Source: Atalaya Mining

I Executive Summary

ATALAYA MINING

I DESCRIPTION OF THE COMPANY

Atalaya Mining Copper S.A. is a **European mining company** listed on LSE's Main Market. It is focused on the extraction of copper and **all of its assets are located in Spain (EU)**. Atalaya owns a portfolio of assets across multiple world-class mineral districts, one already in production with potential upside projects under development (Riotinto District), a second one in the permitting phase (Touro) and lastly, various interests in the exploration stage. The **current production** of the operating mine is around **50,000 tons** of copper contained in concentrate and **Atalaya expects to more than double its production by 2030** (copper and copper equivalent – lead & zinc). Their mineral **processing plant** has an **installed capacity of 15 Mtpa**. It expanded in 2017 and included a new primary crushing system, a new SAG mill, additional flotation cells and concentrate handling installations. Additionally, the company has made **investments in the application of a novel technology that increases the recovery rate** vs conventional differential flotation (from 60-70% to 80% for Cu and from 70-75% to 85% for Zn)(FIG1) by incorporating the **E-LIX System** which recovers copper through an electrochemical process in place of traditional metal smelting. The E-LIX System is a more environmentally friendly mineral treatment technology compared to current methods because it produces zero emissions, and operates under non-aggressive conditions, as it does not need high pressures or temperatures.

II HIGHLIGHTS

SIGNIFICANT GAP BETWEEN PRICE AND VALUE: **Once the company achieves its production target of over 100,000 tonnes** (FIG3) of copper and copper equivalent within the next five years, assuming a conservative copper price based on market consensus of USD 5.00 per pound and an all-in sustaining cost of USD 2.75 per pound, the company is projected to generate an EBITDA of €413M. Even with a terminal value not exceeding 6x EBITDA and after adjusting for future capital expenditures needed to reach that capacity and current net cash position (€2,480M - €430M + €264M = €2,314M), **the company's valuation would be over 70% above its current market capitalisation** (€1.31B).

Another way to approach this is by multiplying the average peer valuation of USD 30,000 per tonne of copper production capacity by the expected production of around 100,000 tonnes, resulting in an enterprise value (EV) of €2,500M. After accounting for the future capital expenditures needed to reach that capacity and current net cash position (€2,500M - €430M + € 264M = €2,334M), we arrive at a similar valuation.

RISE IN COPPER PRICES AS A CATALYST FOR INVESTMENT: Higher copper prices will be essential in the coming years to incentivise new production in a market characterized by increasing demand and limited options for new supply. It is believed that fluctuations in copper prices will greatly benefit Atalaya Mining, particularly at the opportune moment, as additional production from Touro and improved grades from Riotinto are expected.

III COMPETITIVE ADVANTAGES & RISKS

- **Sector with clear entry barriers:** There is a shortage of projects within a desirable and accessible proximity to infrastructure and suppliers, as these are crucial for securing reasonable production costs and legal certainty to secure investments, paired with a severe lack of qualified HR on site. In developing countries, new projects often involve resources located in remote areas or at high elevation, which increase operational complexity and may lack nearby infrastructure and/or legal/regulatory reliability. In contrast, developed countries impose stricter environmental standards and highly stringent permit requirements. Time is also a critical factor, as it typically takes 6 to 7 years to proceed with production once the feasibility study is available, while without it, the process can take around 17 to 20 years.

- **Capital intensive**: Exploring and developing new copper deposits demands significant upfront investments. The infrastructure needed for transportation and utilities, along with processing plants and machinery, requires further significant capital. As a result, the copper price plays a crucial role in limiting the development of new projects and hindering/constraining copper production/supply.
- **Limited resources**: Mining companies operate on finite resources, meaning their revenues, value creation and overall sustainability depend on their ability to effectively identify and develop new projects. That is, they must proactively invest to ensure sustained or increased mineral production. Failing strategically to do so results in declining production and, over time, a significant reduction in a company's size and viability.
- **Delays in forecast production due to extrinsic factors**: Mining entails complex legal and authorization processes that might significantly delay or foster the start-up of operations by local governments. This contributes to further delaying the payback period.
- **Sensitivity to copper price**: Low copper price cycles shrink the number of investments done on prospective new projects as margins and cash flows reduce considerably. In such scenarios, investments suffer a lag, which, together with the technical complexity involved, only further stresses the gap in meeting the increasing demand.

