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Ticker ATYM (AIM London)

Price GBp 351.00

Sector Materials, Mining

Website <https://atalayamining.com/>

Atalaya are a copper miner with operations in Spain. They have a producing asset and expansion opportunity at their flagship Riotinto complex which currently produces 53kt copper per year. They own other assets including Masa Valverde, Touro and Ossa Morena with total resources exceeding 4.2Mt copper equivalent and a >20 year mine life at current production levels.

Facts & Figures

Market Cap	£495m GBP
Revenue 2021	€406m EUR
Profit after tax 2021	€132m EUR
P/E ratio	10.7 (TTM) / 10.6 (FWD)
P/B ratio	1.20
Debt / equity ratio	10.80%
Dividend yield	0.90%
Resources	> 4.2Mt copper equivalent (>20 years of mine life)
Average Daily Trading Volume	293,000 shares per day

Target

Buy with a view to holding for a minimum of 4 years.

- San Dionisio (SD) expansion drives price target of £6.00 assuming €4.00/lb copper and £12.00 assuming €5.00/lb copper. Copper price €3.95 at time of writing.
- We view Masa Valverde (MV) as a free option with the potential to add £700m to market cap at €4.00/lb copper and £1130m at €5.00/lb copper.
- Combined upside from SD and MV may put share price at £11 and as high as £21 in the high copper price scenario.
- Opportunities to buy below £3 / share on weaker copper prices would be particularly attractive.

Opportunities	Risks
Production to increase from 53kt to 100kt by 2030	Copper prices can be volatile
MV priced as a free option in our view	Higher energy costs have impacted margins
PPA and solar plant to mitigate operating costs	Valuation relies on receiving necessary permits
Mines in stable jurisdiction (Spain)	MV valuation speculative without PEA
Track record of production and profitability	Greatest jump in cash flow likely to come after 2030
Mine life > 20 years	
Long term bullish copper view	

The DCF model below shows share price expectation (in £) for a range of copper prices and average annual increase in operating costs based on 2022 operating costs.

Average Annual Increase in Operating Costs (based on 2022 operating costs)

Copper Price €/lb	0%	2%	4%	6%	8%
2.50	1.88	1.88	1.88	1.88	1.88
3.00	2.96	1.88	1.88	1.88	1.88
3.50	6.18	4.81	3.19	1.88	1.88
4.00	9.41	8.03	6.42	4.53	2.31
4.50	12.04	11.26	9.65	7.75	5.53
5.00	15.87	14.49	12.87	10.98	8.76

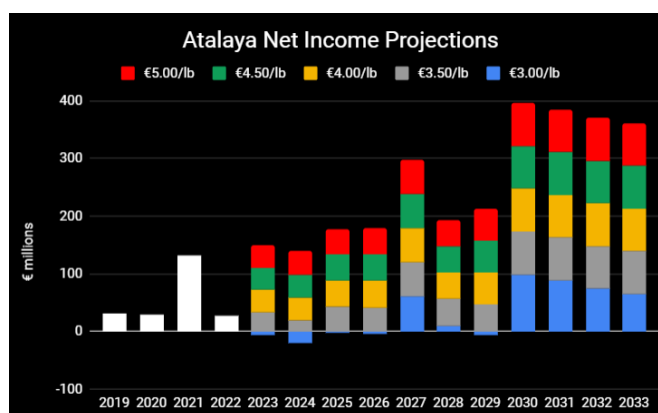
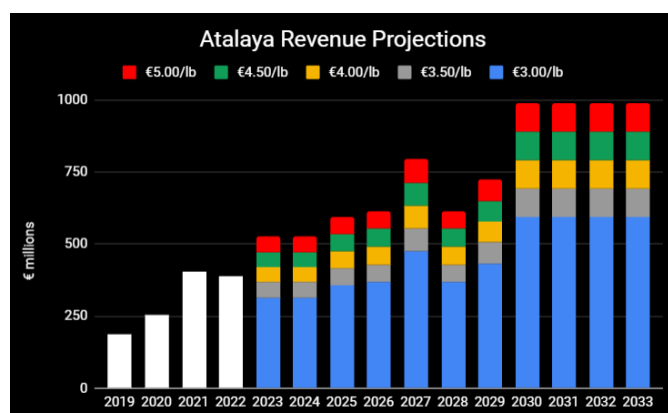
EURGBP rate used 0.8846 , discount rate used 8%

Atalaya Mines and Resources

	Copper / kt	Zinc / kt	Lead / kt	Gold / koz	Silver / koz	Cu Eq / kt *	Avg Cu grade	Avg CuEq grade
Cerro Colorado (CC)	761	307	62	-	-	884	0.38%	0.42%
San Dionisio (SD)	643	958	208	-	-	1,031	0.91%	1.46%
San Antonio (SA)	155	210	117	-	-	257	1.32%	2.19%
Masa Valverde (MV)	560	1173	558	1,800	85,500	1,704	0.63%	1.92%
Majadales	29	95	44	-	5,300	86	0.94%	2.79%
Touro (PT)	680	-	-	-	-	680	0.38%	0.38%
Ossa Morena (OM)	122	-	-	100	-	143	0.53%	0.62%
Total	2,950	2,743	989	1,900	90,800	4,785		

*data from Atalaya drilling results and NI 43-101 reports

Financials for Riotinto (CC, SD and SA combined)



*projections for both charts calculated by Ben Jones Investments

Under our base case scenario (€4.00/lb copper):

- Production increases from 53kt per year in 2023 to 60kt by 2025 and 100kt by 2030 on higher grades. Atalaya expects to process a higher proportion of ore from San Dionisio (average CuEq grade 1.46%) and less from Cerro Colorado (average CuEq grade 0.42%).
- Revenue is projected to grow from €387m in 2022 to €476 by 2025 and €694m by 2030.
- Net income is expected to range between €60-90m until 2029 and then jump towards €248m by 2030 as the highest grade material is mined.
- Operating costs decline in 2023 as Atalaya's power purchase agreement (PPA) comes online 1st January and the solar plant comes online H2 2023. PPA expected to provide 30% of electricity needs at a saving of €22m per year on 2022 electricity costs. Solar plant to provide 20% electricity needs at annual saving of €15m. Combined saving of €37m per year.
- Current share price of £3.51 undervalues the forecasted future cash flows

Table below shows Ben Jones Investments forecasts using copper prices of €4.00/lb and the PEA for San Dionisio that provides production and grade guidance.

€ millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CuEq Production kt	45	56	52	52	53	53	60	62	80	62	73	100	100	100	100
Revenue	188	253	406	387	421	421	476	492	635	492	579	793	793	793	793
Operating Costs	(115)	(175)	(192)	(295)	(263)	(274)	(284)	(296)	(308)	(320)	(333)	(346)	(360)	(374)	(389)
Other Costs	(11)	(10)	(15)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(20)	(21)	(21)	(22)	(23)
Financing Costs	-	-	(14)	(7)	(14)	(14)	(14)	(14)	(20)	(20)	(20)	(20)	(14)	(12)	(8)
D&A	(13)	(23)	(32)	(32)	(32)	(38)	(44)	(47)	(50)	(60)	(70)	(76)	(82)	(88)	(88)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	31	30	132	28	72	59	88	88	179	55	103	248	237	223	214
Capex	(62)	(30)	(35)	(48)	(90)	(90)	(70)	(70)	(140)	(140)	(90)	(90)	(90)	(40)	(10)
FCF	(18)	33	112	12	14	7	62	65	89	-25	83	234	229	271	292

*all projections forecast by Ben Jones Investments using copper prices at €4.00/lb

Masa Valverde 'Free Option'

Masa Valverde (MV) is located 29km from RT. MV has NI 43-101 compliant orebody with a grade of 1.43% CuEq (copper equivalent). Atalaya currently has no PEA for MV and the lack of financials has allowed the market to disregard the value. The PEA is expected to be released in H2 2023 and this provides a catalyst. Given we believe Atalaya is already undervalued based on Riotinto only, we see the market attaching no value to Masa Valverde.

Base Case – MV has value that we estimate at €544m using €3.50/lb copper, discounted at 10%

Upside Case – The PEA for MV confirms an economically mineable resource above €544m

Downside Case – The PEA for MV confirms that the mine is not economical at current copper prices

The global average grade is 0.53% for current copper mines and 0.39% for prospective copper projects. MV's average CuEq grade of 1.43% bodes well for economic feasibility.

Our valuation estimates have assumed €1050m build cost, €22 per tonne of ore operating costs, debt financing costs at 10%, a 9 year mine life with 10Mtpa ore processing rate, G&A costs of €30m per year and a tax rate of 25%.

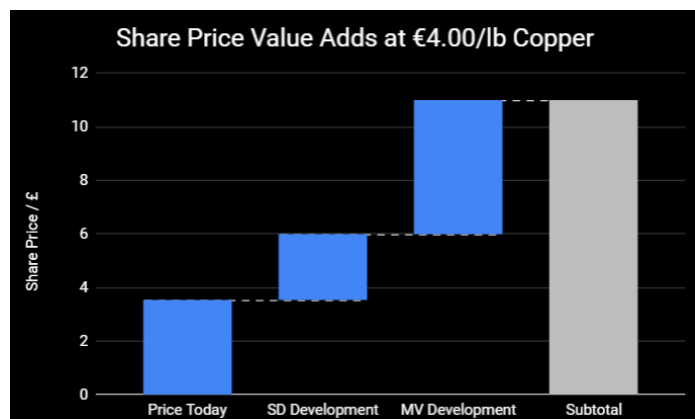


Chart (left) demonstrates the additional value we anticipate from the development of San Dionisio and the unrecognised value of MV

ATALAYA FULL RESEARCH REPORT NEXT PAGE



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- Combined upside from SD and MV may put share price at £11 and as high as £21 in the high copper price scenario.
- Opportunities to buy at lower levels on weaker copper prices would be particularly attractive.

DCF Model Expectations

Ben Jones Investments discounted cash flow (DCF) model suggests the following range of share price expectations (in £ / share) depending on prevailing average copper prices and the average annual increase in operating costs. We cover this in more depth in the Financials section of the report (section 4). This model includes the SD expansion but not the more speculative valuation from MV.

