CONEX ERNST & YOUNG Audit

Société Nationale Industrielle et Minière (SNIM)

Year ended December 31, 2021

Statutory auditor's and Independent auditor's report on the consolidated financial statements

CONEX
B.P. 3225
Nouakchott
République Islamique de Mauritanie

ERNST & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Société Nationale Industrielle et Minière (SNIM)

Year ended December 31, 2021

Statutory auditor's and Independent auditor's report on the consolidated financial statements

To the President,

Opinion

We have audited the consolidated financial statements of Société Nationale Industrielle et Minière (SNIM) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31,2021, as well as the consolidated income statement, statement of change in equity and consolidated cash flow statement for the year ended December 31, 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies (together the "Consolidated Financial statements").These Financial Statements were approved by the Board of Directors.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance and consolidated 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated 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 Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Consolidated 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 Consolidated 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 auditors' report to the related disclosures in the Consolidated 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 auditors' 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 Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 & Paris-La Défense, May 10, 2022

The Statutory Auditor and the Independent Auditor

The Statutory Auditor CONEX	The Independent Auditor ERNST & YOUNG Audit
El Agheb Limam Brahim	Pierre Abily

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED ON DECEMBRE 31st, 2021

SNIM

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
As of December 31st, 2021

IN MUM	Note	31/12/2021	31/12/2020
Non-current assets		**68 111**	**68 248**
Property, Plant & Equipment	5.1	64 137	63 516
Exploration assets	5.1	2	4
Intangible assets	5.2	316	367
Other financial assets	5.3	1 759	2 300
Investment in associates	5.3	149	57
Equity-accounted securities	5.3	1 737	1 996
Deferred tax assets		11	9
Total of non-current assets		**72 788**	**55 022**
Inventories and work in progress	5.4	8 114	7 752
Trade receivables	5.5	7 067	13 644
Other receivables	5.6	4 476	3 809
Financial instruments	5.7	11	78
Cash and cash equivalents	5.8	53 119	29 739
TOTAL ASSETS		**140 899**	**123 271**

IN MUM	Note	31/12/2021	31/12/2020
Equity and Reserves		**118 067**	**94 571**
Issued Capital	5.9	18 270	18 270
Share premium		646	646
Underlying net earnings on forward contracts	5.7	1 649	1 856
Accumulated profits		**97 502**	**73 799**
Legal reserves		1 827	1 635
Retained earnings		59 368	45 879
Profit (Loss) of the year		31 344	21 323
Revaluation difference		4 963	4 963
Minority shareholders interest		**894**	**458**
Non-current liabilities		**7 312**	**12 657**
Interest bearing loans and borrowing	5.10	3 048	8 914
Retirement benefit obligations	5.11	3 512	3 160
Provisions	5.12	753	583
Current Liabilities		**14 625**	**15 583**
Trade payables	5.13	6 833	5 327
State and other public taxes	5.14	2 360	2 647
Other taxes	5.15	433	532
Other payables	5.16	4 907	6 654
Current Liabilities	5.8	54	407
Forward contracts	5.7	38	15
TOTAL EQUITY AND LIABILITIES		**140 899**	**123 271**

SNIM
CONSOLIDATED INCOME STATEMENT
Period of 12 months ended on December 31st, 2021

IN MUM	Note	31/12/2021	31/12/2020
Sales	6.1	60 449	47 189
Revenue from ancillary business activities	6.2	646	597
Other operating income	6.3	1 329	888
Operating income		**62 424**	**48 674**
Changes in inventory of finished goods and work-in-progress		552	(231)
Capitalized production		331	352
Raw materials and consumables used	6.4	(11 494)	(9 858)
Personnel expenses	6.5	(5 508)	(4 467)
Depreciation, amortization and provision expenses	6.6	(6 917)	(6 244)
Taxes and duties	6.7	(251)	(211)
Other operating expenses	6.8	(2 289)	(2 130)
Operating income		**36 848**	**25 885**
Financial income	6.9	1 248	1 244
Financial expenses	6.10	(1 514)	(1 948)
Share of profits (loss) of equity accounted affiliates		22	204
Profit before tax		**36 603**	**25 386**
Current income tax		(5 427)	(4 146)
Net result of the year		**31 176**	**21 239**
Attributable to minority interest		**(169)**	**(83)**

SNIM
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period of 12 months ended on December 31st, 2020

IN MUM	Note	31/12/2021	31/12/2020
Net result of the year		**31 176**	**21 239**
Impact of financial instruments		(207)	(61)
Comprehensive income		**30 968**	**21 178**

