CONEX ERNST & YOUNG Audit

Société Nationale Industrielle et Minière

SNIM

Year ended December 31, 2023

Statutory auditor's and independent auditor's report
on the annual financial statements

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Membre de la compagnie
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Société Nationale Industrielle et Minière
SNIM

Year ended December 31, 2023

Statutory auditor's and independent auditor's report on the annual financial statements

To the President,

Opinion

We have audited the annual financial statements of SNIM, which comprise a statement of financial position as at December 31, 2023, as well as the income statement, statement of change in equity and cash flow statement for year ended December 31, 2023 and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the annual financial statements in France, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as Management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nouakchott and Paris-La Défense, April 30, 2024

The Statutory Auditor and the Independent Auditor

The Statutory Auditor
CONEX

Ely Mohamed M'bareck

The Independent Auditor
ERNST & YOUNG Audit

Moez Ajmi

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

STANDALONE FINANCIAL STATEMENTS

YEAR ENDED ON DECEMBER 31st, 2023

SNIM
STATEMENT OF FINANCIAL POSITION
As at December 31 st, 2023

ASSETS

IN MMRU	Note	31/12/2023	31/12/2022
Non-current assets			
Property, Plant & Equipment	4.1	65 253	61 645
Intangible assets	4.2	177	190
Non-current financial assets	4.3	1 823	1 686
Investment in associates	4.3	5 594	5 535
Total of non-current assets		**72 847**	**69 057**
Current Assets			
Inventories and work in progress	4.4	9 873	10 541
Trade receivables	4.5	9 217	9 154
Other receivables	4.6	4 779	2 031
Current financial assets	4.7	49	88
Cash and cash equivalents	4.8	48 339	43 384
Total current assets		**72 256**	**65 197**
TOTAL ASSETS		**145 103**	**134 254**

EQUITY & LIABILITIES

IN MMRU	Note	31/12/2023	31/12/2022
Equity			
Issued capital	4.9	**18 270**	**18 270**
Share premium		646	646
Contribution premium		1 228	1 228
Legal reserves		1 827	1 827
Other comprehensive income	4.7-4.11	6 458	5 800
Retained earnings		93 741	87 126
Total Equity		**122 171**	**114 898**
Non-current liabilities			
Financial debts (portions over 1 year)	4.10	1 079	1 362
Retirement benefit obligations	4.11	7 034	5 013
Provisions	4.12	790	807
Total non-current liabilities		**8 902**	**7 182**
Current Liabilities			
Financial debts (portions at less than 1 year)	4.10	908	943
Trade payables	4.13	6 483	4 656
State and other public taxes	4.14	3 024	1 917
Other payables	4.15	3 597	4 646
Forward contracts	4.7	17	13
Total current liabilities		**14 030**	**12 175**
TOTAL EQUITY AND LIABILITIES		**145 103**	**134 254**

SNIM
INCOME STATEMENT
Period of 12 months ended December 31st, 2023

IN MMRU	Note	31/12/2023	31/12/2022
Iron ore sales	5.1	**50 053**	**46 371**
Revenue from ancillary business activities	5.2	740	611
Revenue		**50 793**	**46 982**
Changes in inventory of finished goods and work-in-progress		264	722
Capitalized production		670	403
Raw materials and consumables used	5.3	(15 459)	(14 172)
Gross Profit		**36 269**	**33 935**
Other operating income	5.4	370	300
Personnel expenses	5.5	(7 672)	(6 192)
Depreciation, amortization and provision expenses	5.6	(8 513)	(6 616)
Taxes and duties	5.7	(66)	(47)
Other operating expenses	5.8	(3 409)	(2 420)
Operating profit		**16 979**	**18 960**
Financial income	5.9	2 186	925
Financial expenses	5.10	(128)	(110)
Profit before tax		**19 037**	**19 775**
Income tax expense		(4 542)	(4 238)
Profit for the year		**14 495**	**15 537**
Earnings per share in Ouguiya	5.11	**793**	**850**

STATEMENT OF COMPRENSIVE INCOME

IN MMRU	31/12/2023	31/12/2022
Net Result of the year	14 495	15 537
Other comprehensive income	658	(598)
Comprehensive Income	**15 153**	**14 939**

SNIM
STATEMENT OF CASH FLOWS
Period of 12 months ended December 31st, 2023

IN MMRU	Note	31/12/2023	31/12/2022
Operating activities			
Income before tax		19 037	19 775
Amortization, depreciation and provision	6.1	9 423	7 469
Reversal of amortization, depreciation and provisions	6.4	(1 054)	(671)
Gains /losses on asset sales		0	146
Gains /losses on exchange	6.5	633	(659)
Investment income		(2 162)	(895)
Financial expenses		103	93
Changes in working capital	6.2	208	(2 850)
Cash flow generated by operating activities		**26 188**	**22 408**
Interest paid		(101)	(98)
Income tax paid		(3 554)	(4 937)
Net cash flow from operating activities		**22 532**	**17 373**
Investing activities			
Acquisition of fixed assets	6.3	(11 801)	(6 839)
Interests received		2 014	791
Dividends received		148	104
Net cash flow from investing activities		**(9 639)**	**(5 944)**
Financing activities			
Other financial payments		241	287
Payments on long-term borrowings		(251)	(1 375)
Other financial Proceeds		(50)	(168)
Dividends paid		(7 878)	(17 797)
Net cash flow from financing activities		**(7 938)**	**(19 053)**
Cash and cash equivalents at the beginning of the period		**43 384**	**51 008**
Net Change in cash and cash equivalents		4 955	(7 624)
Cash and cash equivalents at the end of the period	**6.6**	**48 339**	**43 384**

SNIM
STATEMENT OF CHANGES OF EQUIITY
As of December 31st,2023

IN MMRU	Issued Capital	Share premium	Contribution premium	Legal reserves	Other comprehensive income	Accumulated profits	Total
Shareholders' equity as of January 1st, 2022	**18 270**	**646**	**1228**	**1 827**	**6 398**	**89 393**	**117 763**
Revaluation of financial instruments	-	-	-	-	80	-	80
Revaluation for pension plans	-	-	-	-	(1 392)	-	(1 392)
Reserve allocation	-	-	-	-	715	-	715
Net result of the period	-	-	-	-	-	15 537	15 537
Dividends	-	-	-	-	-	(17 804)	(17 804)
Shareholders' equity as of January 1st,2023	**18 270**	**646**	**1228**	**1 827**	**5 800**	**87 126**	**114 898**
Revaluation of financial instruments	-	-	-	-	(38)	-	(38)
Revaluation for pension plans	-	-	-	-	(1 772)*	-	(1 772)
Exchange difference on conversion into the reporting currency	-	-	-	-	2 468**	-	2 468
Net result of the period	-	-	-	-	-	14 495	14 495
Dividends	-	-	-	-	-	(7 880)	(7 880)
Shareholders' equity as of December 31st,2023	**18 270**	**646**	**1228**	**1 827**	**6 458**	**93 741**	**122 171**

*1,772 MMRU increase in retirement benefits related to changes in actuarial assumptions recognized in other comprehensive income.
**2,468 MMRU of exchange difference on the conversion into the presentation currency resulting from an exchange gain of 8,563 MMRU and an exchange loss of 6,095 MMRU, recognized in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
As at December 31st, 2023

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The statutory financial statements for the year ended December 31st, 2023, were authorized for issuance in accordance with Board of Directors resolution on **April 30th, 2024.**

1- MAIN EVENTS OF THE YEAR 2023

The financial year 2023 has been marked by the following events:

- Mineral sales amount to 50.1 MMMRU (1.4 trillion USD), up 8% compared to 2022.
- Sales volume amounts to 14.1 million tons, up 6% compared to 2022.
- Participation in the capital increase of the subsidiary "ATTM" for an amount of 1.25 MMMRU.
- Participation in the capital increase of the company “TAKUMUL” for an amount of 7 MUSD.

2- PURPOSE AND ACTIVITIES OF THE COMPANY

The National Industrial and Mining Company (SNIM) is a limited company under Mauritanian laws. The company is registered in the Islamic Republic of Mauritania. The company headquarters are located in Nouadhibou, PO. 42.

The company carries out the exploration, production and marketing of iron ore. The company extracts iron ore from the mines of M’haoudat, Guelbs and Kédia.

3- ACCOUNTING POLICIES

3-1 Principles for the preparation of the Financial Statements

3 .1.1 *Applicable standards*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The publication of the financial statements in IFRS is justified by:

- ✓ The wish for harmonization expressed by investors and sponsors, who are the main users of our financial statements.
- ✓ The use of these standards by SNIM’s partners.
- ✓ Our concern to give comparable financial information.

Standards, amendments and interpretation applicable as of January 1st, 2023

The financial statements as of December 31st, 2023 have been prepared in accordance with IFRS (International Financial Reporting Standards) as approved by the EU (European Union) in effect on that date, and in accordance with IFRS standard as issued by the IASB (International Accounting Standards Board) and mandatory as at December 31st, 2023.

New, Revised or Amended IFRSs that must be applied from January 1, 2023

The following IFRS standards and IFRIC interpretations, effective from January 1, 2023. had no material impact on SNIM's financial statements.

Standards	**Topics**
Amendments to IAS 1	Accounting method disclosures
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Recognition of deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary difference
IFRS 17 Insurance Contracts	(including Amendments to IFRS 17 issued in June 2020 and Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9—Comparative Information issued in December 2021)

New, Revised or Amended IFRSs not yet mandatory as of December 31st, 2023

The IFRS standards and IFRIC interpretations published by the IASB that are not yet mandatory should not have a significant impact on SNIM's financial statements.

Standards	**Topics**	**Effective date**
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 2024
Amendments to IAS 1	“Non-current Liabilities with Covenants”	January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback – Amendments	January 1st, 2024
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments	January 1st, 2024
Amendments to IAS 21	Lack of exchangeability	January 1st, 2025

3.1.2 General principles

The principles used are based on the historical cost method and the accrual basis of accounting method, except for (1) derivative financial instruments and (2) categories of reevaluated fixed assets that have been measured at fair value.

The carrying values of assets and liabilities that are hedged at fair value are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The financial statements are presented and evaluated in ouguiyas. All tables and annexes are presented in millions of ouguiyas (MMRUs).
The income statement is presented by nature.

3-2 Property, plant, and equipment

Accounting policies:

Tangible assets are recorded on the basis of cost model according to the standard IAS 16. Cost includes the purchase price, all costs necessary to bring the asset into working condition less the accumulated depreciation and impairment. The fair value model is applied for some asset categories as following:

▪ Buildings:	Acquisition cost
▪ Specialized complex installations:	Fair value
▪ Railway rolling stock and railroad track equipment:	Fair value
▪ Operating equipment:	Acquisition cost
▪ Transport equipment:	Acquisition cost
▪ Other tangible assets:	Acquisition cost

Depreciation:

Depreciation of tangible assets is calculated on a straight-line basis over the useful life of the asset to reflect the rhythm of consumption of the future economic advantages expected from the asset according to the IAS 16.
The estimated useful life of the respective asset categories are as follows:

▪ Buildings:	14 to 30 years
▪ Specialized complex installations:	15 to 30 years
▪ Railway rolling stock and railroad equipment:	10 to 30 years
▪ Operating equipment:	5 to 30 years
▪ Transport equipment:	5 years
▪ Other tangible assets:	5 years

Lease agreements

SNIM assesses whether a contract is, or contains, a lease, at inception of the contract in accordance with IFRS 16.
A right-of-use asset and a corresponding lease liability are recognized with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets.