DCF Model Share Price Predictions (£ / Share)

Average Annual Increase in Operating Costs (based on 2022 operating costs)

	0%	2%	4%	6%	8%
2.50	1.88	1.88	1.88	1.88	1.88
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5.00	15.87	14.49	12.87	10.98	8.76

EURGBP rate used 0.8846 , discount rate used 8%

Key Opportunities

- ✓ Higher grades at San Dionisio means production is expected to increase from 53ktpa (kilotons per year) towards 100kt of copper equivalent by 2030.
- ✓ Masa Valverde is being priced as a free option by the market. We see the market pricing MV at €0 and believe the value may be closer to €800m
- ✓ More than 20 years of mine life at current production levels.
- ✓ Reliable track record of asset quality, production, profitability and cash generation.
- ✓ New solar plant and PPA agreement will reduce the impact of high electricity prices while reducing carbon footprint. This will reduce operating costs and the volatility of operating costs.
- ✓ Undervalued based on earnings and DCF model.
- ✓ Mines are located in Spain - a safe and stable jurisdiction.
- ✓ Long term bullish copper view.

Key Risks

- ✗ Copper prices can be volatile and may suffer in a global recession, although we hold a long term bullish view on copper.
- ✗ Rising electricity prices have been severely impacting operational costs and by extension, net income. The war in Ukraine may continue to disrupt energy markets and force elevated operating costs on Atalaya.
- ✗ Permitting issues – One of Atalaya's development projects, Proyecto Touro, is facing difficulties obtaining an environmental permit. The investment upside relies on the development of San Dionisio and Masa Valverde which still require permits and feasibility studies. Aside from PT, there are no indications of any other permit issues but the risk of delay or failure still exists.
- ✗ The PEA for MV later this year may suggest a lower valuation than our forecasts.

Key Timelines

- ⌚ Atalaya expects to begin mining San Dionisio (SD) in 2024, reaching the highest grade material by 2030. Free cash flow is forecast to range from €0-50m per year while mine development capex remains high from 2024-29 and jump towards €250m per year from 2030 as copper grades peak and capex declines.
- ⌚ Atalaya aim to produce a provisional economic assessment (PEA) for Masa Valverde (MV) in H2 2023. This will give more clarity around a valuation for the MV mine and provide more clarity around an expected production schedule.

Abbreviation Table

Long Name	Short Name
Proyecto Riotinto	RT
Cerro Colorado	CC
San Dionisio	SD
San Antonio	SA
Proyecto Masa Valverde	MV
Proyecto Touro	PT
Proyecto Ossa Morena	OM
Million tonnes per year	Mtpa
Kilo tonnes	kt
Preliminary economic assessment	PEA
Pre-feasibility study	PFS
Feasibility study	FS
Power purchase agreement	PPA

Sections

1. The Investment Case
2. Company Overview
3. Company Strategy
4. Financials & Valuation
5. Company Operations & Assets
6. Management

1. The Investment Case

The investment case can be summed up in 5 points:

- 1) Atalaya's mining at SD is expected to increase production from 53kt of copper per year in 2023 to 60kt by 2025 and 100kt per year by 2030. This production boost has not been appropriately priced by the market and our DCF model estimates that Atalaya should be valued at around £6.00 / share at copper prices of €4.00/lb. We believe this is partly due to under coverage of a medium cap miner and a lack of patience among investors willing to wait until 2030 for higher cash generation.
- 2) Atalaya own prospective mine MV that we see as priced at €0 by the market and believe the value of this property may be closer to €790m at €4.00/lb copper ; €544m at €3.50/lb copper or €1281 at €5.00/lb copper. The PEA will shine more light on the economics of MV later this year and provides a catalyst. This opportunity exists because Atalaya is not widely covered by the market and the valuation has been entirely based on its operations on RT because they are producing assets. There are no financials available for MV so it is being ignored despite the possibility of significant value.
- 3) We hold a bullish copper view. Goldman Sachs estimates that copper prices can reach \$12,000 / tonne by 2024. Under this copper price scenario, we estimate that Atalaya's share price could feasibly reach £12 / share, up over 3x on its current price.
- 4) Atalaya have taken steps to mitigate the impact of energy costs by agreeing a new power purchase agreement and by constructing their own solar power plant. Combined, they will provide 50% of Atalaya's electricity needs at a saving of approximately €37m per year against their average electricity price in 2022.
- 5) Atalaya has a strong balance sheet with €34m of long term debt against total assets of €585m and current assets of €153m. The equity value has risen each year with positive changes to retained earnings each year since production began in 2016. Atalaya has capacity to raise €100m of debt should it want to use it for funding development of SD.

For further information on copper itself, I would recommend reading S&P Global's 2022 copper report:
https://cdn.ihsmarkit.com/www/pdf/0722/The-Future-of-Copper_Full-Report_14July2022.pdf

The key risks are short to medium term weakness in copper prices driven by global recession and energy costs in Spain where Atalaya operates. Atalaya has taken significant steps to mitigate energy costs and this is further discussed in both the Company Strategy section (section 3) and the Financials section (section 4) of the report. Any opportunities to buy Atalaya below £3.00 / share would be very attractive in our view.

2. Company Overview

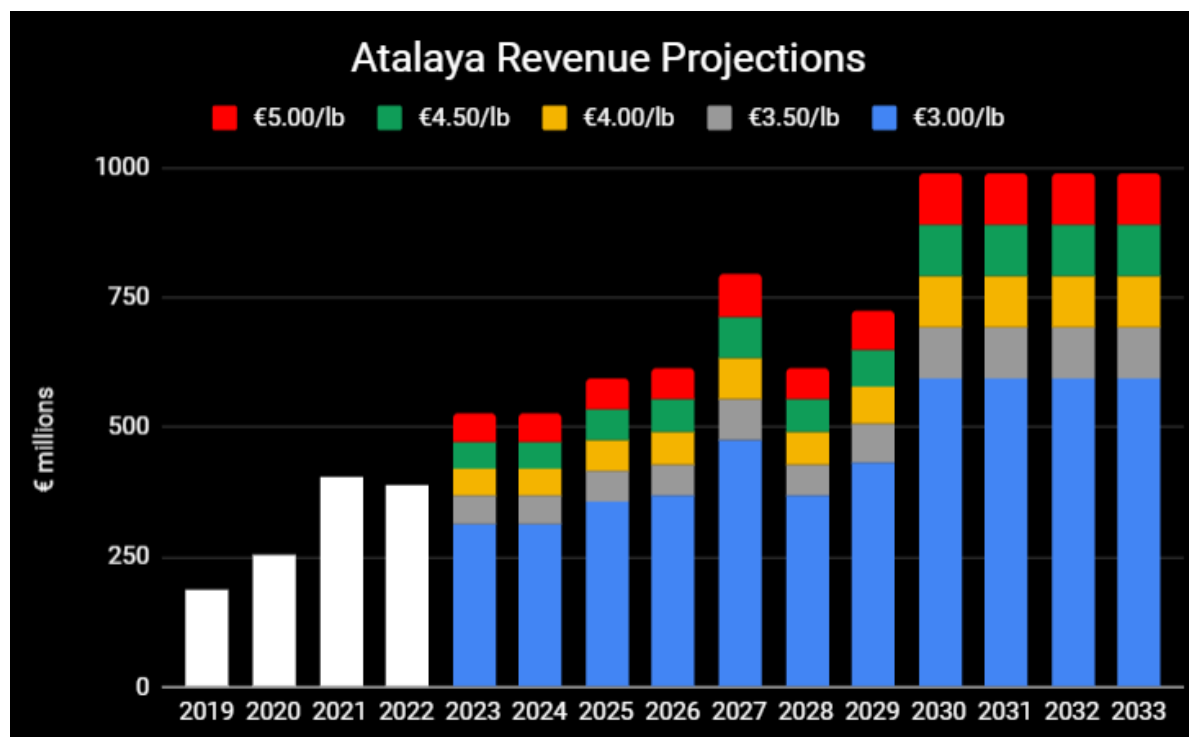
Atalaya's share price history is shown below in figure 2.1



Source: Tradingview.com

Figure 2.1

All of the projections below are based on the more certain operations at Riotinto as Atalaya's only producing and near-term producing assets. Please note that the valuation for MV is calculated separately because the projections are less certain given the lack of PEA.



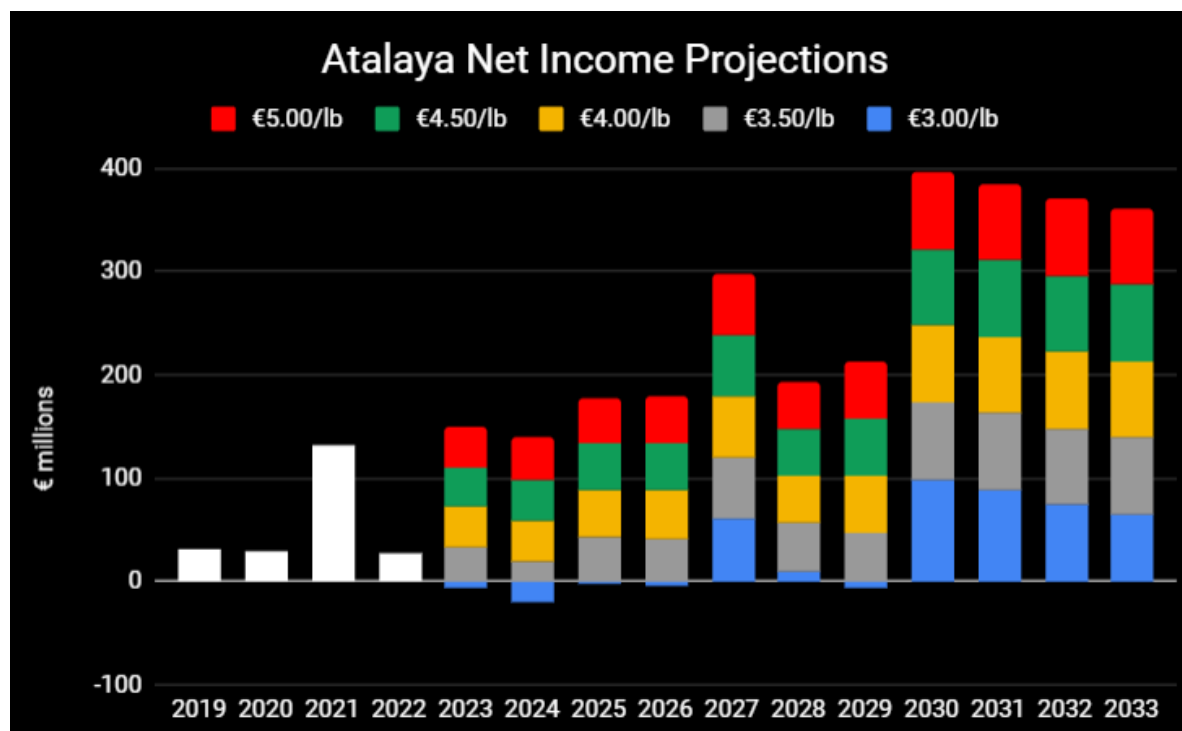
Figures for 2022 onwards are projections calculated by Ben Jones Investments

Figure 2.2

Figure 2.2 above shows revenue projections calculated by Ben Jones Investments based on the copper price in €/lb. Under our base case of copper prices at €4.00/lb, revenues grow moderately and then jump to €793m by 2030. Under our higher €5.00/lb copper price scenario, revenue reaches €992m by 2030.