SNIM
CONSOLIDATED STATEMENT OF CASH FLOWS
Period of 12 months ended on December 31st, 2021

IN MUM	Note	31/12/2021	31/12/2020
Operating activities			
Income before tax		36 603	25 386
Amortization, depreciation and provision	7.1	5 918	5 939
Reversal of amortization, depreciation and provisions	7.4	(442)	(771)
Gains /losses on asset sales		21	(0)
Gains /losses on exchange	7.5	(372)	(161)
Investment income		(154)	(260)
Financial expenses		329	500
Share of equity-accounted securities		(22)	(204)
Changes in working capital	7.2	7 316	(5 545)
Cash flow generated from operating activities		**49 198**	**24 883**
Interest paid		(388)	(496)
Income tax paid		(5 912)	(3 144)
Net cash flow from operating activities		**42 898**	**21 243**
Investing activities			
Acquisition of fixed assets	7.3	(5 042)	(6 165)
Proceeds from sale of equipment		25	326
Loan repayment		8	155
Interest received		154	259
Dividends received		31	18
Net cash flow used for investing activities		**(4 824)**	**(5 408)**
Financing activities			
Increase of capital		374	0
Proceed from long-term borrowings		128	168
Other financial Proceeds		197	178
Payments on long-term borrowings		(7 318)	(2 339)
Other financial payments		(75)	(38)
Dividends paid		(7 645)	(2 879)
Net cash flow used for financing activities		**(14 340)**	**(4 910)**
Net increase in cash and cash equivalents		**18 403**	**23 734**
Cash and cash equivalents at the beginning of the period		**29 332**	**18 403**
Cash and cash equivalents at the end of the period	7.6	**53 066**	**29 332**

SNIM
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As of December 31st, 2021

IN MUM	Issued Capital	Share premium	Accumulated profits	Underlaying net earnings on FC (1)	Total	Minority interest
Shareholders' equity as of Jannuary1st,2020	**18 270**	**646**	**55 350**	**1 917**	**76 183**	**578**
Increase in capital	-	-	-	-	-	-
Revaluation of financial instruments	-	-	-	(61)	(61)	-
Net result of the period	-	-	21 323	-	21 323	(83)
Dividends	-	-	(2 871)	-	(2 871)	(36)
Other	-	-	(2)	-	(2)	-
Shareholders' equity as of Jannuary1st,2021	**18 270**	**646**	**73 799**	**1 856**	**94 571**	**458**
Increase in capital	-	-	-	-	-	-
Revaluation of financial instruments	-	-	-	(207)	(207)	-
Net result of the period	-	-	31 344	-	31 344	(169)
Dividends	-	-	(7 629)	-	(7 629)	(19)
Change in consolidation method (2)	-	-	(1)	-	(1)	611
Purchase of minority interests	-	-	(11)	-	(11)	11
Shareholders' equity as of December 31st,2021	**18 270**	**646**	**97 503**	**1 649**	**118 067**	**894**

(1) FC : Forward contracts

(2) The increase in minority interests is related to the full consolidation of GHM (previously accounted for under the equity method) following the change in the percentage of ownership from 50% in 2020 to 62% in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31^{st},2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31st, 2021 were authorized for issuance in accordance with Board of Directors resolution on **April 26th, 2022**.

1- MAJOR EVENTS OF THE YEAR 2021

The financial year 2021 has been marked by the following events:

- Mineral sales amount to 50.2 MMMRU (1.6 trillion USD), up 27% compared to 2020.
- Sales volume amounts to 12.7 million tons, up 2% compared to 2020.
- Early repayment of debts relating to the financing of the Guelb II project for a total amount of 139 M USD.
- Commissioning of the dredging project by of mid-December 2021.
- Authorization granted by the board for the financing of the development of AL AOUJ project (up to 400 M USD SNIM share).

2- PURPOSE AND ACTIVITIES OF THE GROUP

The SNIM group is composed of 17 companies operating in various sectors, mainly: Marble and granite quarries, foundry, mechanical manufacturing, transport and maintenance, tourism, and hospitality, stevedoring and handling, distribution of hydrocarbons, research, and underground exploitation of iron ore deposits.

The parent company is Société Nationale Industrielle et Minière (SNIM) which is a limited company under Mauritanian laws. The company is registered in the Islamic Republic of Mauritania. Its headquarters are in Nouadhibou, PO. 42.

