order to get a clearer understanding of its impacts, Atalaya has completed in 2021 the calculation and verification of its water footprint.

Proyecto Riotinto has a zero discharge policy (ZLD) and, although it has had a discharge permit since the beginning of the activity, it has never made use of it.

Calculation of Water Footprint

As part of its continuous improvement and environmental commitment, Atalaya has calculated the water footprint of Proyecto Riotinto for the period from 2015 to 2019. The footprint was verified by EQA, giving conformity according to the Water Footprint Network.



“Thanks to our water management, the project only needs an amount of fresh water equivalent to 10% - 15% in relation to the total requirements”

Energy transition and climate change

Electricity consumption accounts for more than 60% of CO₂ emissions. In addition to this, there are other consumptions of energy (mainly diesel, propane and fuels in heavy machinery) that accounts for the rest. Therefore, Atalaya monitors these consumption continuously and regularly, as one of the most significant environmental aspects.

Atalaya has completed in 2021 the calculation of its carbon footprint with an associated mitigation plan to reduce it 15% by 2025 (reference year: 2019). This carbon footprint has been voluntarily registered in the

Official Register for carbon footprints of the Spanish Ministry of Energy Transition.

Some of the actions conducted to reduce energy consumption and greenhouse gas emissions have focused in the improvement of the production process and equipment to optimise energy consumption (i.e. installation of new flotation cells, replacement of old equipment, etc.) and the harness of renewable energy (see box in the margin).

Harnessing solar energy

Atalaya is planning a 50 MW solar plant for self-consumption. The plant is currently in the permitting phase, with construction work scheduled to start in the first half of 2022.



Biodiversity protection

Proyecto Riotinto has implemented specific management plans for avoiding impacts over biodiversity and prevent potential forest fires. Some of the actions included in these plans focuses on the conservation of protected species.

Wildlife conservation projects

Atalaya is implementing two projects devoted to protected endangered species present in the area. These consists on:

1. Traslocation, monitoring and artificial reproduction of a protected flora species (*Erica andevalensis*).

2. Control of chiropteran population and construction of an artificial refuge, among other measures.



Update of the Environmental Restoration Plan

The approval of a new mining plan by Atalaya has prompted an update of the Proyecto Riotinto's Restoration Plan. The new Plan, like the previous one, aims to meet objectives such as landscape and environmental integration, preserving the values a culturally protected mining landscape, as well as guaranteeing water clarity, safety and stabilisation conditions, and a final use of the land.

As part of this Plan, the sealing layer over the facilities will be reinforced and conditions for the colonisation of native flora and wildlife species on the restored site will be favoured. The geomineral resource will be integrated into the restored area, due to the cataloguing of the Riotinto-Nerva mine basin as an Asset of Cultural Interest (BIC, for its Spanish acronym).

The Restoration Plan also includes a number of actions to also restore tailings from the historical mining, which existed before Atalaya Mining started its activity in this area.

8. SOCIETY

Focus for 2021	Our Key performance indicators (2020)*	
Local communities <ul style="list-style-type: none"> Creation of an industrial school for unemployed people from the Cuenca Minera region. 	% of employees coming from local community ¹	Expenditure on local suppliers ¹
Supply chain <ul style="list-style-type: none"> Efforts to strengthen the recruitment of local suppliers. Registration of environmental, health and safety and quality incidents with providers. 	68%	51%
Heritage <ul style="list-style-type: none"> Excavations of the Archaeological sites "Cortalago, "Archaeological Level 5" and "Nuevo Filón Norte 1". Public visits to Corta Atalaya, in collaboration with the Town Council of Minas de Riotinto. 	Budget dedicated to social activities through our Foundation	Investment made for the protection of local heritage
Customer engagement <ul style="list-style-type: none"> Completion of the annual customer satisfaction report. 	492 K€	1.6 M€
		Complaints received from customers
		0

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Data for Proyecto Riotinto

¹ Corresponding to national suppliers

Creating long-term prosperity in Riotinto Mining Basin

Proyecto Riotinto has been a driving force for the socio-economic revitalisation of the Riotinto Mining Basin in the province of Huelva. The Company is strongly committed to the creation of local employment, extending the socio-economic footprint to contractors and business and activities providing services to the mine.

Atalaya envisages Proyecto Riotinto as a long-term mine that will contribute in a stable manner to the sustainable exploitation of the mining resources in the area and contribute to the socio-economic development of the local community.