By 2014/15**, Atalaya Mining divested its non-core assets scattered throughout Europe** and focused its efforts **on identifying projects with upside potential in Spain** while adding new ones in a strategic effort to contribute to the company's growth and resources with full access to infrastructure, utilities and skilled labour (current production of around 50 kt copper, expected production by 2030 +100 kt). **Investments needed during these years were financed with equity and own resources**, and a net cash position has been maintained for some time. Regarding the development of the Touro mine (brownfield project) in the mid-term, according to the last information published, the project is expected to benefit from the recent classification as a strategic industrial project by local authorities, as permitting decisions are intended to be completed within an expedited timeline.

IV MAIN ASSETS

1. **RIOTINTO DISTRICT** (100% ownership)
   15Mtpa processing plant
   50MV solar plant (connected)
   E-LIX Phase I Plant (in progress)
   Cerro Colorado mine (in operation)
   San Dionisio deposit (in operation)
   San Antonio deposit
   Masa Valverde project (permits granted)
   Riotinto East project (exploration)

2. **TOURO** (up to 80% ownership)
   Past producing mine
   Permitting phase

3. **OSSA MORENA** (99.9% ownership)
   Alconchel – Exploration belt

- **DISTRITO RIOTINTO**:
- Owned and operated through its wholly owned subsidiary Atalaya Riotinto Minera S.L.U.
- Location: province of Huelva (Andalucía, Spain)

CERRO COLORADO: Open pit in operation
Permits were obtained in 2014/2015. Initial investments were made to refurbish the processing plant which had capacity of 5Mtpa initially, enabling commercial production in 2015, followed by the ramp-up in 2016 with the increase of the installed capacity up to 9.5Mtpa and then a second expansion from 2019 onwards, for up to 15Mtpa. The mill could become a processing hub, similar to the MATSA model operated by Sandfire. The company has had a steady quarterly production with these two differentiated expansion stages. The upside potential for additional resources are San Dionisio and San Antonio, located adjacent to the Cerro Colorado pit. These deposits have higher ore grades than Cerro Colorado and are jointly expected to contribute to double the current production.

SAN DIONISIO: Open pit and underground deposit – copper stockwork ore and polymetallic massive sulphide ore (Cu, Zn & Pb). Now in ramp-up following completion of permitting process.

SAN ANTONIO: Underground deposit in the development stage – polymetallic massive sulphide ore (Cu, Zn & Pb). According to published data as of January 14 (2026), the infill and step-out drilling programme made further progress and will continue in 2026.

MASA VALVERDE: Underground deposit in development – copper stockwork and polymetallic (Cu, Zn, Pb, Au & Ag). Fully permitted and owned through its wholly owned subsidiary Atalaya Masa Valverde S.L.U.

RIOTINTO EAST PROJECT: In the exploration stage. In Dec. 2020, Atalaya signed a MoU with Geotrex S.L. to acquire certain investigation permits near Riotinto.

50 MW SOLAR PLANT FOR SELF-CONSUMPTION: expected to provide c.22% of the current electricity needs (connected to the substation in Oct. 2024) and to have a significant positive impact on Atalaya's Scope 2 GHG emissions plus contribute to the decarbonization of the operations. To limit the exposure to spot prices, the company combines the 50MW PV plant with a 10-year PPA, which combined are expected to cover +50% of the electricity requirements at a rate well below historical prices. Notwithstanding, Atalaya Mining continues to assess opportunities to add long-term PPAs to provide further price stability.

E-LIX PHASE I PLANT: (Commissioning in progress) intended to produce high-purity copper or zinc on-site, to potentially achieve higher metal recoveries from complex polymetallic ores, reduce transportation costs, and lower its carbon footprint. In Q4 2025, the plant successfully produced and sold zinc precipitates, secured independent validation of the potential added value of the process when treating complex polymetallic concentrates, and set a 2026 goal to profitably extract zinc and precious metals from bulk copper-zinc output at Proyecto Riotinto.

- **TOURO PROJECT: (Cu) brownfield – permitting stage. Project operated under Cobre San Rafael entity.**
- In Feb. 2017, Atalaya exercised an option to acquire a 10% interest in Cobre San Rafael, with the potential to increase ownership up to 80% upon meeting specific development milestones.
- Location: "San Rafael" concession, Galicia, Spain

- **OSSA MORENA PROJECT: In exploration stage (Cu & Au).**
- In Dec. 2021, Atalaya acquired a 51% stake in Río Narcea Nickel S.L. (currently Atalaya Ossa Morena S.L.), which held 17 investigation permits, including 3 along the Ossa Morena Metallogenic Belt. In 2022, Atalaya increased its ownership to 99.9% after a capital increase to fund exploration activities.
- Location: Extremadura, Spain

V COPPER MARKET OVERVIEW

Production stands at only 22.4Mt with an installed capacity of 28Mt. Most of these resources were identified in South America, North America and Asia Pacific.