Atalaya's throughput will remain around their maximum processing capacity at 15.5 Mtpa. All movements in revenue in figure 2.2 for a given copper price are a reflection of expected average grades. Copper grades should rise from 0.40% currently to 0.60% by 2027. From 2027, Atalaya is expected to reach even higher grade areas of the SD pit which includes zinc and lead deposits that add to the top line. By 2030, Atalaya starts mining underground at SD with forecast grades of 0.98% copper and 1.69% zinc that will take blended grades to around 0.70% copper and 0.80% zinc. We expect 75% of revenue to come from copper with 25% coming from zinc and lead from 2030-2033.

Given mining costs are both fixed and based on throughput, additional revenue from higher copper prices passes straight through to the bottom line. The 36% copper price increase in 2021 resulted in 55% higher revenues and 310% growth in net income. Base case €4.00/lb copper would see net income broadly stable at around €60-90m per year until Atalaya reaches the highest grade material at SD in 2030. This will help boost net income up towards €250m for 2030.



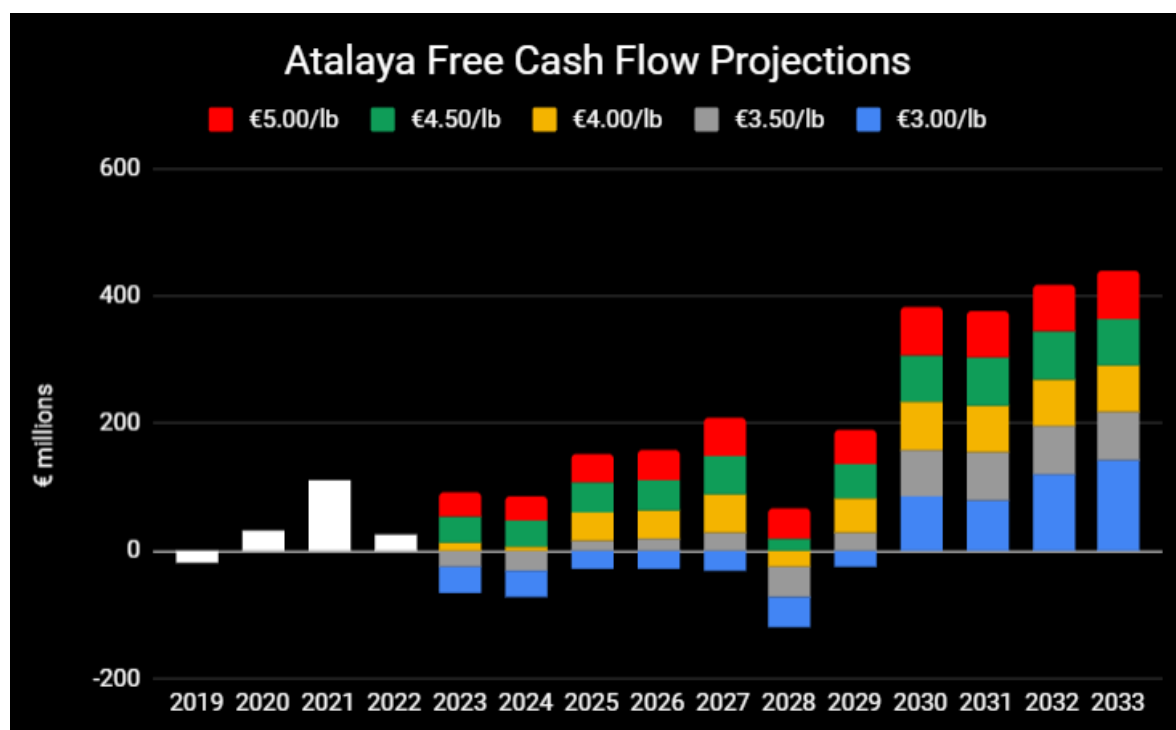
Figures for 2022 onwards are projections calculated by Ben Jones Investments

Figure 2.3

Net income reached €132m in 2021 on the back of higher copper prices which rose from €2.92/lb to €3.88/lb throughout the year. Copper prices remained firm throughout 2022 at around €3.70/lb but operating costs rose 44% versus 2021 operating costs resulting in net income dropping from €132m to an expected €42m. The reason for higher costs was predominantly from energy costs, which directly and indirectly account for ~50% of operating costs. Higher energy prices resulting from the world emerging from covid combined with Russia's invasion of Ukraine pushed electricity prices from an average €65/MWh in 2021 to €240/MWh in 2022. This added €65m to Atalaya's operating costs. We estimate that an additional €38m was added to Atalaya's operating costs from diesel, explosives and lime, among other items. Atalaya has agreed a new power purchase agreement (PPA) which took effect on 1st January 2023. If electricity prices remain the same

in 2022, the PPA will provide an annual saving of €22m. Atalaya have also built a solar plant that will provide 20% of electricity requirements. The plant should be operational in H2 2023 and is expected to provide an annual saving of €15m versus 2022 electricity prices. We cover this in more depth in Company Strategy (section 3).

Atalaya completed expansion of the processing facility in 2020 resulting in a boost to production and a temporary end to higher capex. The 36% rally in euro copper prices in 2021 generated record free cash flow of €112m, up from €33m in 2020. Given the higher capex of developing SD through 2030, we expect free cash flow to be €7m in 2023 and €14m in 2024. Free cash flow improves as higher grades are mined from 2025-2029 but we expect free cash flow to improve dramatically from 2030 onwards as capex from mine development begins to subside and the higher grade material contributes to stronger revenues and net income.



Figures for 2022 onwards are projections calculated by Ben Jones Investments

Figure 2.4

Atalaya have had positive net income since mining began in 2016 and as a result equity has grown each year (see figure 2.5 below). The Balance Sheet is strong with the latest audited results (2021) showing current assets higher than total liabilities and a debt / equity ratio of 10.8%. We are conscious that Atalaya may need to raise debt to fund the upcoming development of SD. The latest audited balance sheet from FY 2021 noted €47m total debt against €183m of current assets which included €108m of cash and cash equivalents. Atalaya can draw from a credit facility of €111m or raise debt through the market. Atalaya expects to require €186m of capex over the next 3 years. We believe that Atalaya could fund half of that with existing cash and may need to borrow around €100m for the rest. If equity remained constant, that would put the debt / equity ratio at around 34% - still within levels we consider acceptable.