Throughout 2021, the Company has promoted various programmes devoted to

this end, such as signing of local agreements to promote direct and indirect employment, development of training and qualification actions to promote the employability of unemployed people in the region and different actions to support economic diversification in the region (e.g. boosting tourism activity).

GENERATION OF EMPLOYMENT AND WEALTH IN THE LOCAL ENVIRONMENT

- Our socioeconomic footprint -



Direct employment
477 employees
75% from the local community

Our socioeconomic footprint

- 700 employees from contractors work in our site (1,000 when developing construction or maintenance activities).
- Other indirect and induced employment in other businesses and activities servicing the mine (Collaboration with 588 suppliers in the last year)



Malacate Challenge

Initiative promoted by the Atalaya Foundation that awards €25k to the best business project in the region. In 2021 it has not been carried out due to the pandemic, but the communication with the collaborators and the work of accompanying the winners of past editions has been maintained.

Industrial School

The foundation offers a free mining plant operator's course for people who are unemployed in the region. This is specialised training in industrial and mining installation work, with the use of specific machinery.

Fluid relationship with local stakeholders

Atalaya maintains an open-door policy and a fluid relationship with its stakeholders. The high expectations of these groups in terms of environmental, social and safety impact, among others, drive the organisation to continuously improve the performance of its activities, resulting in a better level of competitiveness and adaptability.

Likewise, the careful management of stakeholders favours an improved understanding of the territory and provides Atalaya with the opportunity to bring the mining operation closer to the local population, increasing the feeling of belonging.

The Company follows these principles of transparency and deeper engagement with stakeholders, not only in its current operation but also in the development of new projects (see box).

Engagement with stakeholders in the development of new projects (Touro)



Atalaya is developing the Cobre San Rafael project in Touro, Galicia (northwest Spain).

From the beginning, engagement with local stakeholders has been a priority in order to understand their expectations and convey the value proposition in the social, environmental, safety and innovation areas.

In this context, Atalaya is constantly consulting with these groups, which involves dialogue with the administration, the setting up of an information office open to the public and meetings with groups of neighbours, owners and representatives of productive sectors in the area, among other activities.

“Atalaya, as a Company committed to the environment, looks to the future through the eyes of sustainability. The aim is to achieve a sustainable management of the copper extraction process, based on the conviction that increasing the social, environmental and economic value of its activities improves business results”

Atalaya Riotinto Foundation

Since its beginnings, the Atalaya Foundation has been aware of the importance of working alongside the local community. The foundation has its sphere of action in the Riotinto Mining Basin, where it maintains three lines of action: collaboration with non-profit organisations; agreements with the local councils; and work on its own initiatives.

For its own projects, Atalaya provides the foundation with more than €492k per year for activities that positively benefit 33 entities and more than 40,000 stakeholders.




In addition, the Company has created the Terras Programme within the framework of Proyecto Touro. This programme aims to contribute value

to society over and above its business objectives, keeping these aligned with social expectations and needs.

“Since 2016, the Atalaya Riotinto Foundation has been supporting projects and institutions in the surrounding area in order to strengthen local economic activity that will last beyond the mining activity itself”



MAIN INITIATIVES CARRIED OUT BY ATALAYA RIOTINTO FOUNDATION IN 2021

Main area	Purpose	Outstanding projects
 Education and local development	Promotion of initiatives with the capacity to mobilize resources and people: improvement and conservation of infrastructures, energy saving, enhancement of historical and natural heritage, citizen services and training.	<ul style="list-style-type: none"> - Renovation of the Zalamea La Real Nursery school - Asphaltting Works in various streets - The Reconstruction of the Campofrío Interpretation Centre.
 Social Support	Collaboration with institutions and organisations that work to improve the situation of people with economic, health, social or other difficulties.	<ul style="list-style-type: none"> - Support for the work of Cáritas, Athenea, Unidos por el Alto, AFA. - Implementation of a transport service for the most vulnerable residents of Minas de Riotinto.
 Culture, Heritage and traditions	Contribution to the maintenance, dissemination and enhancement of heritage assets.	<ul style="list-style-type: none"> - Social publications - Restoration of historic railway models - Support to the work of artists and local cultural organizations.