The right-of-use assets are initially recorded at the commencement date of the lease when the underlying asset is available for use. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Right-of-use assets are presented within “Property, plant and equipment” and lease liabilities within “Financing liabilities” and the principal portion of lease payments is classified within financing activities and the interest portion within operating activities.

Impairment

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may be inferior to the recoverable amount.
If any such indication exists and when the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable value.

The recoverable amount of property, plant and equipment is the greater of the fair value net of disposal costs and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments, the time value of money as well as the specific risks to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

Stripping costs

In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. There can be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and an improved access to further quantities of material that will be mined in future periods.

- **Stripping cost incurred during the development phase:** costs incurred are capitalized and are included in the cost of mine construction and subsequently amortized over its useful life. Capitalization of discovery costs ceases when the mine or component is commissioned and ready for use as planned by management.
- **Stripping cost incurred during the operating phase:** IFRIC 20 provides for the following treatments:

  (a) Accounted for as current costs of production in accordance with IAS 2 if they are related to routine stripping cost.
  (b) Recognition as a non-current asset (stripping activity asset') when stripping activities provide better access to the natural resource in subsequent periods if, and only if, all of the following conditions are met:

    (i) It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
    (ii) The entity can identify the component of the ore body for which access has been improved;
    iii) The costs relating to the stripping activity associated with that component can be measured reliably.

Given the constraints related to the implementation of the standard that affect the reliability of the information to be produced, the stripping cost incurred during the production phase is allocated to inventories produced during the period.

The costs of obligations for dismantling, removing and restoring the site

Within the context of the Guelbs 2 project and the mineral port, implicit commitments could lead SNIM to recognize assets with a view to the dismantling and/or rehabilitation of the facilities. SNIM also remains attentive to any changes in legislation and decisions taken in such matters by the Mauritian authorities (cf.3.14 Site rehabilitation).

3-3 Intangible assets

Intangible assets are recognized at their acquisition cost in accordance with IAS 38. They are depreciated on a straight-line basis over their estimated useful life, between 3 and 5 years.
The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may be less than its recoverable amount or when the asset does not meet the amortization requirements of IAS 38 (economic benefits consumed over several years).

The company’s intangible assets do not include any Goodwill.

3-4 Exploration for and Evaluation of Mineral Resources

IFRS 6, which specifies the financial information to be disclosed relative to the exploration and evaluation of mineral resources, has been mandatory since 2006.

An entity shall determine an accounting policy specifying which expenditures are recognized as assets of exploration and apply the policy consistently and permanently, the method applied by SNIM is as follows:
For intangible assets, recognized expenditures are as specified in §9 and only concern the research and development costs provided for by IFRS 6, including:

- ✓ Acquisition of rights to explore,
- ✓ Topographical, geological, geochemical, and geophysical studies.
- ✓ Exploratory drilling,
- ✓ Trenching,
- ✓ Sampling

For tangible assets these are the tangible assets used by the entity dedicated to research.

3-5 Non-current financial assets

The Company grants interest-free loans to employees. Deposits and guarantees, requested by the Mauritanian electricity, water and telecommunications companies, are intended to cover the risk of credit and potential equipment damage. Loans and guarantees are accounted for at their historical cost.

3-6 Investments in associates

Investments in subsidiaries, joint ventures and associates are recorded in the statement of financial position at their acquisition value in accordance with the provisions of IAS 27. A provision is made in the event of a loss in value at the acquisition value.

3-7 Inventories and work-in-progress

Inventories and work in progress are mainly composed of raw materials, iron ore and other supplies (Spare parts).

In accordance with IAS 2, raw materials, and other supplies, including spare parts, are valued at the lower of the weighted average cost and net realizable value.

Inventories of iron ore and other supplies are depreciated every year and are valued at its net realizable value. The depreciation method of raw materials and other supplies can be presented as follows:

Items in stock:

- No depreciation on items with a regular consumption for which coverage is less or equal to one year;
- 15% Statistical depreciation per year for items having recorded at least one movement (consumption) during the last two years;
- 100% Statistical depreciation per year for dead items (items with no movement in the last three years except strategic items)
- 100% Statistical depreciation per year for disputed items

Iron ore inventories:

Inventories of iron ore, including ore stockpiles, are valued at their weighted average price or at their net realizable value if such value proves to be lower. The cost includes the direct costs of the mines, the production sites, the railway and the port, as well as a portion of amortization and depreciation and general expenses. This valuation does not take into account financial expenses, the fixed and variable general administrative expenses incurred to transform the raw materials into finished products and the costs related to sales and marketing.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The ore with a poor quality is totally depreciated. It has no market value.

3-8 Impairment test

In accordance with IAS 36, impairment tests are performed on tangible and intangible assets when any indication of potential loss of value is identified. Such tests are performed at least once a year on intangible assets with an indefinite useful life and on goodwill.

When the net book value of assets grouped together in a cash-generating unit exceeds their recoverable value, depreciation is recorded for an amount corresponding to the difference between the net book value and the recoverable value. Recoverable value is defined as the highest value between the asset's fair value less costs to sell and its useful value. Useful value is determined according to the discounted cash-flow method.

In case of cash generating unit, goodwill on consolidation is apportioned by cash-generating unit for the purposes of the impairment test. Depreciation that is charged at first on goodwill when necessary, is recognized in a specific section of the income statement when the amounts are significant. Any impairment recorded on goodwill cannot be reversed later.

Cash generating unit definition

According to IAS 36, goodwill, tangible asset and intangible asset values are subject to impairment tests whenever there is an indication of loss of value. These indications are reviewed at year-end. This test must be performed at least once a year for assets with an undefined life, a category which does not exist at SNIM.

In order to perform such a test, assets are gathered into cash-generating units (CGUs). These CGUs are composed of homogeneous assets which generate cash-flows that are largely independent of cash-flows generated by other groups of assets.

The criterion for defining CGUs has led SNIM to make the following grouping:
Company SNIM: this is a homogeneous, integrated unit which groups the three mines operated at Zouerate, the private railway siding and the port facilities in Nouadhibou. These items cannot generate cash-flows that are largely independent of cash-flows generated by the other components of SNIM.

The useful value of these units is determined according to net discounted cash-flows. When the net value of assets grouped into a cash-generating unit exceeds its useful value, depreciation is recorded for an amount corresponding to the difference between net value and useful value. Depreciation is allocated first to reduce the carrying amount of any goodwill.

3-9 Trade receivable

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts in accordance with IFRS 9. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are recorded as losses when identified as such.

3-10 Borrowing cost

In accordance with IAS 23, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recorded as part of the cost of that asset. Since 2016, all interests of qualifying assets have been recorded in expenses further to the putting into service of the projects relative to it (mainly Guelb, Port).

3-11 Cash or cash-equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents correspond to the definition above and are net of outstanding bank overdrafts.

3-12 Financial debts

SNIM's financial debt is mainly contracted with international financial sponsors at preferred rates.

loans at preferred rates should initially be measured at fair value, i.e.,. at the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument (similar as to currency, term, type of interest rate and other factors) with a similar credit rating. Any additional amount lent is an expense or a reduction of income unless it qualifies for recognition as some other type of asset.

In order to determine the market value of a loan granted at a preferential rate, and therefore off the market, it is necessary to reliably determine a discount rate for future flows.

In view of SNIM's specific environment, the market information that is necessary for determining a rate trend, in order to calculate the market value of favorable-rate loans, is not available because of the following:

- No market for long-term financing of private business in foreign currencies exists in Mauritania,
- It is difficult to evaluate SNIM's credit spread,
- No comparable ore extracting company exists in Western Africa.

It is consequently impossible to reliably determine a market value for the favorable-rate loans taken out by SNIM. In such a case SNIM measure the financial assets and liabilities at transaction price, which equals the amounts received. Interest is recorded on a nominal rate basis.

The debt ratio calculated from the data of the year ended 31/12/2023 is -2,04.

Within the context of the Development and Modernization Project, SNIM signed financing agreements with commercial financial institutions and institutional sponsors. Among these agreements, two loans contracted within the following banking pool:

i) the African development bank, the French Development Agency, the European Investment Bank, the Islamic Development bank, BNP Paribas, Société Générale, BHF-BANK Aktiengestellschaft et Kfw as regards the financing GuelbII project and

ii) BNP Paribas, Société Générale, BHF-BANK Aktiengestellschaft et Kfw for the financing of new mineral harbor project.

These two bank loans are subject to covenants requiring compliance with certain ratios. Failure to comply with these ratios gives lenders the option to require early repayment of their loans. The ratios are calculated every six months on the basis of the individual and consolidated financial statements.

These ratios are as follows:

- o Debt coverage service ratio (Free Cash-Flow /Debt Service): >1,3
- o Indebtedness Ratio (DLMT/Exceeds gross operating): <3,5
- o Ratio of Financial Structure (DLM / Equity): <2
- o Curent Ratio (Curent Assets /Curent liabilities) : >1,5

On June 20, 2018, SNIM concluded an agreement with its donors, the main terms of which are as follows:

1) Debt ratio: The Debt Ratio (financial debt to EBITDA) is replaced by the Net Debt Ratio (net debt (net of cash on financial debt) to EBITDA).

2) Communication to lenders on a monthly basis of i) Cash Balance On shore and Offshore and ii) Customer invoicing

3) Communication to lenders of offtake contracts

4) The introduction of a new liquidity control: the minimum level of cash must be USD 100 million. Non-compliance will be considered as an Event of Default.

5) If the cash level falls below USD 150 million, SNIM agrees to have an analysis conducted by a third party of its forecasts and the measures taken to restore the cash level.

Bank loans for the Guelb II project and for the New Mineral Port Project are fully repaid.
All the ratios provided for by the terms of the contracts described below above have been respected as of December 31, 2023.

3-13 Allowance for contingencies

In accordance with standard IAS 37, provisions are booked when the company has a present obligation (legal or constructive) which has arisen as a result of a past event, when it is probable that an outflow of resources representing economic benefits will be necessary to extinguish the obligation and when the amount can be estimated reliably.
The obligations resulting from restructuring operations are recognized at the time of their announcement to the people concerned.

3-14 Site rehabilitation

The legal obligations as of December 31st, 2023, related to the rehabilitation of mining extraction sites are governed by the following regulatory framework:

The obligation to rehabilitate sites is mentioned in 1979 mining code.

This code, as updated in 2009 following the publication of law no. 2009-26 of 7 April 2009, states that the abandonment of the operations of any mining extraction zone must be the subject of a ministerial order defining the action taken in terms of "public health and safety and essential features of the environment".

As at April 30nd, 2024, the Council of Ministers has not adopted any decree instituting the practical obligations.

<u>Law no. 2000-45 relating to the environment:</u> The law confirms the existence of this legal obligation to rehabilitate extraction sites in Mauritania. Article 44 of this text, enacted on 26 July 2000, states that: «The operation of quarries and mines, as well as mineral exploration work, must be designed and performed in such a way that:
- It does not damage the environment surrounding the sites, or create or aggravate erosion phenomena
- The sites operated can be returned to their initial state.

The rehabilitation of the sites is the responsibility of the operator of the quarry or mine. The methods and deadlines for carrying out the work will be fixed by decree adopted on the basis of a joint report of the Minister for the Environment and the Minister for Mines."
(Title III: Protection of resources and the natural environment / Chapter III: Protection of the soil and subsoil / Article 44)
This law has been the subject of the adopting of the following decrees:

- Decree no. 2004-94 requires that an environmental impact assessment must be carried out before any mine with a capacity exceeding 100 tons/day is opened for operation
  The decree no. 2007-107 confirms this obligation and its article 7.8 requires that the measures taken in connection with this obligation to clean up the sites be accompanied by a bank guarantee, but it does not give any guidelines as to the interpretation of the term "rehabilitation".
  As at April 30nd, 2024, these two decrees have not been published.