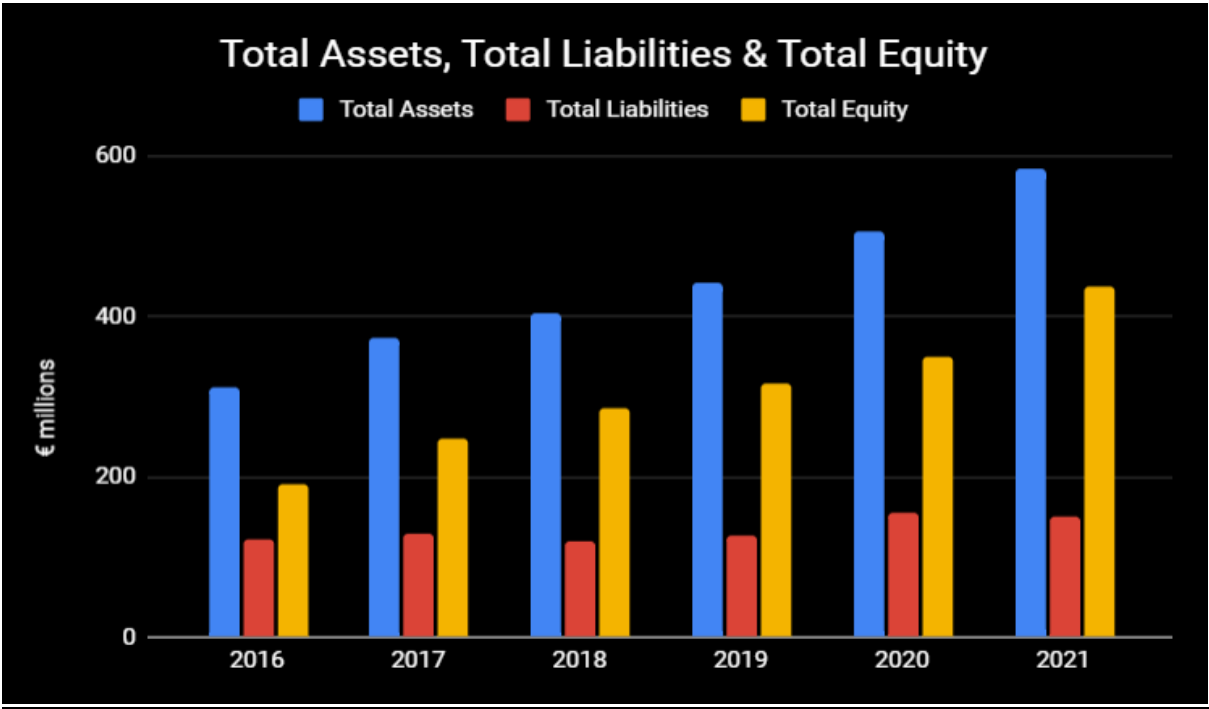
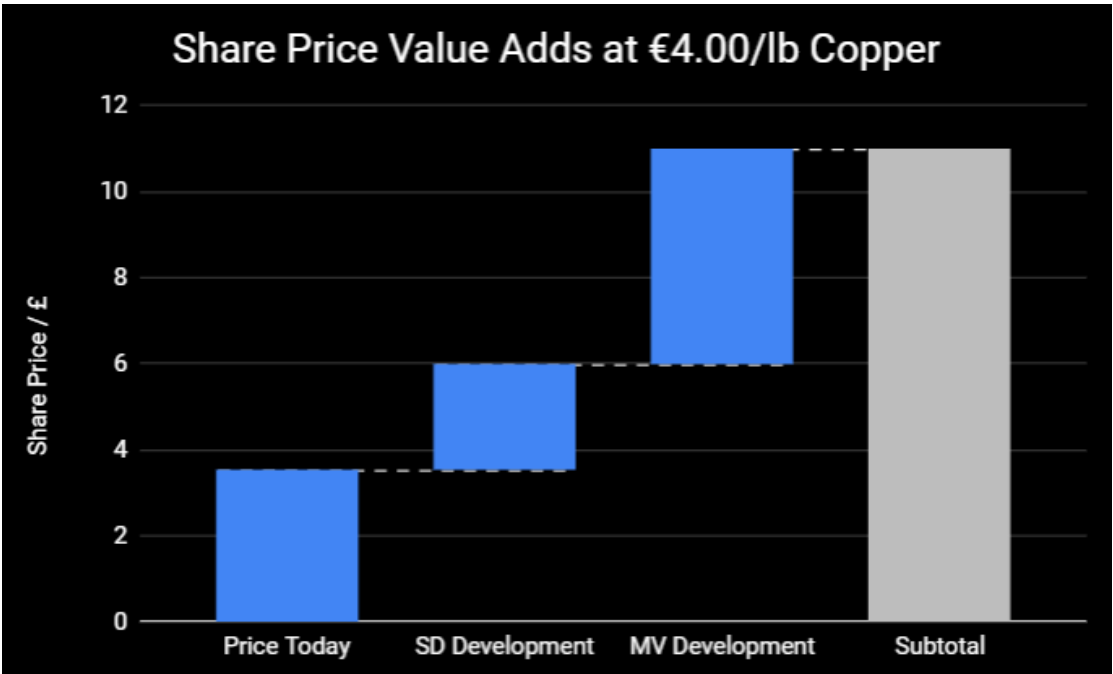


Figure 2.5

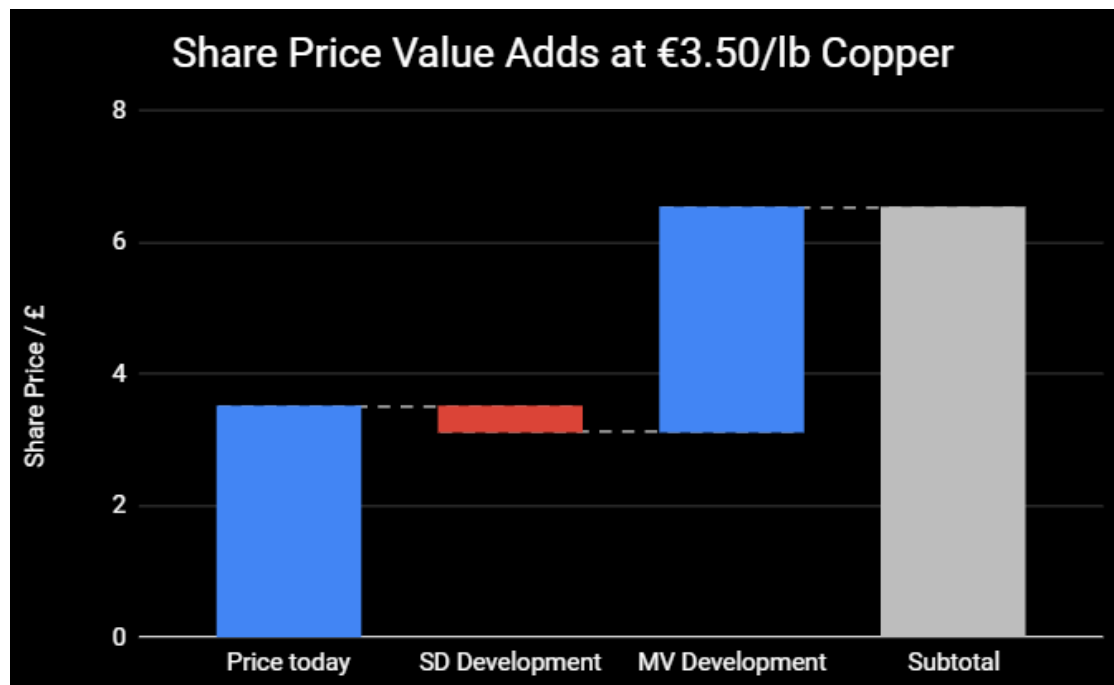
Valuation Bridge

The charts below demonstrate the additional value we expect to see in the share price at different copper values. At €4.00/lb copper, we see the development of SD adding £2.49 to the share price target and MV adding £4.99 to the share price.



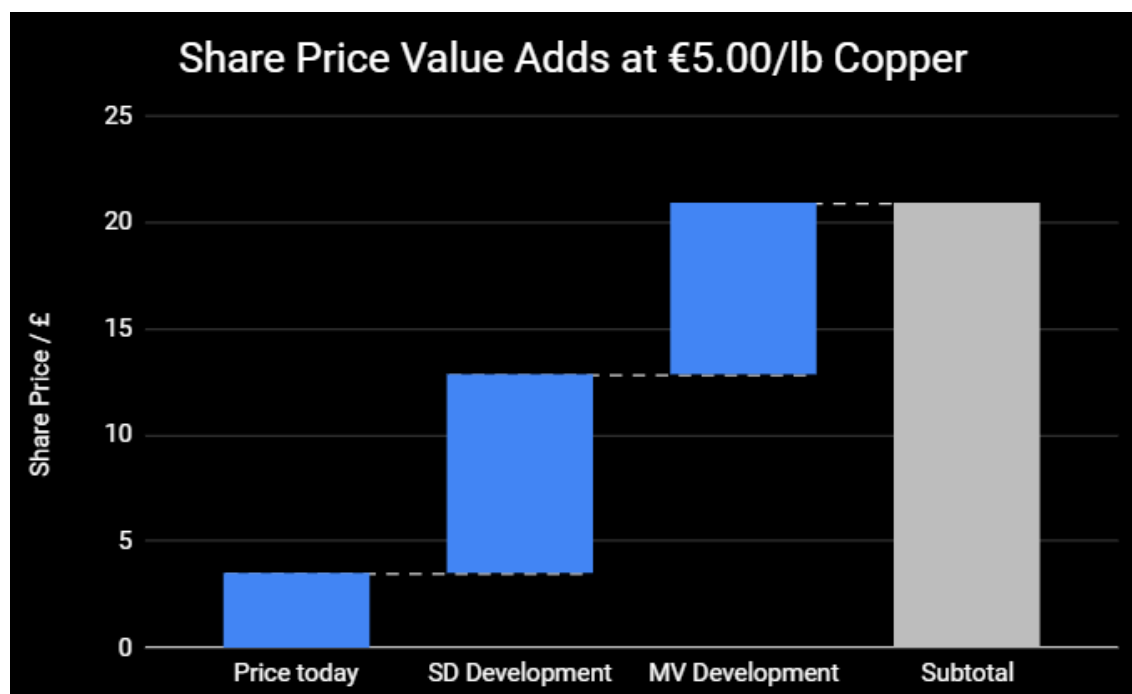
Figures are calculated by Ben Jones Investments DCF models, using best estimates for expected future cash flows
Figure 2.6

If copper prices fall to €3.50, we believe the fair value of SD should be £0.39 per share lower than today's market price, but we expect that MV would still add £3.44 / share not currently priced by the market.



Figures are calculated by Ben Jones Investments DCF models, using best estimates for expected future cash flows
Figure 2.7

If copper prices rise to €5.00/lb, we forecast that considerable upwards adjustments to the share price would be required for both SD and MV. In this instance, a best case share price of £20 may be possible.



Figures are calculated by Ben Jones Investments DCF models, using best estimates for expected future cash flows
Figure 2.8

3. Company Strategy

Atalaya's immediate strategy is focusing on the following:

- Complete permits and feasibility studies for SD. Mining the higher grade SD mine alongside CC should help push production from around 53ktpa to around 100ktpa.
- Complete PEA and continue permitting of MV
- Build the 50MW solar plant and bring it online by H2 2023. This should materially lower energy costs by around €15m per year based on 2022 electricity costs.
- PPA agreed and implemented 01/01/2023. This will lower electricity costs by €22m per year versus 2022 electricity costs.
- Continue permitting of PT

Production Strategy

Atalaya's production forecast for 2023 is 53-55kt of copper for the year. However, from 2024 onwards we expect to see mining begin at SD which averages 0.9% copper grades versus CC averaging 0.4%. This forecasts a production schedule of 53ktpa in 2023 reaching 100ktpa by 2030 without any need for increasing ore throughput. Atalaya still needs to complete permits for SD before mining can commence there. No timeline for these permits has been provided and there is no indication of any issues with these permits. Atalaya completed a PEA earlier this year but still need to complete a pre-feasibility study (PFS) and a feasibility study (FS). The studies and permitting process naturally pose a risk that mining will not commence in 2024 as we expect but could be delayed. Assuming all goes to plan, we expect Atalaya to be processing 10Mtpa from CC and 5Mtpa from SD by 2025, which will lift annual production from around 53ktpa towards 60kt in 2025 and 100kt by 2030.