Sustainable and local supply chain

Atalaya is committed to prioritising sourcing and subcontracting from local suppliers. Local procurements provide advantages in terms of flexibility, risk mitigation and a quick response to Company requests. It also improves the local economy and brings value to the area. Only in cases where the local supplier market cannot meet the demand, other national, European or global suppliers are used.

Atalaya has a procedure to regulate the procurement process for all goods and services, ensuring effective management. Suppliers can be either input goods (equipment, machinery, etc.) or services (consultants, contractors, etc.) mainly related to mining and industrial process activity.

Suppliers are addressed with safety, environmental and good practice requirements (e.g. quality and environmental certifications, etc.). Audits are carried out to detect incidents, which are follow up until resolved. In some cases, these incidents can result in a financial penalty, requirements to invest in auxiliary means, improve the safety of contractors, etc.

The importance of monitoring is based on correcting and closing all incidents that may arise. In this way, it is possible to prevent preferential purchases or malpractice, bring greater security to the industrial process, improve reputation and reduce costs.



More than half of Atalaya's suppliers come from Andalusia Region

Protection of local heritage

Proyecto Riotinto is committed to the protection, conservation and enhancement of present heritage, especially archaeological heritage, as the project area is part of the Riotinto-Nerva heritage area of Cultural Interest.

As a result of this commitment, the Company has a global project for the management of the Historical and Archaeological Heritage of the Proyecto Riotinto, authorised by the Competent Administration, which establishes a series of actions for the management of the affected historical heritage.

Among the main actions that guarantee the correct management of the heritage are the control of earthworks, archaeological excavations and monitoring, as well as documentary and graphic studies for a better interpretation. Historical and archaeological management actions are part of the Company's Integrated Management System and are subject to internal and external audits.

Some of the initiatives carried out are the restoration and enhancement of unique elements of great interest, the creation of two heritage tourism routes and an interpretation centre that will contribute to the development of tourism and economic diversification in the area once mining activity has ceased.

Resources dedicated to the protection of the local heritage (2020)



8 archaeologists



44 technicians



1.6 M€ of investment

Photogrammetric study of a Roman archaeological site

One of the most outstanding initiatives for heritage protection is the photogrammetric study, given that the archaeological sites studied in Proyecto Riotinto show a complex and extensive historical occupation, with a multitude of superimposed stratigraphies. For a better analysis and understanding of the excavated sites, the team of archaeologists at Atalaya Riotinto Minera relies on the use of the latest technologies available, such as the use of photogrammetry and HDS (High-Definition Surveying) techniques for the graphic documentation of the exhumed structures.

The field work includes a drone flight to take photographs and a topographical study of the area. The data is then processed with specific photogrammetry software. This work allows the orthophotos to be used as a background on which to superimpose elements of a map.



Quality and customer satisfaction

In addition to the society, customers are another important stakeholder group for Atalaya. The customer approach is part of the ISO 9001:2015 System, which allows us to assess satisfaction with regard to meeting requirements and expectations, implement systems to manage complaints, incidents and claims and ensure that they are resolved. Atalaya prepares an annual customer satisfaction report.

During the previous year, all customer contract specifications and delivery times were met. In addition, copper concentrate quality and production increased compared to 2019.

All customer contract specifications and delivery times were met by Atalaya in 2020.

The Company also achieved to improve other key performance indicators such as concentrate quality.

9. INNOVATION AND TECHNOLOGY

Focus for 2021	Our Key performance indicators (2020)*
Innovation <ul style="list-style-type: none"> Creation of an internal working group oriented towards innovation within the process of Atalaya. Development of diverse projects in areas such as the use of secondary raw materials or the early recovery of water from tailings, benefits of critical materials in the final concentrate and the increase of metallurgical performance through different techniques. Joining European consortiums (STRETCH and LIFE) for the presentation of international projects. 	<p>Ratio of investment in R&D&I to EBITDA¹</p> <p>6.6%</p>
Digitalization and adoption of new technologies <ul style="list-style-type: none"> Digitalisation of different processes to optimize the management of invoice and delivery notes and KPI generation. Licensing of a broadcasting channel for the Proyecto Riotinto to cover the extension of the works. Development of a contingency plan in case of cyber-attack. 	<p>Investment in geological and mining research</p> <p>2.8 M€</p>

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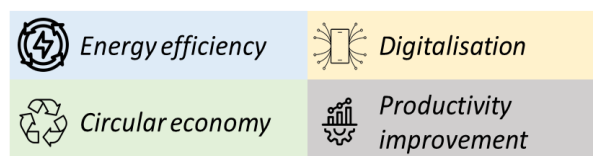
¹ Data for Proyecto Riotinto

Innovation, research and development

Innovation and the development of new technologies provide an opportunity for Atalaya to maintain and improve its competitiveness and adopt the best practices in the copper market.