- On 4 February 2009, decree no. 2009-051 was adopted within the framework of the law on the environment
  The decree didn't modify the article 14 of decree no. 2008-159 ruling on the following obligation: "Two months before expiry of the operating license, the mining cadaster must inform the Mines and Geology Cadaster of such expiry so that it makes sure that the license-holder carries out the clean-up work in compliance with the provisions of the decree relating to the Mines Police and of the decree relating to the mining environment."

In conclusion, although the legal obligation exists, it is not accompanied by an implementing decree specifying its interpretation. As the obligation cannot be assessed reliably, no provision has been booked in the financial statements of SNIM as of year-end.

In addition, since the end of February 2011, SNIM has been certified ISO 14001. Within this context, the objectives set are :
- The environmental analysis of the sites, the launch of the environmental management plan and the definition of the environmental program targets.
- SNIM's legal department is monitoring any changes in the legislation relating to these obligations.
- Technical department is actually working on valuation hypothesis based on the interpretation of actual laws and based on informal obligations linked to ISO 14001's certification.

A provision will be recognized as soon as a reliable assessment of this obligation will be made. Variations of this passive evaluation will be record in accordance with IFRIC 1.

3-15 Employee benefits

<u>Benefit pension plan:</u>

The company has a benefit pension plan which is qualified as a defined-benefit pension plan. Note that there is no separately administered fund financing whole or part of the pension plan.

The method applied for evaluating the plan is that of the projected unit credit actuarial valuation method. This method consists in measuring the benefit according to the projected wage at the end of the employee's career and to the acquired rights at valuation date. Actuarial differences have been booked according to the corridor method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan exceed 10 % of the higher of the defined-benefit obligation and the fair value of the plan assets. These gains or losses are recognized on the expected average remaining working lives of the employees participating in the plan.

The option provided by IAS 19 allowing the recognition of all the actuarial gaps in equity became mandatory as of 1st January 2013. The company recognizes all actuarial differences in equity in accordance with last amended IAS19.
The company offers certain additional non-post-employment benefits to its senior executives. These include mainly tax sharing, healthcare, company cars, fuel and allocated housing.

The costs related to these benefits are insignificant. Consequently, they are accounted for as expenses.

Definition of contribution plan:
SNIM has decided to set up, as from January 2011, a defined contribution supplementary pension plan with the following main characteristics:

- ✓ An employer contribution corresponding to 10% and an employee contribution corresponding to 7% of the reference salary
- ✓ The prior service cost is borne by SNIM
- ✓ The reference salary is the base salary plus the seniority bonus (cf. 4.11 Actuarial assumptions)

Increases and reversals of the lump-sum pension indemnities and supplementary pension are booked to personnel charges.

3-16 Income from ordinary activities

IFRS 15 requires the identification of service obligations for the transfer of goods and services to the customer for each contract. Revenue is recognized when the performance obligations are met on the basis of the amount of remuneration the company expects to receive in exchange for the transfer of goods and services to the customer.

Revenue from SNIM's ordinary activities consists essentially of mineral sales, which is recognized when control of the property is transferred to the buyer and the amount can be reasonably estimated. Mineral sales are made FOB and the transfer of control is made at the time of loading the minerals.

3-17 Government Grants

Government grants are recognized at their fair value when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.
When the grant relates to an expense item, it is recognized, on a systematic basis, as income over the years necessary to match the grant to the costs that it is intended to offset.
When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual annuity.

3-18 Income tax

In view of SNIM's current fiscal status and the bases for the determination of tax (9% of the turnover) there are no deferred taxes.

3-19 Management of the functional and presentation currency

SNIM presents its financial statements in local currency, the Ouguiya.
The information system is currently set for the Ouguiya as functional currency, with the Dollar being used as parallel currency. However, the system allows the editing of financial statements presented in USD. Shareholders' equity based on USD as a functional currency and presented in MRU (converted to average annual rate) can be estimated at 143,002 MMRU against 122,171 MMRU in the presented financial statements.

3-20 Derivative financial instruments and Hedging transactions

SNIM uses derivative financial instruments to hedge against the risks relating to its business (exchange risk related to its operating, investing and financing activities).

Derivative financial instruments negotiated for hedging the company's exposure to risks linked to its business or to financing operations are qualified as cash-flow hedges where the company hedges exposure to variability in cash-flows attributable to a future transaction.

SNIM does not uses financial instruments to cover the exposure to variations in the fair value of assets or liabilities, except for the exchange risk, or to cover investment in foreign activity.

Cash-flow hedging respecting the eligibility criteria of the hedge accounting

Gains or losses on hedging instruments are recognized in equity for the portion that is determined to be effective and in the income statement for the ineffective portion. At the time the hedging transaction is recognized, the associated gains or losses that had previously been recognized in equity are transferred to the income statement for the same period as the hedged transaction and to the same account.

Hedge accounting ceases to be applied when the hedging instrument expires or is sold, terminated or exercised, or when it no longer meets the criteria for hedge accounting as defined in IFRS 9. In this case, the cumulative gain or loss on the hedging instrument initially recognized directly in equity shall be maintained separately in equity until the commitment or forecast transaction has occurred

In the event that the hedged transaction is not realized, the cumulative changes in value recognized directly in equity are recognized in profit or loss for the year.

Derivative financial instrument operations not qualifying for hedge accounting:

Gains or losses arising from the changes in the fair value of the derivative instruments (such as the put options or the conditional contracts so called exotic contracts), are taken directly to net profit or loss for the year.

All derivative financial instruments are stated in assets or liabilities at their fair value when the contract is negotiated and later revalued at the fair value at every year-end. The market value of forward contracts and interest rate swaps, during their lifetime and at maturity, is determined by an independent expert based on immediate and at term data at the time when the different underlying items and risk-free interest rate trends are valued for discounting.

During the option lifetime and at maturity, the market value is determined by an independent expert according to the Black and Scholes model, based on the following elements:

- ✓ Market value of the underlying item
- ✓ Option exercise price
- ✓ Sensitivity "to the forward currency"
- ✓ Risk-free interest rate.
- ✓ Maturity of the option.

3-21 Interest and dividends

Dividend revenue is recognized when the shareholders' right to receive the payment is established.
The company's accounting policy is to classify dividends and interest received as investing activities, dividends paid as financing activities and interest paid as operating activities in the Cash flow Statement.

3-22 Segment reporting

SNIM's is dedicated to extraction of iron ore. Indeed. The analysis of the activity is carried out through geographical zones which constitute the primary level of sector-based information according to standard IFRS 8 "Sector-based investment" for the product of ordinary activities from external clients. Other information related to profit and loss, assets and liabilities are not followed by geographical zones. The group activity is indeed made integrally outside the Islamic Republic of Mauritania. Geographical zones can be identified as follows:

- China,
- Algeria,
- Italy,
- Japan,
- Australia,
- France,
- Other countries member of the European Union,
- Others

4- ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF FINANCIAL POSITION

4.1 Property, Plant & Equipment

Assets valued at fair value	31/12/2022	Acquisitions	Transfers	Disposals	31/12/2023
Gross value	51 400	452	-	(124)	51 728
Accumulated depreciation	25 753	2 059	-	(43)	27 769
NET VALUE	**25 647**	**(1 607)**	**-**	**(81)**	**23 959**

Assets valued at cost	31/12/2022	Acquisitions	Transfers	Disposals	31/12/2023
Gross value	62 284	4 039	-	(318)	66 004
Right of use assets	3 723				3 723
Accumulated depreciation	37 666	3 358	(206)	-	40 819
NET VALUE	**28 341**	**680**	**206**	**(318)**	**28 909**
TOTAL GROSS VALUE	**117 406**	**4 491**	**(0)**	**(442)**	**121 455**
TOTAL AMORTIZATION	**63 419**	**5 417**	**(206)**	**(43)**	**68 588**
FIXED ASSETS IN PROGRESS	**7 657**	**9 126**	**(4 086)**	**(312)**	**12 385**
NET VALUE FIXED ASSETS*	**61 644**	**8 200**	**(3 880)**	**(711)**	**65 253**

* Not including the net value of Prospecting Assets which amount to a low value of 0,4 MMRU as of December 31, 2023 and 1 MMRU as of December 31, 2022

The additions of the year 2023 amount to 9 126 MMRU of which 670 MMRU of capitalized production.

There are no events or evidence of impairment on the company's assets. Therefore, no impairment test has been performed.

There is also no collateral on property, plant, and equipment.

Capitalized borrowing costs:

The loan costs incorporated into the cost of assets for the year are as follows:

IN MMRU	31/12/2022	Incorporated costs during the period	31/12/2023
Guelb2	2 024	-	2 024
Mineral harbor	406	-	406
Harbor Dredging	200	-	200
Total	**2 630**	**-**	**2 630**

Finance leases

The gross value of the financial leases included in the final assets (see 4.1 Tangible fixed assets) is as follows:

IN MMRU	31/12/2022	Acquisitions	Disposals	31/12/2023
Renewal of Port Equipment (part BID)	769	-	-	7 69
Other materials Guelbs II (part BID)	2 324	-	-	2 324
Railway Materials (Part BID)	631	-	-	6 31
Gross value	**3 723**	**-**	**-**	**3 723**

Other materials Guelbs II correspond to:

- 10 mining trucks for MMRU 6 14
- 6 locomotives for MMRU 573
- 6 loading systems of wagon for MMRU 463
- 4 wet concentrations for MMRU 674

Railway materials correspond to:

- Concrete sleepers' plant for MMRU 375
- Supplies of equipment of Railway for MMRU 256

Finance lease obligations

Minimum lease payments in thousands of USD	31/12/2023	31/12/2022
Due within one year	2 655	2 741
From 2nd to 5th year inclusive	0	2 655
More than five years	-	-
Less future financial charges	(65)	(217)
Finance lease debt	**2 589**	**5 179**

4.1.1 Property, plant, and equipment at fair value

Property, plant & equipment are valued at their acquisition cost except for the categories of fixed assets that were revalued during financial year 2000. The revalued amounts were confirmed during financial year 2001 by an independent expert, the firm Met-Chem.

Certain classes of assets have been regularly revalued since then, notably during financial year 2006. The fair value has been determined according to the replacement cost method less accumulated depreciation, as there was no market-based evidence.