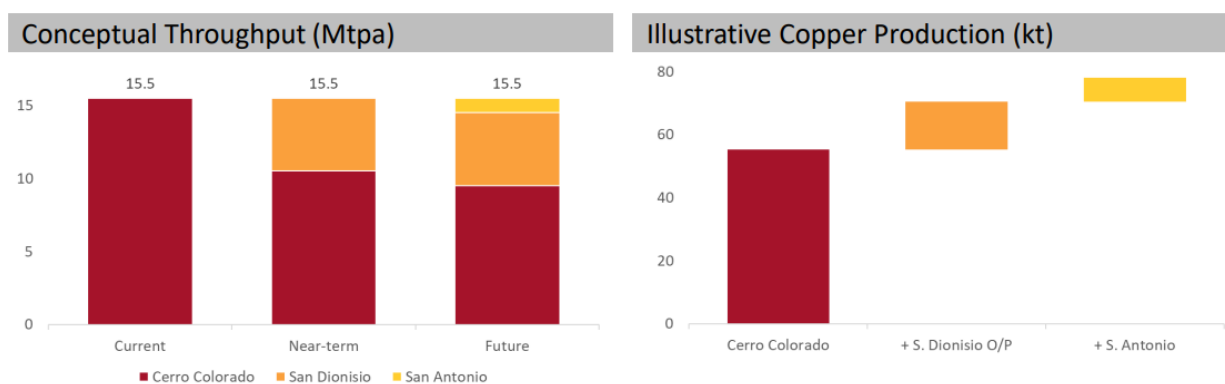


Figure 4.1

Figure 4.2 below shows Atalaya's forecast production schedule for the RT complex. Note that part of the SD orebody contains lead and zinc that will contribute to copper equivalent production. CuEq denotes copper equivalent which is the value of other metals equivalent to a given amount of copper. For example, if zinc prices are \$3,000 / tonne and copper prices are \$9,000 / tonne then 3 tonnes of zinc production would be considered as 1 tonne of copper equivalent. It is an industry standard method of keeping production forecasts comparable.

Mining Production Schedule for CC & SD (ktpa)

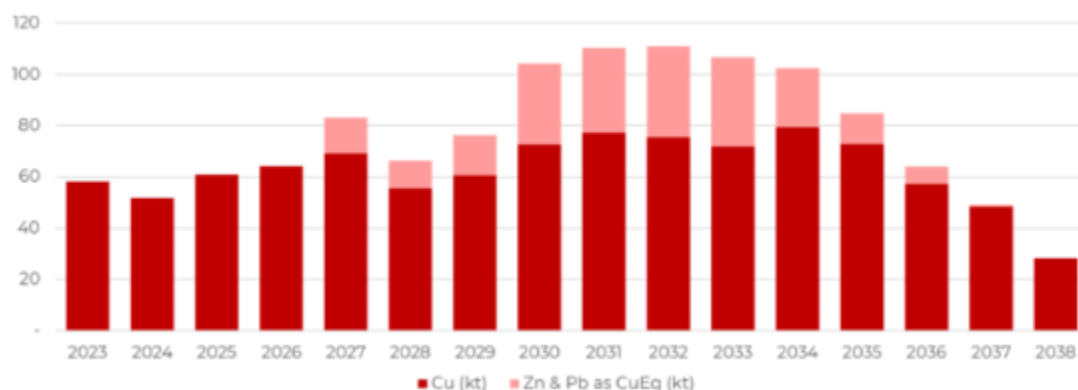


Figure 4.2

MV Production Strategy

The PEA for MV comes out in H2 2023 and that should shine more light on the development plans. There are three options:

- 1) Atalaya could decide to use the processing facilities at RT which would lower the development cost of MV but likely delay production until 2037 as SD winds down.
- 2) Atalaya could expand the existing facilities at RT and use the extra capacity to process ore from MV. This would require higher development costs but allow earlier production.
- 3) Atalaya can build new processing facilities for MV which will result in still higher development costs, lower haulage costs, and allow for earlier production.

We explore the financials of MV further in the financials section (section 4)

Energy Cost Strategy

The energy crisis triggered by Russia's invasion of Ukraine has driven gas prices and electricity prices much higher across all of Europe. Figure 4.3 below shows electricity prices in Spain.

Prices started to increase towards the end of 2021 as the world began to open after covid. The volatility was exacerbated in March 2022 following Russia's invasion of Ukraine as Europe began to wean itself off Russian energy. Prior to the energy price rises from late 2021 onwards, electricity prices in Spain were around €40/MWh. They peaked above €500/MWh in 2022 and averaged around €240/MWh for Atalaya. While this average may look high compared to the chart, it is because Spain introduced a gas price cap with certain consumers needing to pay more to compensate gas power plants. The cap was introduced in June 2022 at €40/MWh rising to €70/MWh by the end of the year. As a result, Atalaya was paying rates above spot. Spain is seeking permission from the European Union to extend the price caps through the end of 2024.

Europe has been importing more LNG to help replace Russian gas and Spain has fared ok given its relatively high proportion of renewable electricity generation (47% vs 37% for Europe as a whole). However, prices still remain high and potentially volatile as the Ukrainian war continues.



Figure 4.3

The impact on Atalaya is that every €100/MWh change in electricity prices contributes to a €37m difference in their operating costs. Atalaya estimates electricity costs to have averaged €170/MWh in Q4, down from €290/MWh in Q3 and lower than the 2022 average of approximately €240/MWh.

Atalaya have also been working on a new solar plant and a long term Power Purchase Agreement (PPA) to help mitigate the impact of electricity prices on operating costs. The solar plant will provide power to Atalaya only and is expected to provide around 20% of electricity requirements. It is built at a cost of €28m and is expected to be operational by H2 2023.

The PPA is expected to cover around 30% of Atalaya's electricity needs (50% of electricity requirements are covered by the solar plant and PPA combined). The expected long run price of the PPA and solar plant is €40/MWh. Even if electricity prices average €240/MWh in 2023, Atalaya will save €37m on 2022 operating costs.

Atalaya are also investigating the construction of a wind farm which could produce 15% of electricity needs. However, it's too early to say if this project will be initiated.

E-LIX Plant

Atalaya has spent €15m so far constructing a new E-LIX plant with phase 1 operational by Q1 2023. E-LIX technology is better suited to extracting metals from the sulphide concentrates that form part of the SD open pit. The purpose of the plant is to produce high grade copper or zinc with improved recovery rates that don't

require further treatment. Normally a mine would deliver copper concentrate (typically 20-30% copper purity) to a smelter who would refine it into copper cathode (>99% purity). The smelter will charge the miner for the numerous smelting and refining processes. These charges can vary from \$60-\$100 / tonne. E-LIX will produce around 3kt of high purity copper or 10k tonnes of high purity zinc on-site which will help increase recovery rates, reduce treatment costs and reduce transportation costs. However, Atalaya does not provide a breakdown of treatment and transportation charges so calculating the benefit is not possible. Given the current scale of the plant, we do not see the cost and possible savings having a large effect on the valuation of Atalaya.

4. Financials

Financials for the RT Complex

Please note that our core forecasts for Atalaya are based on Cerro Colorado and San Dionisio given they both have completed PEAs. The economic feasibility is better established and we have more certainty around the production schedule. Masa Verde has yet to complete its PEA so we calculate the expected value of this mine independently. You can find the valuation table for MV at the end of this section.

All numbers are in €m

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CuEq Production kt	45	56	52	52	53	53	60	62	80	62	73	100	100	100	100
Revenue	188	253	406	387	421	421	476	492	635	492	579	793	793	793	793
Operating Costs	(115)	(175)	(192)	(295)	(263)	(274)	(284)	(296)	(308)	(320)	(333)	(346)	(360)	(374)	(389)
Other Costs	(11)	(10)	(15)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(20)	(21)	(21)	(22)	(23)
Financing Costs	-	-	(14)	(7)	(14)	(14)	(14)	(14)	(20)	(20)	(20)	(20)	(14)	(12)	(8)
D&A	(13)	(23)	(32)	(32)	(32)	(38)	(44)	(47)	(50)	(60)	(70)	(76)	(82)	(88)	(88)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	31	30	132	28	72	59	88	88	179	55	103	248	237	223	214
Capex	(62)	(30)	(35)	(48)	(90)	(90)	(70)	(70)	(140)	(140)	(90)	(90)	(90)	(40)	(10)
FCF	(18)	33	112	12	14	7	62	65	89	-25	83	234	229	271	292

Future numbers are projections from Ben Jones Investments using copper prices at €4.00/lb

Revenue is recorded net of freight and smelting charges

Table 4.1

Production

Beyond 2023, Atalaya is looking to boost production by beginning mining at SD which is next-door to CC.

Given the processing plant is currently above maximum capacity (15Mtpa), the increase in production will come from the higher grades at SD. Grades at SD average 0.9% vs 0.4% at CC.

Atalaya's strategy is for SD to contribute to 1/3 of throughput with CC accounting for 2/3. The average grade varies at different parts of the orebody and explains the difference in production ranging from 60ktpa to 100ktpa. The mine life at RT is 16 years and we expect production levels >60kt to continue until at least 2037.

Income Statement

The forward looking revenue projections are based on expected copper production with a copper price of €4.00/lb. Revenue is expected to jump from about €387m in 2022 towards €635m by 2027 and €793m by 2030. In the case of copper prices around €5.00/lb, we would expect revenues of approximately €992m by

2030. This would push net income close to €400m per year and forms the basis of our £12 / share model valuation under the higher copper price scenario.

Net income grows from forecast €28m in 2022 towards €100m by 2029 and jumps to €248m in 2030 as the highest grade part of the mine is exploited.

Operating cost projections depend heavily on energy costs. Generally speaking, energy can make up ~50% of a miner's operating costs, both directly and indirectly. This includes electricity, diesel, explosives and lime. Atalaya's operating costs are approximately 44% higher in 2022 due to high electricity prices in Spain exacerbated by the war in Ukraine. Our forecasts take into account Atalaya's new PPA and solar plant as well as the expected development costs of SD. You can see from table 4.1 above that we expect near term cost moderation from the impacts of the PPA and solar plant with revenue growth being generated from mining at SD. We anticipate the impact reducing operating costs from €295m in 2022 to €263m in 2023. This will provide a longer term increase in net income for shareholders.