The parent 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 that must be applied from the year ending December 31, 2021

The following IFRS standards and IFRIC interpretations that came into force on or after January 1, 2021 did not have an

Standards	Content
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform - Phase 2
Amendments to IFRS 16	Rent relief related to COVID-19 beyond June 30, 2021.
Interpretation of IAS 38	Cost of configuring or customizing software under a SaaS "Software as a service" contract

impact on the consolidated financial statements of SNIM group.

Standards, amendments, and interpretations not yet mandatory for the year ending December 31, 2021

Standards	Content	Application date
Amendments to IAS 1	Classification of liabilities as current or non-current	As of January 1, 2024
Amendments to IAS 1	Disclosure of accounting policies	As of January 1, 2023
Amendments to IAS 8	Definition of an accounting estimate	As of January 1, 2023
Amendments to IAS 12	Deferred tax on assets and liabilities arising from the same transaction	As of January 1, 2023
Amendments to IAS 16	Pre-utilization income from a tangible asset	As of January 1, 2022
Amendments to IAS 37	Cost of performance of a contract	As of January 1, 2022
Amendments to IFRS 3	References to the conceptual framework	As of January 1, 2022
Annual improvements to IFRS	2018-2020 cycle (IFRS 1, IFRS 9, IFRS 16, IAS 41)	As of January 1, 2022

IFRS standards and IFRIC interpretations published by the IASB but not yet effective are not expected to have a material impact on the consolidated financial statements of SNIM group.

3 .1.2 Applicable standards

The principles used are based on the historical cost method and the accrual method, except for (1) derivative financial instruments and (2) revalued fixed asset categories, which are measured at fair value. The carrying amount of assets and liabilities that are subject to fair value hedging is adjusted for changes in fair value attributable to the hedged risks.

The consolidated financial statements are presented and valued in ouguiyas. All tables and notes are presented in (MMRU). The income statement is presented by nature.

The items of the statement of financial position are presented according to the classification of current and non-current assets, current and non-current liabilities.

Assets held for sale or consumed during the Group's normal operating cycle as well as cash and cash equivalents constitute the Group's current assets. Other assets are non-current assets.

Debts falling due during the Group's normal operating cycle or within twelve months of the end of the financial year constitute current debts. Other liabilities are non-current.

In the preparation of the consolidated financial statements and in accordance with international accounting principles, the measurement of certain balances in the statement of financial position and the income statement requires Group management to make several estimates or judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. These estimates or assessments and assumptions are based on information or situations existing at the date of preparation of the financial statements, which may differ from reality in the future.

3.2 Consolidation basis

Companies controlled exclusively by the group, either by right (direct or indirect ownership of the majority of the voting rights), contractual or facto (management of financial and operational operations over a long period of time), are consolidated through global integration. Thus, accounts are all integrated at 100%, with deduction of minority interests.

Companies jointly controlled by the group are consolidated through equity method.

Companies which are not subject to exclusive control from the group but on which the group has significant influence are consolidated through equity method if the percentage of control exceeds 20 %.

The Group holds a participation in a joint venture. A joint venture is the result of a contractual agreement, under which two parties or more agree to carry on an economic activity under joint control. An entity under joint control is a joint venture resulting in the creation of a separate entity in which each Co-entrepreneur holds an interest. The Group accounts its participation in jointly controlled entities using the equity method.

Under this method, the investment is initially recognized at cost and is subsequently adjusted for post-acquisition changes in the Group's share of net assets held. The income statement reflects the Group's share of the joint venture's results. Gains and losses arising from transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture.

3.2.1. Transactions eliminated on consolidation

The balances of intercompany receivables and payables, income, and expenses as of December 31, 2021, as well as intercompany transactions such as dividend payments, capital gains and losses on disposals, and additions to or reversals of provisions for impairment of consolidated shares or loans to Group companies, are eliminated in view of their impact on income. Internal margins on inventories are also eliminated.

3.2.2. Goodwill and business combinations

Acquisition cost

Acquisition method is used to account acquisition of shares in subsidiaries. Acquisition cost equals to fair value of assets, liabilities incurred or assumed, and equity instruments issued by the buyer at acquisition date.

Goodwill difference

Goodwill corresponding to the excess of the cost of acquisition over the Group's share in the fair value of these assets, liabilities, and contingent liabilities of the acquired company at the date of acquisition, is recognized as an asset in the statement of financial position under "Goodwill". Negative goodwill is recognized immediately in the income statement.