The replacement cost has been estimated taking the following criteria into consideration:

- Value at purchase
- The technical condition of the equipment
- The useful life and the age of the equipment

GROSS VALUE IN MMRU	31/12/2022	Acquisitions	Transfers	Disposals	31/12/2023
Specialized complex installations	42 316	244	-	(5)	42 555
Railway rolling stock and railroad track	9 083	208	-	(119)	9 173
TOTAL	**51 400**	**452**	**-**	**(124)**	**51 728**

DEPRECIATIONS	31/12/2022	Allowance	Transfers	Reversals	31/12/2023
Specialized complex installations	20 900	1 859	-	(5)	22 753
Railway rolling stock and railroad track	4 853	200	-	(38)	5 016
TOTAL	**25 753**	**2 059**	**-**	**(43)**	**27 769**

NET BOOK VALUE	31/12/2022	Increase / Allowance	Transfers	Diminution	31/12/2023
Specialized complex installations	21 417	(1 615)	-	-	19 802
Railway rolling stock and railroad track	4 230	8	-	(81)	4 157
TOTAL	**25 647**	**(1 607)**	**-**	**(81)**	**23 959**

4.1.2 Property, plant, and equipment at acquisition cost

GROSS VALUE IN MMRU	31/12/2022	Acquisitions	Transfers	Disposals	31/12/2023
Land	470	-	-	-	470
Land improvements	19	93	-	-	112
Buildings	28 438	830	-	(199)	29 069
Operating equipment	33 676	2 801	-	(73)	36 403
Transportation equipment	2 462	278	-	(44)	2 697
Office and IT equipment	591	24	-	-	615
Office furniture	351	13	(0)	(2)	363
TOTAL	**66 007**	**4 039**	**(0)**	**(318)**	**69 728**

Depreciation	31/12/2022	Allowance	Transfers	Reversals	31/12/2023
Land	-	-	-	-	-
Land improvements	17	-	-	-	17
Buildings	12 137	1 241	(90)	-	13 288
Operating equipment	22 828	1 809	(72)	-	24 565
Transportation equipment	1 827	251	(41)	-	2 037
Office and IT equipment	569	11	0	-	580
Office furniture	288	47	(2)	-	333
TOTAL	**37 666**	**3 358**	**(206)**	**-**	**40 819**

NET BOOK VALUE	31/12/2022	Increase/ Allowance	Transfers	Decrease	31/12/2023
Land	470	-	-	-	470
Land improvements	2	93	-	-	96
Buildings	16 295	(411)	90	(199)	15 781
Operating equipment	10 848	992	72	(73)	11 838
Transportation equipment	635	28	41	(44)	660
Office and IT equipment	22	13	-	-	35
Office furniture	63	(34)	2	(2)	30
TOTAL	**28 341**	**680**	**206**	**(318)**	**28 910**

The following table shows the gross values of fully depreciated property, plant and equipment that are still in use as of December 31st, 2023:

Description	Gross value	
IN MMRU	2 022	2 023
Buildings	2 942	1 673
Railway rolling stock and railroad track equipment	2 547	1 712
Specialized complex installations	8 882	9 485
Operating equipment	12 642	16 896
Transportation equipment	1 442	1 561
Other tangible assets	673	773
TOTAL	**29 128**	**32 100**

4.2 Intangible assets

Variation in Intangible gross fixed assets	31/12/2022	Acquisitions	Transfers	Disposals	31/12/2023
Intangible fixed assets value	808	-	-	-	808
TOTAL	**808**	**-**	**-**	**-**	**808**

Change in depreciation	31/12/2022	Allowance	Transfers	Reversals	31/12/2023
Intangible fixed assets value	619	12	-	-	631
TOTAL	**619**	**12**	**-**	**-**	**631**
Net Value	**189**	**(12)**	**-**	**-**	**177**

These intangible assets relate to acquired patents and software.

Sensitivity tests and goodwill value

In closing context, company's assessment regarding reasonably possible variations related to the key assumptions corresponds to the ranges of values used in the sensitivity tests.

According to IAS36, property, plant and equipment with extinct useful lives are subject to an impairment test when there are indications of an impairment possibility. Sensitivity tests on key assumptions, particularly operational, taking into account reasonably possible variations are carried out during the impairment test, namely:

- A sensitivity test on ore prices
- A sensitivity test on growth rates and WACC

During financial year 2023, no indication for impairment of fixed asset have been identified for the property, plant and equipment has been revealed.

4.3 Non-current financial assets and investments in Associates

IN MMRU	31/12/2023	31/12/2022
Loans and advances	1 954	1 825
Deposits and guarantees	7	(1)
Provision for other assets' impairment	(138)	(138)
Non-current financial assets	**1 823**	**1 686**
Investment in associates	**5 594**	**5 535**
TOTAL	**7 416**	**7 222**

4 .3.1 Non-current financial assets:

Loans and advances mainly include:

- Loans and advances granted to the company's employees. These loans are recorded at the value of the amounts lent and do not generate interest.
- The Najah loan, which relates to the tripartite agreement (State, SNIM and NAJAH) by which the State undertakes to pay the SNIM the remainder of the loan and NAJAH undertakes to carry out certain works in favor of the State.

Deposits and guarantees are valued on the disbursed amounts basis. The gap with their fair value is not significant.

The provision for impairment of non-current financial assets corresponds to the impairment of loans.

4.3.2 Investments in associates

IN MMRU	31/12/2022	Increase	Transfers	Disposals	31/12/2023
Investments in associates	7 497	1 252	-	-	8 749
Subsidiary loans	2 622	496	(400)	-	2 718
Gross Value	**10 119**	**1 348**	**-**	**-**	**11 467**
Impairment of Investments in associates	(3 424)	(1 265)	-	-	(4 689)
Impairment of Subsidiary Loans	(1 160)	(25)	-	-	(1 184)
Provision for impairment	**(4 583)**	**(1 290)**	**-**	**-**	**(5 874)**
Investments in associates	4 073	(13)	-	-	4 060
Subsidiary loans	1 462	471	(400)	-	1 534
Net Value	**5 535**	**58**	**(400)**	**-**	**5 594**

The increase in the Investments in associates item corresponds to:

- ATTM: 1.252 MMRU (fully impaired as of 31, December 2023)

The increase in the Loans to Subsidiaries item corresponds to:

- Draws of the shareholder advance granted to ATTM for 400 MMRU
- shareholder advances in favor of Al Aouj for 220 MMRU
- shareholder advances in favor of TAKAMUL for 220 MMRU
- shareholder advances in favor of SAMIA for 45 MMRU
- shareholder advances in favor of GMM for 11 MMRU

Investment in associated companies at 31 12 2023 In MMRU													
Company	**Capital**	**Equity other than capital**	**Share of capital held (in %)**	**Book value of the investment in the balance sheet**		**Loans or advances granted and not repaid in balance sheet**		**Guarantees and endorsements given**	**Revenue**	**Income**	**Total of balance sheet**	**Dividends received during the year**
				Gross	**Net**	**Gross**	**Net**					
SOMASERT	57	28	100%	56	56	-	-	-	96	6	125	4
SAFA	30	234	100%	28	28	-	-	-	197	27	362	36
SAMMA	10	274	53%	1	1	-	-	-	183	62	334	24
ATTM	1 890	2 132	79%	3 628	167	134	-	-	1 588	7	3 355	-
COMECA	20	138	92%	18	18	-	-	-	395	30	317	7
SAMIA	364	(158)	89%	326	184	50	50	-	40	(34)	316	-
GMM	110	(92)	96%	344	0	43	-	-	11	(16)	171	-
TUM	82	-	65%	82	0	-	-	-	-	-	-	-
EL AOUJ SA	2 457	(690)	50%	1 228	883	1 484	489	-	-	(161)	5 575	-
GIP	728	373	68%	495	495	-	-	-	138	47	1 848	54
MAIL	6 867	(6 802)	15%	810	538	-	-	-	1 687	(365)	5 907	-
DAMANE ASSURANCE SA	629	79	20%	120	120	-	-	-	147	51	901	12
M2E	50	31	100%	50	50	-	-	-	120	(6)	262	-
MSMS (TAKAMUL)	1 075	51	50%	535	535	438	438	-	-	-	4 256	-
AMSAGA	-	-	100%	-	-	4	-	-	-	-	-	-
GHM	1 581	(24)	50%	977	967	557	557	-	-	(13)	2 451	-
SRN	8	44	35%	3	3	-	-	-	195	44	132	11
ENCO	8	1	30%	2	2	-	-	-	9	1	10	-
IQAR	-	-	100%	15	-	7	0	-	-	-	-	-
GPIM	30	7	100%	30	14	-	-	-	-	14	70	-
	15 996	**(4 374)**		**8 749**	**4 062**	**2 718**	**1 534**	**-**	**4 805**	**(305)**	**26 392**	**148**

The business purpose of each of the subsidiaries is presented below:

- ***La Société Mauritanienne de Services et de Tourisme (SOMASERT)*** is managing hotel infrastructures and promotion of potential tourism in the country.
- ***La Société Arabe du Fer et de l'Acier (SAFA)*** is producing iron and operating an iron-foundry with a capacity of 2,000 tons.
- ***La Société d'Acconage et de Manutention en Mauritanie (SAMMA)*** does operations of consignment, transit and handling in the ports of Nouakchott and Nouadhibou;
- ***La Société d'Assainissement, de Travaux, de Transport et de Maintenance (ATTM)*** does civil engineering and road construction.
- ***La société Construction Mécanique de l'Atlantique (COMECA)*** does manufacturing, production and repair framework mechanical parts, mechanical ensembles, and boiler works.
- ***La Société Arabe des Industries Métallurgiques (SAMIA)*** extracts and produces gypsum and plaster.
- ***La société Granite et Marbre de Mauritanie (GMM***) does the exploitation and trade of ornemental stones, mainly granite and marble.
- ***Gestion des Installations Pétrolières (GIP)*** does the storage, transport and distribution of refined hydrocarbons.
- ***Tazadit Underground Mine*** does the search and underground mining of iron ore.
- ***El Aouj Mining Company (EMC)*** produces pellets for the direct reduction of iron ore from the El Aouj guelbs;
- ***Mauritanian Airlines International (MAIL)*** deals with the domestic, regional and international air transport.
- ***Damane Assurance:*** industrial insurance.
- ***Mauritanienne d'Eau et d'Electricité (M2E***) for execution and management of water and electricity distribution network.
- ***Mauritania Saudi Mining and Steel (TAKAMUL):*** produces and exports iron ore.
- ***Grand Hôtel de Mauritanie (GHM):*** construction and the management of hotels to cost categories.
- ***Société de Remorquage Nouadhibou (SRN)*** has for object the realization of activity of towing as well as any service of laminate and piloting in the port of Nouadhibou and in quite different port of Mauritania out outside.
- ***AMSAGA:*** The realization of geological exploration activities, and mining activities (production and exploitation)
- ***Engineering and Consulting Associes (ENCO):*** *Strategic and operational consulting services*
- ***IQAR:*** Real state
- ***Générale de la promotion immobilière S.A (GPIM) :*** Construction and property development management

Presentation of the Guelb El Aouj project

(a) General presentation of EMC

EL AOUJ MINING COMPANY (EMC) is a 50/50 joint venture between SNIM and Sphere Minerals, an Australian company wholly owned by the Glencore Group, one of the world's leading natural resources traders. Glencore produces and sells more than 90 commodities, including copper, nickel, zinc, cobalt, ferrochrome and coal. It is listed on the London and Hong Kong stock exchanges. It employs 158 000 people at 150 production sites in more than 50 countries and has sales that exceeds $200 billion.

EMC's vision is to become a major Mauritanian mining company that creates wealth over the long term, for the prosperity and well-being of its shareholders, employees and local communities. Its objective is to develop the El Aouj deposits in the Tiris Zemmour region, where it holds a 30-year mining license renewable for consecutive periods of 10 years each. This license covers 5 Guelbs close to SNIM's operations: El Aouj East, Center and West, Tintekrat and Bouderga. It also holds a 30-year renewable water license covering the Touajil and Aouchich aquifers. EMC has a share capital of MRU 2.45 billion; it currently employs 12 permanent staff including 4 executives seconded by SNIM and 1 executive seconded by Glencore.

(b) History of the El Aouj project

In the 1970s, SNIM began geological research on the guelbs of Tiris (including Guelb El Aouj) which aimed to analyze the reserves of the various guelbs in the region and to select the optimal Guelb to take over from the decreasing activity of KEDIA. In 2001, SNIM and Sphere created a joint venture to study the implementation of a project to pelletize magnetic ores from Guelb El Aouj and, with this in mind, attract outside investors.