There are some numbers worth considerable attention. The first is noting **the jump in operating costs in 2022**. Out of the €100m operating cost increase on 2021, we estimate that about €67m of this is due to higher electricity prices. Energy market disruption in Europe following the emergence from Covid and Russia's invasion of Ukraine pushed electricity prices in Spain up from around €60/MWh to a peak of €500/MWh, averaging about €240/MWh for consumers for the year. Every €100/MWh change in electricity prices has a €37m impact on Atalaya's operating costs. The remaining €36m is from price increases across other materials like explosives, lime, diesel, steel balls and tyres. Explosives and lime require natural gas in the production process so their prices are also directly impacted by the energy crisis.

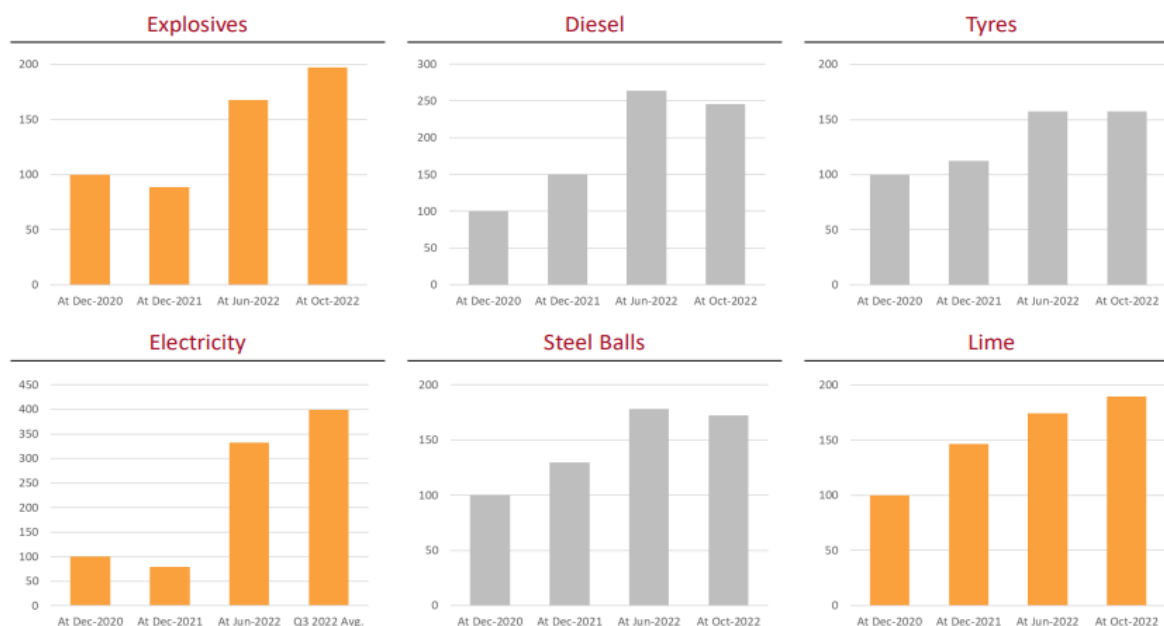


Fig 4.1

However, cost projections fall for 2023. Atalaya has a new power purchase agreement (PPA) that came in to effect on 1st January 2023 and provides about 30% of electricity requirements at a price of €40 – €60 /MWh. This alone will save €22m on Atalaya's operating costs from 2022. Atalaya's solar plant comes online in H2 2023 which will provide around 20% of electricity requirements. The saving for 2023 will be small but from 2024 onwards it will provide a saving of around €15m each year against 2022 operating costs. The PPA and solar plant combined cover 50% of Atalaya's electricity with the remaining 50% subject to the European

electricity market. Prices are volatile and difficult to predict as they depend on the war between Russia and Ukraine. European countries are proactively moving away from Russian energy and after the initial shock, prices are stabilising. Natural gas prices are at an 18 month low which is a positive sign.

Impairment charges are always important to watch. We don't forecast any impairment charges but there may be a possibility for PT to undergo impairment. PT is facing difficulties obtaining environment permits from the local government which calls in to question its viability. Atalaya remains confident the permits will be obtained once further work is done to address the risk of water pollution from the tailings facility. No timeline has been given on an expected resolution to this permit issue. To date, Atalaya has spent €5.5m on PT so any impairment is likely to be small and not serious enough to impact an investment decision.

Cash Flow

The key aspects of future cash flow are:

- Higher operating cash flow generated by higher production and higher revenue
- Higher capex to fund the development of SD

As we see from table 4.1, higher capex is required in 2023 and 2024 before production starts to increase in 2025. This leaves free cash flow (FCF) of €7m and €14m over the next 2 years. FCF improves towards 2029 and then jumps drastically in 2030 as production and revenues jump on higher grades. We anticipate capex to peak at €140m for each of 2027 and 2028 before dropping back in 2031. The greatest period of cash generation is from 2030-34 in our forecasts. This corresponds to a FCF yield of 42% from 2030 under our base case scenario. The FCF yield under the high copper price scenario would be 68% as FCF hits €380m by 2030.

Atalaya's dividend policy is to pay out 30-50% of free cash flow as a dividend to shareholders. We expect the dividend to be on the lower end of this range or possible to be paused through to 2025 as cash is needed to develop SD.

Below are share price estimates in GBP (given its London listing) against a range of copper prices (denominated in euros) and cost inflation. These values were determined by the in-house DCF model at a discount rate of 8%.

Average Annual Increase in Operating Costs (based on 2022 operating costs)

	0%	2%	4%	6%	8%
2.50	1.88	1.88	1.88	1.88	1.88
3.00	2.96	1.88	1.88	1.88	1.88
3.50	6.18	4.81	3.19	1.88	1.88
4.00	9.41	8.03	6.42	4.53	2.31
4.50	12.04	11.26	9.65	7.75	5.53
5.00	15.87	14.49	12.87	10.98	8.76

EURGBP rate used 0.8846 , discount rate used 8%

Table 4.2

It is worth noting that the copper price generating the share price would need to be a long term average to generate those types of cash flows over time. A short burst higher in copper prices is not going to generate sufficient cash to justify the corresponding valuation. The current copper price in euros is €3.95/lb at the time of writing. Copper has ranged from €2.90/lb to €4.50/lb over the last 2 years. We hold a long term bullish

view on copper although acknowledge that commodity prices can be very volatile. Given the quality of assets at Atalaya, we would use volatile downswings in copper prices to add to a long position in Atalaya.

We understand that an investor may need to wait for 7 years for the drastic improvement in cash flow and that there are risks to the cash flow that far out. Given the DCF model calculates a price target of £6.00 / share discounted at 8%, it is our view that buying at £3.51 provides an acceptable margin of safety against both the opportunity cost of holding this position and the uncertainty of future cash flows.

Cost inflation is included as it constitutes one of the major risks to future cash flow. Our starting operating cost position is from 2022 which already takes into account high electricity and oil prices. Operating costs for the first 9 months of 2022 were 44% above the corresponding period in 2021, mostly driven by electricity prices. This is a high jump but the likelihood of declining electricity prices from such a high base level will offset other price increases and allow for broadly lower operating cost inflation than would otherwise have been the case. While energy prices can increase from here, much of that increase is already built into the model and we remain optimistic that Atalaya's solar plant and PPA will work to mitigate the impact of future energy price volatility.

We have also calculated a floor price of £1.88 per share for Atalaya in the event copper prices should remain subdued for longer than expected. This has been calculated by discounting its net assets to account for the opportunity cost of holding it while the mine is on care and maintenance. Of course the worst outcome of low copper prices is for mining to be unprofitable but that doesn't take away the fact that the mines it owns still have value. That value can be unlocked either through sale to another mine or waiting for copper prices to recover sufficiently for mining to resume and generate cash flow again for shareholders. The real cost is the opportunity cost of sitting on an idle mine.

The grid provides a useful framework to monitor the valuation of Atalaya against the prevailing copper and energy prices that can be unpredictable. Given our copper outlook, we view Atalaya as too cheap given its cash generation and asset quality. Buying Atalaya below £3.00 per share provides a high margin of safety against volatility in copper prices and energy prices.

Balance Sheet

(Euro millions)	2018	2019	2020	2021
Cash & Equivalents	33	8	38	108
Total Current Assets	68	64	105	183
PPE	257	308	327	333
Total Non-current Assets	338	379	400	402
Total Assets	405	443	505	585
Current Liabilities	59	61	123	81
Long term debt	-	-	-	34
Total Liabilities	119	126	155	150
Total Equity	286	317	350	436

Table 4.3

Atalaya has a strong balance sheet with long term borrowings of €34m against €108m of cash and €585m of total assets. Atalaya's current assets also comfortably cover its current liabilities ensuring there are no near term liquidity issues. Equity has grown each year due to positive retained earnings. Long term debt / equity ratio stands at 7.8% and total liabilities / equity is 34.4%.

Borrowings increased from €0 to €47m (€34m of it long term debt), drawn from a €111m credit facility. The money was used to pay a €53m deferred consideration to Astor Management over the purchase of the RT mine in 2008. This consideration was paid in 2021 and is reflected in the accounts. There was a legal dispute over the amount to be paid including additional interest. Atalaya has set aside as a provision another €15m (the max amount claimed by Astor), with a ruling to follow. The court ruling should bring the matter to a close and we expect no further provisions to be necessary regarding this matter.

Atalaya may need to raise further debt to finance the development of SD. We expect that approximately €200m of capex will be required over the next 3 years. €100m of this could be covered by Atalaya's existing cash and we expect that €100m of borrowing might be required. That would take Atalaya's total debt towards €150m and if the value of equity remains constant, would imply a debt / equity ratio of 34% - levels we consider acceptable. Of course it is possible that Atalaya may choose to raise some funds through equity, but given the first stage of development can be covered through existing cash and debt, we expect shareholders would prefer debt and avoid dilution.