DEMAND: On the rise

Copper demand remains strong, primarily fuelled by global GDP growth, China's infrastructure development and the shift towards renewable energy, decarbonization and digitalization.

In the last century and based on recorded historical data, copper consumption has followed cycles of 25 years on average in which demand has increased by c. 5 million tons, at a rate of 0.2 million tons per year due to different technological advances. However, this trend has grown at a faster rate in recent years. Available data on expected demand for the next years suggest an accelerated growth of the demand reaching above 25 million tn per year by 2035.

SUPPLY: Incapable of closing the gap

Based on the data provided by the International Copper Study Group (ICSG), the top 3 copper producing countries during 2023 were Chile (c.25% of the world's production), Peru (12%) and the Democratic Rep. of Congo. It comes as no surprise that the top operating mines are in these same countries, ranking being led by Escondida Mine in Chile (BHP & Riotinto), Collahuasi again in Chile (Glencore, Anglo American), Cerro Verde in Peru (Freeport McMoran) and Kamoa-Kakula in Congo (Ivanhoe Mines & others).

However, current operating mines are already facing declining ore grades (usually higher grades are mined first) being a severe issue in developed mining areas and require further capital investments to replace or enhance outdated infrastructure or processing facilities. Market consensus agrees that by 2030, the copper production deficit will reach 5-6 million tons per year.

Other factors that equally negatively affect the development of new projects are related to access to critical infrastructure and water supply, development and capex-related costs, regulatory and fiscal frameworks, and the granting of permits and licenses.

VI FINANCIAL AND OPERATING HIGHLIGHTS

Since the current management team assumed control in 2014, the company has made two significant investments to expand its mineral processing capacity at the Riotinto plant. This enhanced capacity is evident in two distinct production stages. Over the same period, ore throughput has remained relatively stable on a quarterly basis, with similar results for copper recovery. To mitigate the lower grade at Cerro Colorado mine, the company seeks to bring into production in the mid term two nearby deposits, San Dionisio and San Antonio, with significantly higher ore grades, to increase current production (around 50 kt) to around 100 kt. Following this data, revenues mostly increased from 2016 to 2021 despite the low copper prices reaching a peak price in 2021. However, since then, growth in prices reverted with a direct impact on overall results. Despite this fact, AISC (all-in sustaining costs) has remained in line with major copper producers internationally at around 3 USD/lb. Atalaya Mining invested over EUR 470M in capex during the last decade with equity and own resources, demonstrating y-o-y their financial strength by operating on net cash.

VII MANAGEMENT TEAM

Since 2014, it has had a seasoned team with ample experience in the sector involving permitting, financing and construction of major mining projects, with a clear focus on value creation for the company.

Alberto Lavandeira (CEO) holds a mine engineering degree and +40 years of mining experience. He has participated in the construction of mines in different jurisdictions, including Spain (Aguablanca Ni & Cu, El Valle-Boinás Au & Cu), Mauritania (Tasiast Au) and the development of Mutanda – Cu & Co – (Democratic Republic of Congo) for 7 years.

César Sánchez (CFO) holds a business management degree and is a chartered auditor. Prior to joining Atalaya, he served in similar roles in the mining and finance sector.

VIII VALUE PROPOSITION

Significant growth in capacity with excellent timing. In the case of San Dionisio and San Antonio deposits at Riotinto, the drilling program and the permits/authorizations are progressing as planned. These areas might benefit from enhanced recovery rates once the E-LIX plant becomes fully operative. As for the Touro Project, the company is very positive about the possibility of securing the necessary permits following being classified as a strategic industrial project by local authorities, which should speed up and considerably reduce the time for receipt of permits and exploitation authorizations.

Dividend policy: 30-50% of free cash flow.