In 2004, El Aouj SA was created to conduct the feasibility studies for the project. These studies were completed in February 2008 by SNC Lavallin. SNIM and Sphere then decided to use El Aouj SA as an operational entity for the development of the project.

In August 2009, El Aouj SA changed its name to El Aouj Mining Company SA. In 2010, it decided to update the 2008 feasibility study and entrusted this work to SNC Lavalin, which completed it in February 2011, concluding that it was possible to have a project of different sizes.

In January 2011, Xstrata acquired Sphere Minerals and a concept study showed that a project with a production of over 30 Mtpy could be envisaged. In April 2012, the EMC Board of Directors approved a new development strategy for the project in 2 phases:

- 1st phase: production of 15Mt/year of concentrates;
- 2nd phase: production of 15Mt/year of concentrates including 7Mt used for the production of Pellets by direct reduction.

In May 2013, Xstrata and Glencore merged and in April 2014, the pre-feasibility study carried out by Worley Parsons shows that the most optimal development of the project is done by production units of 9.5 Mt/year each. On this basis, the EMC Board of Directors decided to carry out a feasibility study for the first unit, of 9.5Mt/year, which constitutes the initial investment. The feasibility study improved this unit to reach 11.3 Mt/year. The second phase is planned a few years later, after the first has been tested and has started to generate cash flow.

(c) Exploration programs

The completed exploration programs, in chronological order, are presented below:

- Up to 2010: 54 800 m of drilling was carried out by SNIM and Sphere;
- In 2011/2012: drillings were carried out in Bou Derga & Tintekrate where 31 500 m were drilled from April 2011 to May 2012;
- In 2012/2013: drilling was carried out in El Aouj East & Center where 92 800 m were drilled from June 2012 to June 2013.

- In all, 179 100 m of drilling were carried out.

(d) Mineral resources

The exploration programs carried out on all 5 Guelbs show that the reserves of the whole permit amount to 4.4 billion tons, with Guelb El Aouj East alone accounting for almost half of the available mineral resources.
It is for this reason that EMC has decided to focus on Guelb El Aouj East.

(e) Project Studies

A range of studies have been conducted for the project, including:

- Pre-Feasibility Study Phase I: Contracted to Worley Parsons and completed in April 2014 ;
- Concept Study Phase II: Contracted to Worley Parsons and completed in June 2014;
- Financing Study: Awarded to BNPP and completed in May 2014;
- Environmental Study (ESIA): Started in March 2013 and completed in February 2016 ;
- Feasibility Study Phase I: Entrusted to Ausenco and completed in December 2015; Mining Study was entrusted to BBA and completed in November 2015;
- HR Study: Development in 2013 of a strategic map and HR policies ;
- Railway and Port Capacity Study: Contracted to Hatch and completed in November 2015;
- FEED Study: Contracted to Hatch and completed in October 2018.

(f) Technical & Financial Model

As a result of all these studies, the project has been fully defined both technically and financially. Thus, the following has been agreed upon:

- An open-pit mine with a 41-year life span;
- A Dry Magnetic Separation processing plant;
- The use of the SNIM railroad and port;
- Production of 11.3 million tons of concentrate at a grade of 66.5% Fe;
- In 2022 an update of global investment (CAPEX) resulted in 1.857 billion USD (of which 203.2 million USD for the railway and the port);
- In 2022 an update of the production Cost (OPEX) resulted in $32.4 per ton of concentrate (FOB Nouadhibou);
- In 2018, an average price of $72 (IODEX 65) was used to obtain an Internal Rate of Return (IRR) of 8.5% (before taxes) for 100% equity.
- Following the sharp rise in iron ore prices, an analysis of the financial model in 2022 with a price of $105 (IODEX 65 -) was performed and resulted in an IRR of 18,4% (Before taxes) for 100% equity.

(g) Environmental and Social Study

The Environmental and Social Impact Assessment (ESIA) for the project was carried out by URS between March 2013 and February 2016 and Public Consultations on the Terms of Reference were held in F'derik in 2015. The Environmental Permit was obtained in 2016, after validation of the ESIA.
The ESIA identified potential environmental impacts and proposed appropriate mitigation measures regarding:

- Air quality through dust emissions (PM10) and gas emissions (NO_2, SO_2);
- Surface and groundwater resources;
- Noise emissions from mining activities;
- Waste treatment.

In 2023 EMC entrusted the company WSP with updating certain chapters of the ESIA. The aim was to comply with changes that have taken place in international standards since the study was carried out in 2016. This work was completed in 2023.

(h) A New Shareholder

The shareholders' objective is to call on a partner who can accelerate the execution of the project. The choice fell on Mineral Resources, an Australian mining company with a strong history in the construction and management of mining operations. Mineral Resources has expressed interest in taking over Glencore's stake in El Aouj. It carried out due diligence which led to the signing of a non-binding term sheet with SNIM paving the way for a change of shareholding.

Mineral Resources intends to make changes to the current project design with the aim of reducing construction time and optimizing investment costs.

(i) Project Schedule

The project schedule is as follows:

- Start of construction: January 2025
- Start of Production: January 2027

(j) Project Impacts

The Project will have multiple positive impacts for the local communities and for the country in general. Thus, it will allow

- The creation of more than +1 000 direct jobs and 300 indirect jobs;
- The construction of a 220-unit housing estate in F'derik;
- The provision of water, electricity and a water treatment plant in F'derik;
- The generation of important revenues through, for example, the rental of the train and the SNIM port estimated at 9.4 dollars per ton of concentrate (which could reach 106 million dollars per year) and also other revenues for the State.

(k) Project financing

In 2022 the shareholders decided to embark on the project financing route to mobilize the necessary funds for the development of El Aouj. EMC engaged Société Générale as financial advisor for this operation. A due diligence process was launched and resulted in the following due diligence being carried out:

- Technique: carried out by the SLR
- Market: carried out by CRU
- Environmental and social: update of the ESIA study by WSP

Initial market surveys showed solid lender appetite for the project. Preliminary indications exceeded the amount of debt that SG requested for financing of around 50% of the investment.

Overall, the fundraising effort is well underway. It was slowed down towards the end of the year while awaiting the outcome of negotiations between shareholders.

Presentation of TAKAMUL Joint venture

The Mauritanian Saudi Mining and Steel called TAKAMUL is a joint venture (JV) owned equally between SNIM (Société Nationale Industrielle et Minière) and SABIC (Saudi Basic Industrie Corporation).

The operating permit transfer decree No. 056/2020 grants 10% of the company's capital free of charge to the Mauritanian State and with an option for additional participation in cash.

The capital structure of TAKAMUL is as follows:

- 45% of the Saudi Steel Company (HADEED)
- 45% Société Nationale Minière de Mauritania SNIM (National Industrial and Mining Company).
- 10% Mauritanian State

The JV agreement was signed in September 2012 and the company was officially established on December 12, 2012 and registered under number 14 113 in Nouadhibou, Mauritania.

Under an agreement signed in June 2021 between SNIM and SABIC Mining, SABIC transferred all of its shares in TAKAMUL to its subsidiary HADEED.

Mineral resources

The exploration programs carried out on the GUELB ATOMAI deposit in 2013 (magnetite Atomai located 9 km from the town of F'DERIK in the Zouerate region in Mauritania) show that it is a magnetite deposit with reserves of the entire permit amounts to 559.9 Mt.

The project aims to produce 10 Mt per year of pellets over 25 years from Q2 2029.

Project studies

- From 2011 to 2017 geological and mining research campaigns were carried out in accordance with the Australian JORC CODE standard.
- The Bankable Feasibility Study (BFS) was completed in July 2019 and completed in 2020 by the Canadian firm AUSENCO.
- In September 2023 TAKAMUL signed a contract with Société Générale as Financial Advisor for the financing of the project and well advanced by phase priority to achieve the requested objective.

- A contract was signed in 2023 with the legal advisor to support the financial advisor in its search for project financing from donors.
- FEED is entrusted to the Spanish office IDOM in 2022 with the participation of a team of experienced SNIM engineers. FEED is 98% complete, submission of the report is expected at the end of April 2024.
- The water research programs for social needs and the project in the LAZRAGH area are completed in 2023 and the quantities requested for exploitation have been found.

Project schedule

- April 2024: submission of the FEED report
- Q1 2025: Final investment decision
- Q1 2028: End of project construction
- Q2 2028: Commissioning of the project
- Q2 2029: Production ramp-up

4.4 Inventories and work-in-progress

IN MMRU	31/12/2023	31/12/2022
Raw materials at weighted average cost	12 340	11 605
Ore at weighted average cost	4 334	4 070
Goods at weighted average cost	40	19
Gross value of inventories	**16 714**	**15 694**
Impairment of raw materials	(4 292)	(3 557)
Impairment of ore inventories	(2 549)	(1 596)
Total net value	**9 873**	**10 541**

Inventories are valued at the lower of weighted average cost and net realizable value.

IN MMRU	31/12/2023	31/12/2022
Raw materials at weighted average cost	12 340	11 605
Raw materials at net realizable value	8 048	8 048
Goods	40	19
Iron ore at weighted average cost	4 334	4 070
Iron ore at net realizable value	1 785	2 474
Total inventories at the lower of weighted average cost and net realizable value	**9 873**	**10 541**

The company does not practice any pledge on stocks.

4.5 Trade receivables and related accounts

Trade receivables are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Iron ore trade receivables	7 984	7 692
Receivables due from group companies	638	728
Other trade receivables	1 224	1 468
Total Gross	**9 846**	**9 887**
Impairment of Iron ore trade receivables	(12)	(12)
Impairment of Receivables due from group companies	(367)	(393)
Impairment of Other trade receivables	(251)	(328)
Total impairment	**(629)**	**(733)**
Iron ore trade receivables net	7 972	7 680
Receivables due from group companies net	271	334
Other trade receivables net	974	1 139
Total net value	**9 217**	**9 154**

The table for the receivables' impairment is presented as follows:

IN MMRU	31/12/2023	31/12/2022
Impairment as of 1st January	**733**	**576**
Impairment loss under IFRS 9	0	0
Additional depreciation	(104)	157
Impairment as of 31st December	**629**	**733**
Amount recovered from impaired receivables	7 692	5 287
Gross amounts of impaired receivables	9 846	9 887

4.6 Other receivables

The other receivables are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Trade payables – debit balances	2 574	820
Personnel receivables	322	345
Trustee	113	102
Sundry receivables	127	88
Tax receivables	555	8
Deferred expenses	1 088	668
TOTAL	**4 779**	**2 031**

- Trade payables - debit balances are related to advances granted to its suppliers and orders realized before the issuing of the corresponding invoices.
- Personnel receivables are mainly related to short-term advances granted to staff.
- Tax receivables correspond to the VAT credit to be deducted from the unique tax.
- Deferred expenses are mainly related to prepaid expenses and revenues to be received

4.7 Financial instruments: disclosure

4.7.1 Financial instruments presented in the statement of financial position

The company defines its financial assets into the following categories: assets measured at fair value through profit or loss, assets and liabilities measured at amortized cost.

Financial assets are initially recognized at fair value which generally corresponds to the price paid, and do, to the acquisition cost (including related acquisition costs, where applicable). Subsequently, financial assets are measured at fair value or at amortized cost depending on the category of financial asset they belong to.