Financials for Masa Valverde

We see MV being priced by the market as a 'free option'. The market valuation for RT alone is below what we consider to be fair value and implies the market is attaching no value to MV. The reason is that there is no formal economic projection yet for MV and no guidance on when metal might be extracted from this mine

Whilst we acknowledge the considerable uncertainty around these numbers, the point is that even in a worst case scenario there is no downside to the share price. In a best case scenario, there is considerable upside that we believe could be as high as €790m under €4.00/lb copper. The PEA for MV will be released later this year and will provide much more clarity around a valuation.

Key points:

- MV has NI 43-101 compliant resources of ~1.3Mt copper equivalent with 90Mt ore at an average CuEq grade of 1.43% and copper grade of 0.63%.
- These grades are higher than the global average grade of 0.53% for existing copper mines and 0.39% for new copper projects. Above average grades bode well for economic feasibility.

Valuation Guide:

- Capex for CC was approximately €270m
- Capex for SD is expected to be approximately €530m
- Operating costs for SD forecast at €17 / tonne of ore
- Operating costs for CC were €12 / tonne of ore in 2021 but are expected to be €19 / tonne in 2022
- Grades for MV similar to SD (1.43% CuEq for MV vs 1.46% for SD)
- Global average AISC for copper mines is \$2.19/lb in 2022

Given the encouraging NI 43-101 for MV, we will use CC and SD as approximate guidelines for MV. SD benefits from using the existing processing facility so if Atalaya choose to build new facilities for MV then a combined development cost is not an unreasonable proxy. That would suggest initial capex of €1050m, inflation adjusted to 2030.

Table 4.4 below shows figures for MV only and is completely separate from the financials for CC & SD as seen in table 4.1

All numbers in €m

		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
CuEq Production / kt					61	61	122	122	122	122	122	122	122	122
Revenue					484	484	968	968	968	968	968	968	968	968
Operating Costs					(110)	(110)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Other Costs			(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Financing Costs			(25)	(65)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)
D&A					(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)	(105)
Impairment					0	0	0	0	0	0	0	0	0	0
Net Income		0	(41)	(71)	146	146	472	472	472	472	472	472	472	472
CAPEX		(250)	(400)	(400)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
FCF		(250)	(400)	(400)	221	221	547	547	547	547	547	547	547	547
NPV	790													

All numbers are projections calculated by Ben Jones Investments and assume a copper price of €4.00/lb

There is no existing PEA for MV and these numbers may be subject to significant revision

Table 4.4

Valuations

NPV (10%) at €3.00/lb copper = €298m (£1.88 / share additional value to shareholders)

NPV (10%) at €3.50/lb copper = €544m (£3.44 / share additional value to shareholders)

NPV (10%) at €4.00/lb copper = €790m (£5.36 / share additional value to shareholders)

NPV (10%) at €5.00/lb copper = €1281m (£8.09 / share additional value to shareholders)

Assumptions

- We have assumed Atalaya will choose to develop MV with its own facilities to speed up production. Atalaya may choose to wait until 2037 for production and use the processing facilities at RT. This would lower initial capex but delay production.
- Production is assumed at 5Mt ore processed as production begins, rising to 10Mtpa ore processing.

- The straight line revenue assumes same average grade each year.
- We have assumed that the NI 43-101 compliant material is economically viable to mine and that there is no further exploration potential. It is common for mine lives to be extended from additional exploration as they are mined and Atalaya have stated that they're confident that the resource base at MV will be extended.
- We have assumed 86% recovery in line with recovery rates at CC. MV has a mix of metals including copper, zinc, lead, gold and silver. Recovery rates may vary across each metal and could be lower across non-target metals (like gold and silver in the case of MV).
- The cost of processing per tonne of ore was €19 / tonne for CC in 2022 and is expected to be €17 / tonne for SD. Atalaya's costs will benefit from the PPA and solar plant and we forecast operating costs of €17 / tonne for 2023. If we assume Atalaya may begin mining MV in 2030, an average inflation of 4% would put operating costs at €22 / tonne by then.
- We have assumed the full project will be debt financed at 10% interest rates. Given the up-front capex, it is possible Atalaya may also use equity financing. It is possible that cash from the SD operation may also be able to contribute cash to development of MV.
- D&A has been calculated using straight line depreciation over the useful mine life of 10 years with the assumption of zero value come end of mine life.
- We have assumed a sustaining capex of €30m per year, in line with typical sustaining capex for the current RT complex.
- We have used a 10% discount rate to calculate NPV to present day. We understand that investors could be waiting >7 years for cash flow but the 10% discount rate takes into account the opportunity cost of holding the asset over that period.

5. Company Operations & Assets

Atalaya owns the following mines:

Proyecto Riotinto (RT), Seville (South-West Spain), 100% ownership - a complex of copper mines that includes Cerro Colorado (CC), San Dionisio (SD) and San Antonio (SA). CC is Atalaya's sole producing mine at ~53kt per year. The total resources of this complex is estimated at around 2.2Mt of copper equivalent.

Proyecto Masa Valverde (MV), Seville (South-West Spain), 100% ownership - a development project located 29km from RT with estimated resources at 1.3Mt copper equivalent. Given its close proximity to RT, it is expected that ore mined at MV can be processed at the facilities at RT, allowing for additional production with limited up-front capital required.

Proyecto Touro (PT), Galicia (North-West Spain), 10% ownership with an earn-in agreement to acquire up to 80% - PT is a development project with an estimated 680kt copper resources. Atalaya has agreements in place to purchase up to 80% of PT at different stages of the project (permitting, construction and production). However, PT is currently facing a permit issue with the local government on environmental grounds.

Proyecto Ossa Morena (OM), Seville (South-West Spain), 51% ownership

OM is an exploration property near to Atalaya's main mine RT. Atalaya currently owns 51% of the property. The property comprises 20 permits with NI 43-101 compliant resources but more exploration is required.

The map below (figure 5.1) shows the locations of RT, MV and OM, northwest of Seville. MV is approximately 29km from RT where the company's processing plant is located. PT is in north-west Spain, further away from the rest of the mines, as can be seen in figure 5.2.

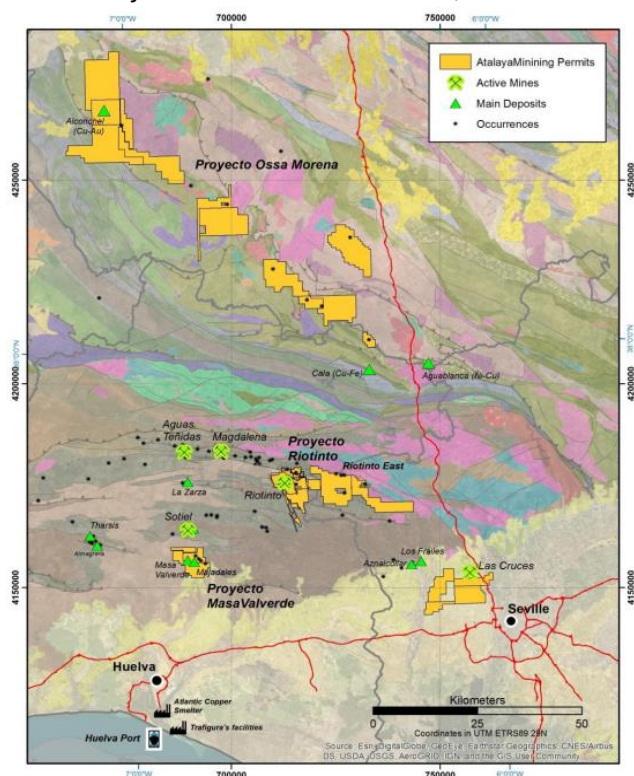


Figure 5.1



Figure 5.2

Projecto Riotinto (RT)

RT is located in southwest Spain, approximately 65km from Seville. It is currently Atalaya's sole producing mine, churning out about 53kt of copper per year. Rio Tinto is made up of 3 mines: Cerro Colorado (CC), San Dionisio (SD) and San Antonio (SA). It is also the location of Atalaya's processing plant which allows up to 15 million tonnes of ore to be processed each year (15Mtpa). Figure 5.3 below provides a visual of the RT complex. The close proximity of SD and SA to CC and the processing facility allows for them to be developed without need for significant additional capex spend.

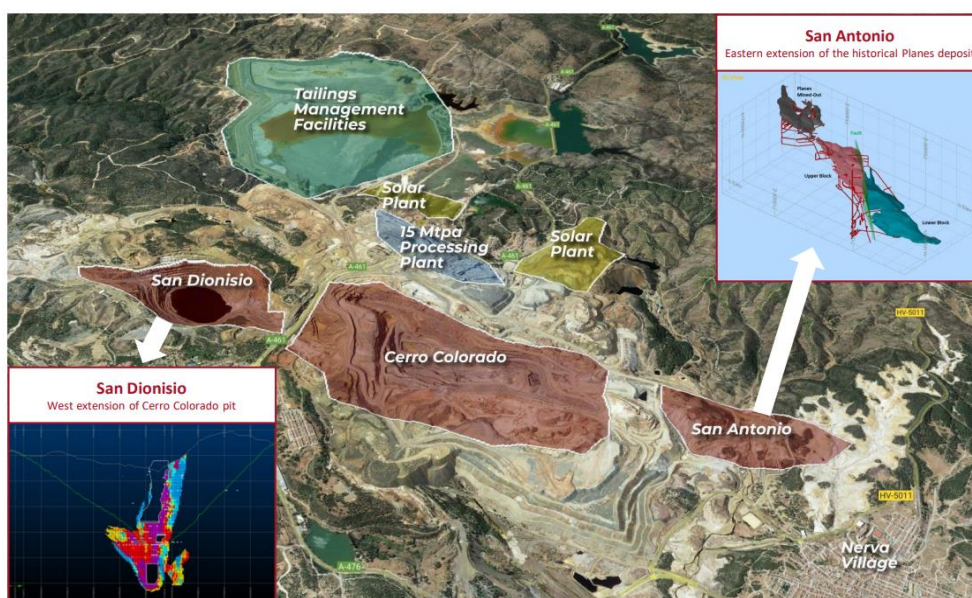


Figure 5.3

CC has been Atalaya's sole producing mine since it first began producing in 2016. All ore from CC has been processed at the 15 million tonnes per year (Mtpa) processing plant, which at current grades (~0.41%) and 86% recovery, allows for approximately 55ktpa copper production. The processing plant capacity was expanded to 15Mtpa from 9.5Mtpa in 2020.