ANNEX. CHARTS

Figure 1. E-LIX recoveries

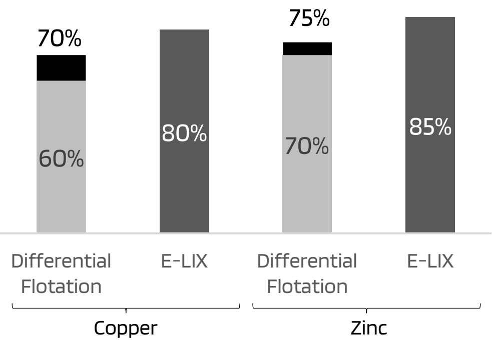


Figure 2. Dividend payments

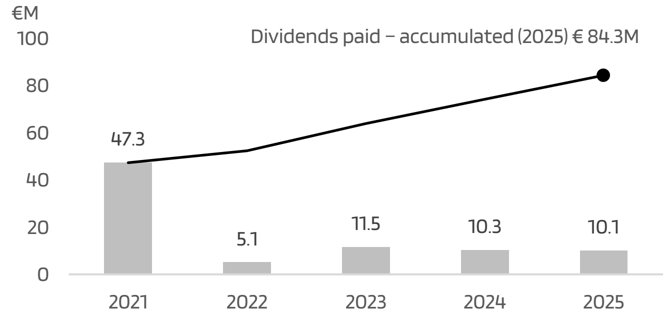


Figure 3. Ore processed

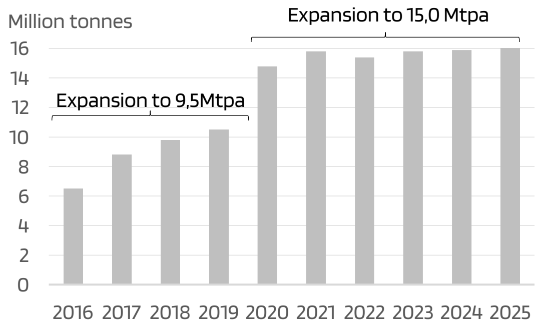


Figure 4. Atalaya Mining current & forecasted production

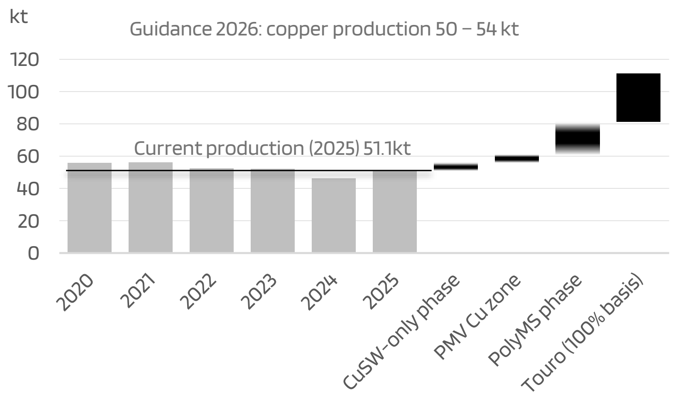
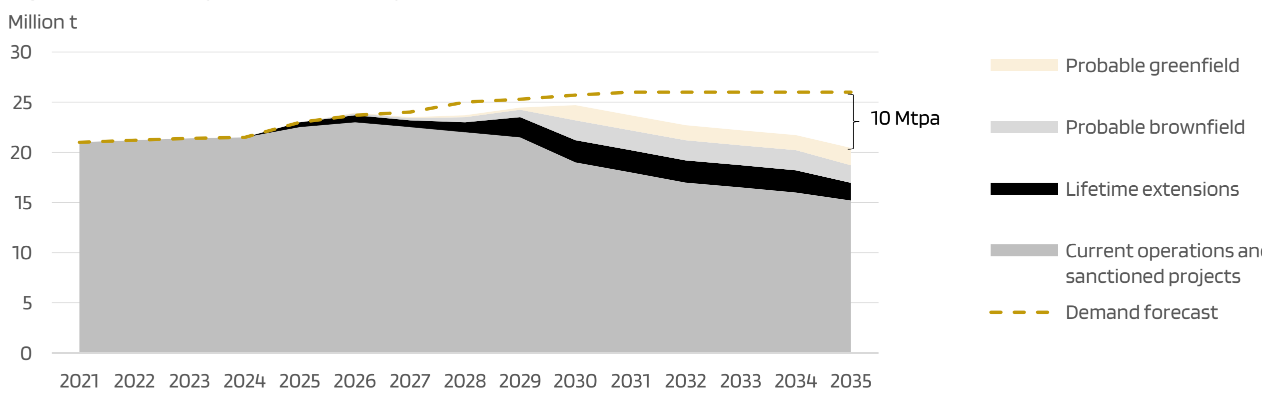


Figure 5. Primary copper supply and demand



Source: Supply – Wood Mackenzie (Q2 2024); Demand – BHP analysis.