As from 1 January 2018, financial assets are classified in the categories "financial assets measured at amortized cost", "assets measured at fair value through other comprehensive income" and "financial assets measured at fair value through net income". This classification depends on the entity's business model for managing financial assets and the contractual conditions under which it is determined whether cash flows are only the payment of principal and interest (SPPI). Financial assets with an embedded derivative are considered in their entirety to determine whether their cash flows are SPPI.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired primarily for the purpose of resale in the short term. Derivative financial instruments are also designated as held for trading unless they qualify as hedges. They are classified as current assets.

Financial assets measured at amortized cost

Financial assets measured at amortized cost include debt instruments whose management intention is to collect contractual cash flows that correspond solely to the repayment of the nominal amount and the payment of interest on the remaining nominal amount due. At each balance sheet date, these assets are measured at amortized cost using the effective interest rate method. When there is objective evidence that the financial asset has lost all or part of its value, an impairment loss corresponding to the difference between the net carrying amount and the recoverable amount (discounting of expected cash flows at the original effective interest rate) is recognized in income. It is reversible if the recoverable amount is likely to change favorably in the future.

The main financial liabilities consist of borrowings and trade payables. The main purpose of these financial liabilities is to finance the company's operating activities.

On initial recognition, borrowings should be measured at fair value with transaction costs directly attributable to them as a result of the issuance of the liability being charged to them. Debt issue costs and premiums are not included in the initial cost but should be included in the calculation of amortized cost using the effective interest rate method and should be recognized in profit or loss on an actuarial basis over the life of the liability.

As at December 31st 2023, the financial instruments included in the statement of financial position are as follows:

Breakdown by instrument category					
IN MMRU	**Amortized Cost**	**Fair value through profit or loss**	**Fair value through equity**	**Value in the statement of financial position**	**Fair value**
Non-current financial assets	1 823	-	-	1 823	1 823
Trade receivables and related accounts	9 217	-	-	9 217	9 217
Other receivables and related accounts	4 779	-	-	4 779	4 779
Cash and cash equivalents	32 530	15 808	-	48 339	48 339
Assets	**48 349**	**15 808**	-	**64 157**	**64 157**
Financial debts (portions over 1 year)	1 079	-	-	1 079	1 079
Financial debts (portions at less than 1 year)	908	-	-	908	908
Trade payables	6 483	-	-	6 483	6 483
Other payables	3 597	-	-	3 597	3 597
Liabilities	**12 067**	-	-	**12 067**	**12 067**

As at December 31st 2022, the financial instruments included in the statement of financial position are as follows:

Breakdown by instrument category					
IN MMRU	**Amortized Cost**	**Fair value through profit or loss**	**Fair value through equity**	**Value in the statement of financial position**	**Fair value**
Non-current financial assets	1 686	-	-	1 686	1 686
Trade receivables and related accounts	9 154	-	-	9 154	9 154
Other receivables and related accounts	2 031	-	-	2 031	2 031
Cash and cash equivalents	39 044	4 340	-	43 384	43 384
Assets	**51 915**	**4 340**	-	**56 256**	**56 256**
Financial debts (portions over 1 year)	1 362	-	-	1 362	1 362
Financial debts (portions at less than 1 year)	943	-	-	943	943
Trade payables	4 656	-	-	4 656	4 656
Other payables	4 646	-	-	4 646	4 646
Liabilities	**11 607**	-	-	**11 607**	**11 607**

The fair value of other financial instruments (loans and deposits) are not deemed significant, and these items are therefore valued at amortized cost.

The fair value of the trade receivables, other receivables, trade payables and other payables are not deemed significant, and these items are therefore valued at amortized cost discounted at closing market price in the transaction currency.

Considering SNIM's economic environment (lack of market data required to determine a yield curve in order to estimate the market value of loans and borrowings at preferential rates), borrowings and loans are valued at amortized cost.

4.7.2 Derivative financial instruments

The company uses financial instruments such as term hedges or interest rate swaps. These derivative financial instruments should be initially recognized at fair value when the contract is negotiated and should be subsequently measured at the fair value. The derivatives must be recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses resulting from changes in market value of hedging instruments, within the framework of a future cash flow hedges, for which the group has chosen to apply the hedge accounting, are recognized in equity at an effective hedge percentage.

When the group has chosen not to apply hedge accounting, the gains or losses resulting from the changes in market value are recognized in income statement. In accordance with IFRS 7, the fair values of financial instruments are classified according to the various valuation techniques defined as follows:

- Level 1: direct reference to prices published on an active market;
- Level 2: valuation techniques based on observable data;
- Level 3: valuation techniques based on unobservable data.

The group is using level 2 for the fair value valuation of derivative financial instruments.

Foreign currency risk:

As of December, 31st2023, financial instruments on exchange rates available at closing date are detailed below:

Hedging accounting	2023				2022			
	Fair value in MMRU	Fair value in KUSD	Nominal in thousands of EURO		Fair value in MMRU	Fair value in KUSD	Nominal in thousands of EURO	
			Bought	Sold			Bought	Sold
Foreign currency risk								
a) Cash flow hedging (CFH)								
Forward contracts in foreign currency								
Euro	15,3	389	35 000	-	32	872	29 500	-
Options on currency								
Euro	20	506	46 000	76 500	1	1 118	34 500	34 500
b) Fair value hedging (FVH)								
Forward contracts in foreign currency								
Euro	(4)	(100)	3 000	3 000	-	13	3 000	-
Options on currency								
Euro					-	2	2 000	2 000
c) Other operations								
Options on currency								
Euro					(4)	(117)		23 500
Total	**31**	**795**	**84 000**	**79 500**	**69**	**1 890**	**69 000**	**60 000**

Raw Material price risk:

As part of its management of financial products, SNIM may be required to negotiate products on energy commodities (Gas Oil & Fuel Oil). As of December 31, 2023, considering the market prices recorded in December 2023, the quantities to be hedged and the impossibility for SNIM to implement hedging due to the absence of counterparty, no raw material derivatives were in the portfolio at the closing date.

Interest rate risk:

As of December 31st, 2023, financial instruments related to interest rate risk at the balance sheet date are as follows:

Hedging accounting	**2023**				**2022**			
	Fair value in MMRU	**Fair value in KUSD**	**Nominal in thousands of EURO**		**Fair value in MMRU**	**Fair value in KUSD**	**Nominal in thousands of EURO**	
			Bought	**Sold**			**Bought**	**Sold**
Risque de taux d'intérêt								
a) Cash flow hedging (CFH)								
Swaps on Raw Material								
EUR								
Options on Interest rate								
EUR	-	-	-	-	6	154	22 500	-
b) Other operations								
EUR								
Total Interest rate	**-**	**-**	**-**	**-**	**6**	**154**	**22 500**	**-**
Total	**31**	**795**	**84 000**	**79 500**	**75**	**2 044**	**91 500**	**60 000**

The impacts on the income statement of derivative financial instruments as of December 31st, 2023, are presented here below:

Cash-Flow Hedging in USD **Cash-Flow Hedge**	**Amount transferred to gains and losses during the year**	**Inefficiency booked in Profit**
Foreign currency hedging	(223 082)	(730 334)
Interest rate hedging	-	-
Raw Material hedging	-	-

Fair value Hedging in USD **Fair Value Hedge**	**Unrealized gains and losses on hedging instruments**	**Unrealized gains and losses on hedging instruments**	**Inefficiency booked in profit**
Foreign currency hedging	(16 034)	84 300	-
Interest rate hedging	-	-	-
Raw Material hedging	-	-	-

Hedging objective and policy:

The iron ore market is denominated in US dollars; therefore, all of SNIM's sales are made in US dollars.
Mauritania's exchange regulations prohibit any possibility of managing exchange rate risks against the national currency. SNIM is therefore exposed to foreign exchange risk against the US dollar on operating expenses denominated in third currencies (import of euros, in CAD against US dollars).

In addition, to finance its development, SNIM has contracted loans denominated in US dollars, euros, and yen from international donors.

Depending on the evolution of the US dollar against these currencies, a greater or lesser proportion of revenue will have to be allocated to debt servicing. Consequently, SNIM is indeed exposed to currency risk against the dollar for all its debt expressed in a third currency.

The company has formalized its risk management policy and its tolerance level for these risks.
Procedures for measuring the Company's exposure to currency risk (actual and forecast) have been established. These procedures have been approved by Executive Management and are reviewed annually. The Company undertakes to treat its hedging transactions with leading banks (Société Générale, BNP Paribas…).

Foreign exchange risk:

SNIM's policy for managing its exposure to foreign currency risk consists in hedging foreign currency risk on firm and estimated purchasing commitments denominated in foreign currencies. Financial instruments that have been negotiated have a lifetime corresponding to that of firm or estimated operations. Usually, financial instruments' maturities do not exceed one year.

To reach its hedging objectives, the company resorts to forward purchasing contracts or option sales on currency contracts. Usually, option sales contracts are part of an overall hedging strategy (tunnel). Derivative financial instruments are negotiated by mutual agreement with first-rated financial institutions.

The analysis of sensitivity of profit before tax (due to variation of monetary assets and liabilities' fair value) and equity (linked to variation in forward contracts' fair value) of SNIM is presented below. This analysis is based on the following assumptions: on one hand, a reasonable variation in the euro exchange rate, on the other hand, all other variables remain stable.

IN USD	Variation of EURO	Impact on profit and loss before tax	Impact on OCI
2023	10%	980 076	8 315 503
	(10%)	(2 680 737)	(6 039 631)

Dollar = 39,48 ouguiyas

Raw material price risk:

The company is exposed to the raw material price risk on firm and estimated operational transactions.
SNIM's policy is to hedge against exposure to these risks. In order to reach its hedging objectives, the company resorts to purchase and selling contracts on raw material options or on swap contracts. Some selling contracts are part of a global hedging strategy. Management of this risk is spread over less than a year.

The analysis of the sensitivity of SNIM's profit before tax (due to variations in the fair value of the monetary assets and liabilities) and equity (linked to variations in the fair value of the swaps) gives a reasonable variation of the raw materials exchange rate, as all other variables remain stable.

As of December 31st, 2023, the company did not have any raw material coverage. Therefore, no sensitivity test has been performed.

Interest rate risk:

SNIM has obtained important funding for the realization of the Development and Modernization Program (DMP).
These funding are indexed on variable rates (libor). Therefore, the company is exposed to a financial risk related to the increase of interest rates.

SNIM's policy is to hedge the risks related to interest rates fluctuations on its floating rate debt on a 5-year management horizon.

To reach its hedging objectives, the company resorts to interest-rate derivative instruments, signs interest swaps and conditional financial instruments (caps, floors and collars).
To limit the effect of the dollar rate increase on its financial instruments, SNIM decided to implement a hedging policy, aimed at guaranteeing a maximum income rate.

Credit risk:

SNIM maintains commercial relations exclusively with reliable third parties.
Most of the client portfolio is constituted by iron ore customers whose terms of payments require a 90% advance at order and the remaining 10% within 24 days after delivery. Thus, for those clients, there exists no risk of credit. For the other customer, trade receivables are not material, and a credit risk analysis is performed regularly to adapt the possible depreciation on receivables. The maximum exposure is equal to the book value mentioned in **Note 4.5**

Regarding the credit risk on other financial assets, i.e., cash and cash equivalents, financial assets available for sale, loans and certain derivative instruments, SNIM's exposure is due to a potential failure of the third party with the maximum exposure not exceeding the accounting value of those instruments.

Liquidity risk:

SNIM controls its liquidity risk based on a projected financial investment maturity and an estimated cash flow generated by operational activities.

To further reduce the risk of liquidity, 37% of loans contracted by SNIM are placed under trustees. The trustee system consists of deducting an amount from monthly sales until maturity is set three months in advance and can only be used for the repayment of these loans.
As of December 31st, 2023, 46% of SNIM's debts are due in less than one year, compared with 36% in 2022.