To efficiently manage these efforts, the Company has created a specific working group composed of representatives from different departments. This group meets monthly to discuss potential developments, national and European projects and consortia for our membership, among other initiatives to deploy the Company's innovation strategy.

- Priority areas of work in innovation -



Our main projects in 2021

Throughout 2021, the Company worked on various innovation projects along the priority areas indicated above. In these projects, the Company has collaborated with external partners from the university and industrial sectors, which has made it possible to share capabilities and promote the exchange of knowledge.



Increase energy efficiency in grinding

Development of a digital solution allowing to operate and optimise the SAG mill in an automatic or semi-automatic mode.



Study for the recovery of water in final waste

Study and piloting for the early recovery of water from the final flotation residues, in order to use water with the best properties.



Study on new elements to increase metallurgical recoveries

Study and piloting of the potential for improvement in metallurgical yields through the use of grinding elements in the grinding and regrinding stages.



Feasibility study of metallurgical waste for construction

Study to assess the viability of metallurgical waste for use as construction material. The study was favourable and was implemented in the works to enlarge the ponds.



Study on auxiliary elements to increase recovery

Study and design of auxiliary equipment/ elements to improve the performance of flotation cells in terms of metallurgical yields.



Research in the beneficiation of Critical Raw Materials (CRMs)

Investigation of different metallurgical techniques for the beneficiation of CRMs present in the final concentrate.



Technology study for rapid identification of mineral species

Study on the use of X-Ray Diffraction (XRD) technology for the rapid identification of mineral species in the process.



Research on Secondary Raw Materials (SMRs)

Investigation of mineralurgical and metallurgical techniques for the beneficiation of SMRs present in various mining and metallurgical waste.

Digitalisation and New Technologies

Atalaya has promoted during the latest years several projects aimed at fostering the digitalisation of different processes and improving data generation and management. Some of these initiatives have consisted in the establishment of a new network system (corporate and local system with segmented networks), the implementation of an enterprise resource planning (ERP) and other projects developed in the context of the situation created by COVID-19 (i.e. communications for remote access were strengthened and new procedures for end-user support were created). All these projects have brought important benefits to the operations.

More specifically, the Company has focused its efforts in 2021 on two initiatives thanks to which it has improved efficiency or solved challenges of different nature that affected operations.

“Our efforts in digitalization and implementation of new technologies have provided important benefits to operations, such as reinforcing teamwork between departments, reducing costs, increasing speed in achieving different objectives, improving data generation and quality, and reinforcing security.”



Digitalization of invoicing and other processes

This initiative aims to optimise the management times of invoices and delivery notes. Both documents will be digitised and data can be extracted automatically.



Licensing of a broadcasting channel for Proyecto Riotinto

Installation of two new radio repeaters and extension of the existing network due to increase in Atalaya's work, resulting in the need for more radio channels.

Cybersecurity

For Atalaya Mining's business, it is essential to use Information and Technology (IT) resources as a means of providing information at all levels. Likewise, in order for the organisation to achieve its objectives, it is necessary to guarantee minimum downtime, both in its IT resources and in communications; in this way it is possible to maintain an efficient contingency in all operational areas. Consequently, Atalaya has implemented a Contingency and Cybersecurity Plan to protect the Company from these risks.



Contingency and Cybersecurity Plan

Atalaya counts on a Contingency the Company to guarantee, in the event of a cyberattack, minimum downtime and IT resources and communications.

This Plan encompasses different elements such as restructuring of the corporate network, segmentation of the production, management and administration networks; backup copies between sites; increased security with monitoring systems, perimeter firewalls and improved authentication, among others. In addition, the Company has an external programmer, anti-virus and cyber security support, and annual audits are carried out by an external specialised Company.