Atalaya is planning on shifting one third of production from CC to SD which has higher grades. This will mean 10Mtpa of ore with grade ~0.40% are processed from CC with 5Mtpa of ore with grade ~0.91% being processed from SD, resulting in overall production rising from 53ktpa to approximately 76ktpa if we assume recovery rates stay at present levels. The timeline provided by Atalaya is that this transition should begin in 2024. SD is still going through permitting but Atalaya have offered little information so far on the permitting process and how long it may take.

Mining SD will lift the average grade of overall production resulting in higher production and lower cost per pound of copper mined. We review the financial impact of this in the financials section of the report.

If ore processing is maintained at 15Mtpa, we estimate the following mine lives:

CC - 13 years

SD - 5 years

SA - 1 year

This gives the RT complex a 19 year mine life. While of course it is possible for mine lives to be extended through further exploration, this is our current working assumption. In reality, Atalaya will mine CC alongside

SD such that both mines will likely last toward the 19 year combined life with CC feeding $\frac{2}{3}$ of throughput and SD $\frac{1}{3}$.

Below is the estimated measured, indicated and inferred resources for the RT complex

	Copper / kt	Zinc / kt	Lead / kt	Gold / koz	Silver / koz	Cu Eq / kt *	Avg Cu grade	Avg CuEq grade
Cerro Colorado (CC)	761	307	62	-	-	884	0.38%	0.42%
San Dionisio (SD)	643	958	208	-	-	1,031	0.91%	1.46%
San Antonio (SA)	155	210	117	-	-	257	1.32%	2.19%

*CuEq has been calculated based on the following prices: copper \$8864 / t ; zinc \$3137 / t ; lead \$2067 / t
Table 5.1

Proyecto Masa Valverde (MV)

MV is a polymetallic resource located about 29km from Atalaya's RT mine in South-West Spain. It was acquired in 2020 through the 100% acquisition of Cambridge Minera Espana for €1.4m. Since then, Atalaya have conducted further exploration which show it to be an excellent NI 43-101 compliant resource with more than 1.3Mt copper equivalent.

Given MV's close proximity to RT, it is possible to transport ore to the processing plant at RT. This means that developing the mine will require low capital investment as much of the infrastructure is already in place and a road exists to transport ore between MV and RT. Atalaya is currently conducting a preliminary economic assessment (PEA) that would involve transporting ore from MV to the processing facility at RT. The PEA is expected to be published in the second half of this year. If this strategy is adopted, the current 90Mt of ore being processed at 15Mtpa would suggest a 6 year mine life. In reality the mine life would likely be longer as it takes time to ramp up to full production. Mine life may also be extended through further exploration. There are no projections on any capex costs that would be incurred in developing MV. While I would expect it to be on the lower side given there's no need to build processing facilities, it increases the uncertainty around the financial projections for the mine. This will become more clear after the publication of the PEA.

In April 2022, Atalaya announced exploration results that stated a 33% increase in copper, 26% increase in silver and 34% increase in gold resources versus previous estimates. The new estimates will be included in the PEA which pushed back the completion date from H2 2022 to H2 2023.

Atalaya are currently waiting on the permit for exploitation to be approved, after which they will be able to commence mining. The application was submitted in August 2021 but Atalaya have yet to provide a timeline on the permitting process.

Atalaya's 2023 plans for MV involve further exploration of the property, completing the PEA and receiving permits to allow for mine development. Given that the development of MV is an important part of Atalaya's future, Atalaya really should be offering more information on this.

Table 5.2 below shows the combined measured, indicated and inferred resources for the MV complex

	Copper / kt	Zinc / kt	Lead / kt	Gold / koz	Silver / koz	Cu Eq / kt *	Avg Cu grade	Avg CuEq grade
Masa Valverde (MV)	560	1173	558	1,800	85,500	1,704	0.63%	1.92%
Majadales	29	95	44	-	5,300	86	0.94%	2.79%

*CuEq has been calculated based on the following prices: copper \$8864 / t ; zinc \$3137 / t ; lead \$2067 / t ; gold \$1885 / oz ; silver \$22.44 / oz

Table 5.2

Proyecto Touro (PT)

PT is a development mine located in Galicia, north-west Spain. Atalaya exercised an option to acquire 10% of PT with an earn-in agreement to acquire up to 80%. PT was once operated as a mine from 1973-86 by Riotinto Patino and as a result already has some orebody data associated with it. Exploration work so far estimates measured, indicated and inferred resources of 680kt of copper.

In 2020, the local government issued a report raising concerns over PT on environmental grounds, asserting that the mine would impact the nearby Ulla river. Atalaya have since been working on a water treatment plant and will re-submit the new plans to the government. Atalaya remains confident that the water treatment plant will satisfy the local government and expect eventual approval of permits.

The earn-in agreement was a payment of €0.5m for 10% of the project with up to a maximum of €5m spent to get the project through the permitting and financing stages. If permits are granted, Atalaya will pay another €2m for an additional 30% of the project (cumulative 40%). Once development capital is in place and construction is underway, Atalaya will pay €5m for another 30% interest (70% cumulative). Once production has started, Atalaya will acquire another 10% interest (80% cumulative) in return for a 0.75% NSR (net smelter return royalty), with a buy-back option.

Given the lack of clarity around the likelihood and timing of mining plans being approved at PT, I am being conservative in my modelling and will for now value PT at zero. Given that only the initial €0.5m plus maximum €5m permitting spending would have been spent if permits fail, any impairment charge from project failure is small. I will continue to assess PT as more information is made available. Positive news on permits will provide upside surprise to the share price and outlook for the company.

Proyecto Ossa Morena (OM)

A majority 51% stake in Ossa Morena was acquired in December 2021. Atalaya will pay €2.5m cash and a 1% NSR. A historical NI 43-101 from 2017 confirms 23Mt of ore at 0.53% copper, 0.15 g/t gold and 11.2% Iron. The property includes a total of 20 exploration permits and Atalaya expects resources to be enhanced by exploration. The exploration budget in 2022 was €2m. Given this asset is at exploration stages, we'll wait to see resource updates over the next couple of years before attributing any value.

Atalaya Resources

Table 5.3 below shows the total measured, indicated and inferred resources for each of Atalaya's assets.

	Copper / kt	Zinc / kt	Lead / kt	Gold / koz	Silver / koz	Cu Eq / kt *	Avg Cu grade	Avg CuEq grade
Cerro Colorado (CC)	761	307	62	-	-	884	0.38%	0.42%
San Dionisio (SD)	643	958	208	-	-	1,031	0.91%	1.46%
San Antonio (SA)	155	210	117	-	-	257	1.32%	2.19%
Masa Valverde (MV)	560	1173	558	1,800	85,500	1,704	0.63%	1.92%
Majadales	29	95	44	-	5,300	86	0.94%	2.79%
Touro (PT)	680	-	-	-	-	680	0.38%	0.38%
Ossa Morena (OM)	122	-	-	100	-	143	0.53%	0.62%
Total	2,950	2,743	989	1,900	90,800	4,785		

Table 5.3

*CuEq based on following prices: copper \$8864 / t ; zinc \$3137 / t ; lead \$2067 / t ; gold \$1885 / oz ; silver \$22.44 / oz
CuEq for MV may differ to NI 43-101 compliant grade given more recent drilling results and different metal prices used in calculations

6. Management

Roger Davey has served as non-executive Chairman of the board since 2010. He has 40 years mining experience including roles as senior mining engineer at NM Rothschild and General Manager of AngloGold's subsidiaries in Argentina. Roger also holds director roles at Central Asia Metals, Tharisa and Highfields Resources.

Alberto Lavandeira is the CEO of Atalaya and also has nearly 40 years mining experience. He has been CEO since 2014 and before that he was CEO of Rio Narcea Gold Mines.

Insider ownership of Atalaya is very low with the 2021 annual report showing only CEO Alberto Lavandeira owning any shares at all in the company. He has 280,000 shares valued at around £1 million. Jesus Fernandez is a Non-executive Director representing Trafigura who are Atalaya's largest shareholders with a 22% stake. Michael Rechsteiner was a Director at BMO Capital Markets who acted as joint broker but left in 2021. It would appear that Mr Lavandeira and Mr Fernandez are the only 2 Directors with any share ownership.

Recent Insider Share Dealings

Date	Name	Transaction	Role	Shares	Price / £
9/11/22	Enrique Delgado	Sell	General Manager RT	300,000	2.72
9/9/22	Michael Rechsteiner	Buy	PDMR	9,000	2.24
24/8/22	Jesus Fernandez Lopez	Buy	Non-exec Director	65,000	2.26
16/8/22	Michael Rechsteiner	Buy	PDMR	8,000	2.51
19/5/22	Michael Rechsteiner	Buy	PDMR	13,500	3.65
21/2/22	Cesar Sanchez	Sell	CFO	300,000	4.40
21/2/22	Enrique Delgado	Sell	General Manager RT	250,000	4.40

Table 6.1

Figure 6.1 below shows Atalaya's shareholder register. Urion Holdings is a subsidiary owned by commodity trading firm Trafigura. Jesus Fernandez is head of the M&A team at Trafigura and represents them as a non-exec director on Atalaya's board. Atalaya management owns 1.2%, a number that is notably low.

Shareholder Register		
	Shares (m)	% basic
Urion Holdings (Malta) Ltd (Trafigura)	30.8	22.0%
Cobas Asset Management	14.0	10.0%
Hamblin Watsa (Fairfax)	8.3	5.9%
Allianz Global Investors	6.9	4.9%
BlackRock	5.2	3.7%
Polar Capital LLP	5.1	3.7%
Banc Sabadell	5.1	3.7%
Ithaki	4.8	3.4%
Hargreaves Lansdown	3.7	2.7%
Chelverton	3.5	2.5%
Management / Board of Directors	1.2	0.8%
Other shareholders	51.4	36.7%
Total	139.9	100.0%

Figure 6.1

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