Maturity:

The table below shows the maturity of the financial liabilities as of December 31st2023, based on contractual payments not discounted. The principal considers only the debt drawn by the company as of December 31st2023. Similarly, interest expenses reflect the interests of the company totally drawn as of December 31st2023.

Therefore, future withdrawals of the debt of Financing agreements and corresponding interest expenses are not considered in the preparation of this table of maturity.

The following table shows the debt maturity schedule year by year:

Year	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2 030**
Principal	907	300	114	115	111	97	75
Interests	79	39	33	28	22	16	11
TOTAL	**986**	**339**	**148**	**142**	**133**	**114**	**86**
Year	**2 031**	**2 032**	**2 033**	**2 034**	**2 035**	**2 036**	**2 037**
Principal	54	10	10	10	10	10	10
Interests	7	4	4	4	4	3	3
TOTAL	**60**	**15**	**15**	**14**	**14**	**14**	**14**
Year	**2 038**	**2 039**	**2 040**	**2 041**	**2 042**	**2 043**	**2 044**
Principal	10	10	10	10	10	10	10
Interests	3	3	3	2	2	2	2
TOTAL	**13**	**13**	**13**	**13**	**13**	**12**	**12**
Year	**2 045**	**2 046**	**2 047**	**2 048**	**2 049**	**2050**	**2051**
Principal	10	10	10	10	10	10	10
Interests	2	1	1	1	1	0	0
TOTAL	**12**	**12**	**12**	**11**	**11**	**11**	**11**

	TOTAL
Principal	**1 985**
Interests	**280**
TOTAL	**2 264**

4.8 Cash and cash equivalents

IN MMRU	**31/12/2023**	**31/12/2022**
Cash	15 808	4 340
Cash equivalents	32 530	39 044
TOTAL	**48 339**	**43 384**

Cash and cash equivalents include cash at bank and cash in hand.

Cash equivalents are short-term deposits with an original maturity of less than three months, liquid and immediately convertible.

4.9 Equity

In 2013 the company's issued capital increased by 170,520,000,000 MRO ((Equivalent to 17 052 000 000 MRU) by capitalization of available reserves to bring it up to 182 700 000 000 MRO (18 270 000 000 MRU), i.e., 18,270,000 shares each with a nominal value of 1000 MRU each. The capital is called up and paid up in full.

Capital does not comprise any share with favorable voting right. The share capital structure is presented as follows:

IN MRU	31/12/2023	31/12/2022	(%)
Mauritanian State	14 314 545 000	14 314 545 000	78,35%
Kuwait Investment Authority	1 309 800 000	1 309 800 000	7,17%
Arab Mining Company	1 034 685 000	1 034 685 000	5,66%
Iraki Fund for External Development	838 230 000	838 230 000	4,59%
Office National des Hydrocarbures	419 250 000	419 250 000	2,30%
Islamic Development Bank	327 450 000	327 450 000	1,79%
Private shareholders	26 040 000	26 040 000	0,14%
TOTAL	**18 270 000 000**	**18 270 000 000**	**100%**

Premiums arising from shares issuance relate to previous capital increases and amount to 646 MMRU.
As of December 31st, 2023, the legal reserve amounts to 1 827 MMRU, representing 10% of the equity.

4.10 Financial debts

4.10.1 Loans within the scope of trustee agreement

These loans are covered by a trust agreement signed on July 7, 1980 between the company, sponsors, the government of the Islamic Republic of Mauritania, the Société Générale bank (to encourage the development of trade and industry in France) and the Law Debenture Trust Corporation. According to this agreement the latter was appointed as "Trustee", and regular credit transfers to the trust account would serve to make the half-yearly repayments to the sponsors.

Furthermore, another agreement was concluded on July 7, 1980 between the company, sponsors, Mauritania Central bank and the Société Générale bank. Under this agreement, through which a debit account would be opened with the Société Générale to receive all cash from sales of ore, the Société Générale would make the necessary transfers to the "Trustee" to enable the latter to meet the provisions stipulated in the Trust Agreement referred to above.

The Trust account referred to above has a debit balance of 113 MMRU as of December 31, 2023 against 102 MMRU as of December 31, 2022. It is charged to the "Trustee" item (Note 4.6 Section Other debtors)

The debts under trustees are as follows:

IN MMRU	Currency	Interest rate	Maturity	31/12/2023	31/12/2022
VOIE					
BID	USD	Var.	2 024	101	189
DRAGAGE					
BAD DRG	USD	7,231%	2 031	283	362
BEI DRG	USD	VAR	2 031	345	305
Subtotal				**729**	**856**

The situation of Financing agreements is presented as follows:

Project	Lender	Currency	Interest rate	Maturity	Total Millions	Drawn Millions	Un-Drawn Millions
Voie	BID	USD	Var	2024	28	28	-
Usine G1	ADF	KWD	Fix	2049	32	2	30
DRAG	BEI	USD	Var	2031	10	10	-
DRAG	BAD	USD	Var	2031	10	10	-

4.10.2 Loans outside the scope of the trustee agreement

These loans relate to mining projects that are not included in the trustee agreement. Repayments are made directly to lenders and are detailed as follows:

IN MMRU	Currency	Interest Rate	Maturity	31/12/2023	31/12/2022
Deposit				2	2
FADS	KWD		2 051	252	236
Subtotal				**254**	**238**

4.10.3 Rescheduled Debts

In the context of the 8th club of Paris which met on July 8, 2002 and following the bilateral agreement between the government of the French Republic and the government of the Islamic Republic of Mauritania signed on May 26, 2003, the French debt that was rescheduled under agreements III, IV, V and VI, was cancelled for the benefit of the Mauritanian Islamic Republic, within the framework of PPTE initiative. Rescheduled debt of SNIM concerning these concessions, was reorganized by an agreement signed between the Ministry of Finance and SNIM dated August 21, 2003. This protocol defines the payment terms to the Mauritanian state of the debt initially due by SNIM to the Bank of France and Coface.

The total amount of this treaty (Agreement 8) is EUR 15,235,989.75, which represents interest accumulated from June 30, 2002 to June 30, 2019 for agreements III, IV, V and VI, including EUR 12,763,021.30 of principal amount (corresponding to the non-repaid amount on these agreements) and EUR 2,472,968.44 of interest.

The outstanding balance for this agreement amounts to 117 MMRU as at December 31st, 2023 and as at December 31st, 2022.

IN MMRU	Currency	Interest Rate	Maturity	31/12/2023	31/12/2022
Rescheduled maturities on French debt					
Accord 8	EUR	3,00%	2 019	117	117
Subtotal				**117**	**117**

4.10.4 Reassigned debt

Within the framework of the ACP / EEC convention signed in Lomé on December 8, 1984 and the indicative program of EEC aid to Mauritania, the EEC granted the Mauritanian State a loan of 18 million Euros for the financing of the SNIM Rehabilitation project subject to convention n ° 4122 / MAU of July 19, 1988 (SYSMIN I). The agreement provides for the repayment of this loan over 30 years after 10 years of grace.

In this same program, the European Union also granted the Mauritanian State a subsidy of 45 million euros by agreement No. 6589 / MAU (SYSMIN III) dated February 7, 2003, the agreement provides for the retrocession of the subsidy in the form of a loan to SNIM for the renewal of the mineral port of Nouadhibou. SNIM used 34.14 million euros. As part of this retrocession, a tripartite agreement between the European Union, the Mauritanian Government and SNIM defining the terms of the retrocession and repayment of the loan is is signed on March 14, 2022.

The Company had undertaken, in the contracts of most of the afore mentioned loans, to respect certain conditions, including the payment of sums due when they fall due.

IN MMRU	Currency	Interest rate	Maturity	31/12/2023	31/12/2022
European Economic Community (Sysmin 1)	EUR	0,50%	2 028	338	324
FED/03/EUR	EUR	Var.		547	581
Subtotal				**885**	**905**

TOTAL LOANS	**1 987**	**2 117**
Loans maturing in less than one year	**908**	**755**
Long and mid-term loans	**1 079**	**1 362**

Loans maturing in less than one year comprise the part of loans that will be paid within the twelve coming months.

The table of changes in financial debts between December 31st, 2022, and December 31st,2023 is as follows:

IN MMRU	31/12/2022	Cash movements	FX	Transfer	31/12/2023
Long and mid-term loans	1 362	-	-	(283)	1 079
Loans maturing in less than one year	755	251	120	283	908
Other loans maturing in less than one year	189	171	(18)	-	-
Total Financial debts (portions at less than 1 year)	**943**	**421**	**102**	**283**	**908**
TOTAL financial debts	**2 306**	**421**	**102**	**-**	**1 987**

4.11 Retirement benefit obligation

IN MMRU	31.12.2022	Allowance	Reversals	31.12.2023
Provisions for retirement indemnities	2 399	1 995*	(164)	4 230
Provisions for additional retirement	2 614	241	(50)	2 804
TOTAL	**5 013**	**2 236**	**(214)**	**7 034**

*Including 1,772 MMRU increase in retirement benefits mainly related to changes in actuarial assumptions and experience difference and recognized in other comprehensive income.

Description of the defined benefit plan:

A benefit is provided to employees when they retire, depending on:

- Their salary when they leave the company.
- The employee's length of service in the company.

Note that this benefit is provided without any condition of the employee's presence within the company at retirement date.

The benefits defined plans by SNIM are not covered by investments. The plan is unfunded.

Actuarial assumption:

The benefit obligation amount is determined according to the projected unit credit actuarial valuation method. This method consists in valuing the benefit according to the projected salary at the end of the employee's career and to the eligible amount at valuation date. The following assumptions were used:

Assumptions	Applied Assumptions
Age of retirement	63 year
Future salary increase	45 ans et moins :12% Plus de 45 ans : 10%
Actual rate of return	4,94%
Death rate	INSEE H 2016-2018
Employee turnover rate	0,24% on average, distributed in decreasing order by age
Exit rate	Decreasing and zero curve from age 55

The accrual basis held to recognize actuarial gains and losses is a booking in equity.

ASSUMPTIONS for the period ended as of	31/12/2022	31/12/2023
Beginning of the period	01 January 2022	01 January 2023
End of the period	31 December 2022	31 December 2023
Actuarial rate	3,2%	4,94%
Expected average remaining working lives	9	9

Variation in benefit obligation:

IN MMRU	31/12/2022	31/12/2023
Benefit obligation at the beginning of the period	**893**	**2 399**
Current service cost	40	144
Interest cost	46	80
Actuarial (gains) losses	1 421	1 771
of which changes in assumptions	*1 533*	*972*
of which experience differences	*(103)*	*798*
Benefits paid	-	(164)
Benefit obligation at the end of the period	**2 399**	**4 230**

Variations in investments:

The benefits defined by SNIM are not covered by investments.

Financial cover:

FINANCIAL COVER	31/12/2022	31/12/2023
Financial cover	2 399	4 230
Pension Liabilities	**2 399**	**4 230**

Actuarial cost for the year:

FINANCIAL COVER	31/12/2022	31/12/2023
Current service cost	40	144
Interest on debt	46	80
Expenses	**86**	**223**

Description of the defined contribution plan:

SNIM agents of Mauritanian nationality on permanent contracts in force after 2011 receive an indemnity upon retirement, death or redundancy at the initiative of the company, which is equal to one hundred twentieths:

- The 10% employer contribution and the 7% employee contribution based on the reference salary
- The income from the investment of the employer and employee contributions
- The prior service cost borne by SNIM (10% of the reference salary)
- The reference salary is the base salary plus the seniority bonus

In other cases, only the employee contributions and the income from the investment of the employee contributions are paid to the employee.