10. ECONOMIC-FINANCIAL PERFORMANCE

Focus for 2021	Our Key performance indicators (2020) ¹	
<ul style="list-style-type: none"> ➤ Strong production at Proyecto Riotinto driven by consistently good mine performance. ➤ Solid copper price environment and good cost control. ➤ Increased cash flow generation. ➤ Approval of an annual dividend payment policy and payment of dividends for the first time since the inception of Proyecto Riotinto at US\$0.395 per Company share. ➤ Growth in net cash position. ➤ Implementation of a project for the digitalization of documents, guaranteeing traceability, confidentiality and saving of up to 20,000 paper documents per year. 	Revenues	EBITDA
	252.8 M€	67.4 M€
	Operating costs	Profit
	176.3 M€	30.4 M€
	All-in sustaining costs	Total Cash
	2.21 \$/lb	37.8 M€

Management approach

The adequate management in the economic-financial sphere generates an impact on stakeholders that affects the profitability of the shareholder's investment, the maintenance of employment and the local economic environment where the Group's mining operations are located.

In order to guarantee that the financial management is performed according to the corporate policies and applicable standards, Atalaya conducts mandatory external audits. Additionally, the Company also carries out voluntary external audits for those companies of lesser materiality in the overall operations.

One of the main goals of financial management in Atalaya has been maintaining the positive performance of the Company, increasing operating cashflows and keeping a strong balance sheet. Atalaya has been also capable of meeting the guidance communicated to the market in key financial magnitudes such as its All-in sustaining costs.

This effort in cost control, together with the good performance of the mine and the positive trend in the copper prices in the international market, will contribute to achieve another fundamental objective for the Company, which is generated value to the stakeholders.

Remote financial audit

This year, due to the pandemic, the financial audit was conducted remotely, which was an important milestone in terms of transparency and reliability in the operation of all operational support teams. The Company gave the auditors unlimited access to its server, resulting in a streamlined and efficient audit.

Our performance

The Company's financial results have been reinforced by the positive trend in copper prices, which have reached record highs in the last 10 years on the international market. Forecasts by industry experts and research analysts indicate that prices are expected to remain above \$4.00/lb for some time.

Along with strong copper prices, good mining rates and processing performance above the 15Mtpa nameplate capacity have also contributed to improved EBITDA.

Atalaya has also managed to effectively control its costs by optimising operations and investing in modern machinery. Although operating costs increased due to higher earthworks, the Company still achieved "All-in Sustaining Costs" at the low end of the guidance range communicated to the market.

All these factors have contributed to a significant increase in the cash balance during 2021, reaching €141 million at 30 September 2021.

Responsible tax management

Proper tax management is expected from a reliable and responsible Company. A lack of rigour in tax matters may have negative reputational and criminal consequences for the Company and its managers. However, a responsible application of tax regulations can bring great benefits to both the Company and its environment, as the mining sector has a number of tax reliefs in Spain and Cyprus (see box).

Atalaya has implemented several actions during the latest years in order to guarantee a responsible fiscal management. In 2019, the Company underwent a voluntary tax review by the fiscal agency of Cyprus. Furthermore, the Company plans to develop a tax strategy that reinforces the principles of transparency and accountability in this area and projects in the medium term a roadmap to be followed, oriented towards concrete and measurable objectives in terms of expenditure and tax payments.

Tax deductions for research and development

In Spain, there are a number of tax credits for the mining sector.

Accessing these credits implies a commitment on the part of Atalaya Mining to invest in research and exploration of new deposits, with the aim of prolonging mining activity.

In recent years, efforts have been made to identify research and development projects, preparing technical reports that were validated by an external certifying Company and submitted to the Ministry of Economy and Finance.

As a result, in the 2020 corporate tax settlement, tax deductions were applied as a result of this process and tax credits pending offsetting in subsequent years have been recognised.

Share price performance and dividend payments

The share price of Atalaya Mining plc increased approximately 75% during 2021, moving from 235p to 411.5p.

Possible factors contributing to this performance could include strong quarterly production results, copper price strength, the acquisition of new projects (Masa Valverde, Riotinto East), the reserve upgrade at Cerro Colorado, and the Company's first dividend payment and new annual dividend policy.

The declaration and payment of an inaugural dividend was a major milestone during the year. On 1st December 2021, the Company paid its shareholders US\$0.395 per Atalaya Mining plc share. The Company also approved in November 2021 a future dividend policy that provides for an annual payment of 30-50% of free cash generated in each financial year.