4.12 Provisions

These provisions are detailed as follow:

IN MMRU	31/12/2022	Allowance	Reversals	31/12/2023
Contingency provision	807	203	(220)	790
TOTAL	**807**	**203**	**(220)**	**790**

4.13 Trade payables

Trade payables are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Trade payables	5 527	3 938
Accrued payables	956	719
TOTAL	**6 483**	**4 656**

4.14 State and other public taxes

State and other public taxes are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Current Tax Income	2 209	1 222
Taxes on wages and salaries	739	567
Other taxes	76	128
TOTAL	**3 024**	**1 917**

SNIM has a specific regime. An agreement was signed on December 23, 1998, between the Mauritanian Government – represented by the Ministry of Finance and the Ministry of Industry and Mines - and the company, for a period of 20 years starting on January 1, 1999. This agreement ensures SNIM's autonomy for management and importation.

On March 27, 2018, the National Assembly ratified the renewal of the special agreement for an additional 20 years starting January 1, 2019

The single tax includes all taxes payable on profits for the financial year. Under the special agreement with the State, SNIM is liable for the single tax, by which it pays the State an annual royalty equal to 9% of FOB revenue from the export of iron ore.
The special agreement was the subject of an amendment signed in December 2008 on the basis of the single tax. Under this agreement, the single tax is equal to 9% of FOB revenue from the export of iron ore increased by demurrage.

There is no need to recognize deferred taxes, as there is no difference between the carrying amounts of assets and liabilities on the statement of financial position. SNIM also pays an annual lump sum of 8 million ouguiyas representing the totality of the taxation of tax compensation and benefits in kind granted by SNIM to its employees.

Single tax advances and VAT credit are offset against the Single Tax because the due dates of the Single Tax and VAT credit are similar, and these amounts are recovered or paid by the same administration and there is a legal right of set-off.

SNIM is exempted from all customs duty and assimilates taxes of all kinds related to goods, equipment, services, and exploration of sources of ore and water by the convention signed with Mauritanian government. SNIM is also exempted from all customs and assimilated taxes on materials, consumables and goods imported by companies and subcontractors, which are dedicated to SNIM.

Clause N°1 was added to this convention on June 19, 2001, concerning VAT and subjugation of SNIM to this tax. Consequently, SNIM is subject to VAT on goods and services that are not in correlation with industrial and mining exploitation.

4.15 Other payables

Other payables are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Payroll expenses and related costs	514	298
Dividends payable	19	17
Sundry payables and pre-payments	3 064	4 331
TOTAL	**3 597**	**4 646**

Sundry payables and prepayments are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Credit customers	760	595
Accrued expenses	1 500	2 537
Investment of subsidiaries	276	276
Accrued expenses on borrowings	42	32
Remaining payment on the capital increase	209	543
Marking taxes	215	28
Social security contributions	59	24
Accruals and deferred income	5	297
TOTAL	**3 064**	**4 331**

5- ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

5.1 Sales

The production sold represents the sales of iron ore for the sum of 50 053 MMRU (1 367 049 998 USD) for 2023 financial year (net of demurrage).

Sales are made in FOB (Free on Board) and are recorded at the time of the transfer of control, which corresponds to the loading of the ore in Nouadhibou Port. Almost all iron ore sales are made to various Western European countries and China. Three customers (GLENCORE, CARGIL and TOSYALI IRON STREEL INDUSTRY) accounted for 66% of the total revenue in 2023.

The breakdown by countries is as follows:

IN MMRU	2023	2022
Chine	23 633	21 515
Algérie	12 061	5 677
Italie	5 028	3 338
Japon	2 022	3 136
Australie	3 997	2 882
France	581	1 862
Allemagne	1 150	1 666
Espagne	0	1 266
Pologne	0	1 121
Autres	1 581	3 907
TOTAL	**50 053**	**46 371**

5.2 Revenue from ancillary business activities

Other revenue from ancillary business activities is detailed as follow:

IN MMRU	2023	2022
Rents, material disposal, telecom	521	511
Rental of buildings and equipment	10	10
Other services	2	28
Supply of personnel	207	56
Disposals	1	6
TOTAL	**740**	**611**

5.3 Raw materials and consumables

Raw materials and consumables are detailed as follows:

IN MMRU	2023	2022
Consumables used	15 223	13 999
Maintenance products	23	23
Supplies	117	86
Water and electricity	47	50
Materials & supplies	48	15
TOTAL	**15 459**	**14 172**

The increase in materials consumed is mainly explained by:

- The increase in mining equipment expenses resulting from the increase in the prices of steel and its derivatives.
- The increase in Explosives , Tires and Lubricant expenses in line with the increase in activity and a higher prices of Nitrates, Explogel, Emulsion etc.

5.4 Other operating income

Other operating income are detailed as follow:

IN MMRU	2023	2022
Discounts, rebates and refunds obtained	7	14
Products and Profits	289	286
Profits / disposal	74	0
TOTAL	**370**	**300**

5.5 Personnel expenses

The personnel expenses heading is as follows:

IN MMRU	2023	2022
Wages	6 725	5 472
Social charges	558	452
Provision for retirement indemnities	249	150
Complementary pension schemes	142	118
TOTAL	**7 672**	**6 192**

The increase in personnel costs is mainly explained by:

- Increase in staff
- Increase in bonuses and gratuities.
- Increase in overtime

The evolution of the company's headcount by category is as follows:

Category	2023	2022
Executives	450	410
Supervisory staff	3 487	3 519
Workers	2 528	2 566
TOTAL	**6 465**	**6 495**

The average workforce is calculated based on the present number employees working for the company at the end of each month.

5.6 Depreciation, amortization, and provision

Depreciation, amortization, and provision are detailed as follows:

IN MMRU	2023	2022
Depreciation of property, plant and equipment	5 730	5 448
Amortization of intangible assets	12	16
Depreciation of financial assets	1 396	100
Depreciation of inventories	1 688	1 042
Depreciation and accrual for accounts receivable	23	157
Other depreciation	203	311
Reversals / provisions	(540)	(460)
TOTAL	**8 513**	**6 616**

The increase in depreciation and provisions is explained by the impairment of ATTM's Investments for 1.252 MRU and the Impairment of raw materials inventories.

5.7 Taxes

Taxes are detailed as follows:

IN MMRU	2023	2022
Tax on benefit	0	8
Other taxes	66	39
TOTAL	**66**	**47**

5.8 Other operating expenses

The other operating expenses are detailed as follows:

IN MMRU	2023	2022
Expenses related to investment (1)	1 853	1 358
Expenses related to operations (2)	702	307
Other Charges (3)	854	755
TOTAL	**3 409**	**2 420**

(1) The investment-related expenses relate mainly to repair and maintenance costs, insurance and the costs of studies and technical assistance.

(2) Expenses related to the operations concerns mainly the assignment expenses, fees, telephone, ore analysis and bank charges.

(3) Other Charges are related to donations, grants, budget of the SNIM foundation, fines, penalties and slowdown of stock.

5.9 Financial income

Financial incomes are detailed as follows:

IN MMRU	2023	2022
Interest and related income	2 014	791
Income on financial instrument	172	128
Other financial income	0	6
TOTAL	**2 186**	**925**

5.10 Financial expenses

Financial Expenses are detailed as follow:

IN MMRU	2023	2022
Interest and related charges	113	109
Charges on financial instruments	15	1
TOTAL	**128**	**110**

5.11 Earnings per share

Earnings per share are detailed as follow:

IN MMRU	2023	2022
Net income in million Ouguiyas	14 495	15 537
Total number of shares	18 270 000	18 270 000
Earnings per share IN MMRU	**793**	**850**

SNIM's capital does not include any preferential or potential ordinary shares as of December 31st, 2023. Thus, earnings per share are equal to diluted earnings per share.

The dividends recognized for disbursement amounted to 7 880 MMRU.

6- ADDITIONAL INFORMATION RELATED TO THE STATEMENT OF CASH FLOWS

6.1 Restatement of amortizations and provisions

IN MMRU	2023	2022
Amortization of property, plant and equipment	5 730	5 448
Amortization of intangible assets	12	16
Amortization of financial assets	1 290	100
Allocation to provisions (risks & charges + Pensions)*	2 198	1 815
Losses of fixed assets	193	90
TOTAL	**9 423**	**7 469**

* Of which 1 772 MMRU corresponding to the increase in the commitment of the retirement indemnity mainly linked to the variation in the rate of increase in salaries.

6.2 Changes in working capital

IN MMRU	2023	2022
Decrease (Increase) in inventories	667	(2 738)
Decrease (Increase) in trade receivables	(63)	(2 509)
Decrease (Increase) in other receivables	(994)	1 374
Increase (Decrease) in trade payables	1 527	(1 017)
Increase (Decrease) State and other local authorities	120	211
Increase (Decrease) in other payables	(1 050)	1 829
CHANGE IN WORKING CAPITAL	**208**	**(2 850)**

6.3 Expenditures on fixed assets

IN MMRU	2023	2022
Acquisition of property, plant & equipment	(10 317)	(5 762)
Acquisition of Financial assets	(1 484)	(1 077)
TOTAL ACQUISITIONS	**(11 801)**	**(6 839)**

6.4 Reversal of depreciations and provisions

IN MMRU	2023	2022
Capitalized production	(670)	(403)
Reversal of depreciations and provisions	(384)	(268)
TOTAL	**(1 054)**	**(671)**

6.5 Foreign exchange gains and losses

IN MMRU	2023	2022
FX gains / loss on loans	(68)	40
Other comprehensive income	701	(699)
TOTAL	**633**	**(659)**

6.6 Net Cash

IN MMRU	2023	2022
Cash equivalents	32 530	39 044
Cash	15 808	4 340
Net Cash	**48 339**	**43 384**

7- OTHER COMMITMENTS AND LIABILITIES

Off balance sheet commitments are detailed as follows:

IN MMRU	31/12/2023	31/12/2022
Documentary credits in progress	879	1 638
Commitments on contracts	0	58
Sub-Total Commitments Given	**879**	**1 696**
Guarantees received from contractors	673	244
Balances of undisbursed funds	3 833	3 616
Sub-Total Commitments Received	**4 506**	**3 860**
Total	**5 385**	**5 557**

8- RELATED PARTIES DISCLOSURE

Transactions with related parties are not significant. They mainly include disposal of materials and fuel and workshop services.

The following table summarizes the main intergroup services invoiced in 2023 in MMRU:

	Purchases													
	FILIALES	ATTM	COMECA	SAMMA	SAMIA	SOMASERT	GMM	SAFA	GIP	M2E	GHM	GPIM	SNIM	TOTAUX
Sales	ATTM								5				522	527
	COMECA	52					0	0	19				316	387
	SAMMA		0		1		0	1	1		1		124	128
	SAMIA													0
	SOMASERT	0	1	0	0		0	0	1	0		0	79	82
	GMM												0	0
	SAFA						1						197	197
	GIP												72	72
	M2E					3							16	19
	SNIM	59		6	11	8	12	16	4	97	4	3		221
	TOTAUX	111	2	7	12	12	13	17	29	97	5	3	1 326	1 634

The information relating to the remuneration of the managers of the subsidiaries is not disclosed for reasons of confidentiality.

9- EVENTS AFTER THE REPORTING PERIOD

The financial statements have been approved and authorized by the Executive Board on **April 30th, 2024**. They don't reflect the occurrence of subsequent events after this date. No significant event directly affecting the company has occurred after closing date.