In accordance with IFRS 3 "Business combinations", goodwill is not amortized but is tested for impairment as soon as there is an indication that it may be impaired, and at least once a year. In the event of an impairment loss, the impairment is recorded in the income statement. It is irreversible.

3.2.3. Foreign currency translations- unrealized exchange gains and loses

Due to the nature of group’s activities, numerous transactions are denominated foreign currencies. Transactions in foreign currencies are recorded as follows:

- Tangible and intangible fixed assets, as well as raw materials and other consumables, are translated at current exchange rates applicable at the date of the transaction, except for revalued categories of fixed assets,

- Non-monetary items accounted for at fair value denominated in foreign currency are translated using the exchange rates applicable when the fair value was determined,
- Other assets and liabilities are translated at the functional currency rate at the end of the reporting period. Profits and losses resulting from exchange operations are recognized in the income statement,
- Profits and losses are converted using the exchange rates applicable at the transaction date.

3.2 Tangible assets

Accounting policies:

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

In 2015, and to better connect the depreciation of production-related assets according to their respective generated economic benefits, SNIM group decided to depreciate all the assets linked to production at the production unit instead of a systematic depreciation based on an estimated lifespan. The units of account used to be the Railway, Mineral Port, and Mines

Given the importance of the operational constraints, both IT and human, it was not possible to maintain the method of the UOP adopted in 2015 and the group chose to return to linear depreciation, which is more convenient to adopt in its information systems and to maintain over time. The impact of this accounting amendment amounted to 7 047 MUM and was presented retrospectively with an impact on opening equity and property, plant and equipment as of December 31st ,2015.

Therefore, depreciation is now applied on a straight-line basis, based on estimated useful lives, in order to reflect the rate of consumption of the expected future economic benefits from the asset in accordance with 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 agreement

As from financial year 2009 assets held under finance lease are initially recorded in the statement of financial position at the lower of their fair value or the discounted value of the minimum payments under the lease related to contract in accordance with IAS 17. The corresponding commitment is recognized in financial liabilities. The financial expenses which represent the difference between the total lease commitments and the fair value of the assets are recognized in profit or loss over the term of the lease.

Arrangements that do not take the legal form of a lease are analyzed based on IFRIC 4 to determine whether they contain a lease to be recognized according to IAS 17.

From the year ended December 31st, 2019, leases are subject to IFRS 16.

Impairment

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of the fair value of the depreciated replacement cost or 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 of the time value of money and the risks specific 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 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 the following 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 group also remains attentive to any changes in legislation and decisions taken in such matters by the Mauritian authorities (cf.3.15 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 group'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 compulsory 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 group 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 Other financial assets

The group 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 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:

Strategic items :

- Absence de dépréciation sur les articles stratégiques dont la couverture est inférieure ou égale à un an ;
- Dépréciation statistique de 10% par année de couverture au-delà de la première année ;
- Revue avec les utilisateurs des 50 principales références provisionnées à la clôture afin de déterminer la réalité économique d'utilisation du stock et la péremption des articles en stock ;

Other items :

- Consumption > 1 year: statistical depreciation of 15%;
- Consumption > 2 year: statistical depreciation of 30%;
- Consumption > 3 year: statistical depreciation of 50%;
- Consumption > 4 year: statistical depreciation of 75%;
- Consumption > 5 year: statistical depreciation of 100%;
- Review with the main users of the 50 main provisioned items at year end in order to determine the economic reality of inventory use and check their expiration dates.

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 consider 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.

3.7 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.

3.8 Definition of cash generating unit

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 group. 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 group to make the following grouping:

- **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. It was considered that the mines, the private rail service and the port facilities could not separately generate cash inflows that were largely independent of the cash inflows generated by the other components of the SNIM group.

- **GMM:** This company is considered as an independent UGT owing to its specific business, its exposure to risk and its profitability;
- **SAFA:** This company is dedicated to smelting works for the group;
- **COMECA:** This Company is considered as an independent UGT due to its specific business, its exposure to risk and its profitability.
- **ATTM:** This Company is dedicated to construction, transport and maintenance of the group. This company is considered as an independent UGT
- **SOMASERT:** business of this company is tourism and hotel business. This company is considered as an independent UGT
- **SAMIA S.A:** this company is considered as an independent UGT due to its specific business, its exposure to risk and its profitability;
- **SAMMA:** business of this company is stevedoring and handling. This company is considered as an independent UGT
- **GIP:** This company is dedicated to handling for the group.This company is considered as an independent UGT
- **Tazadit Underground Mine (TUM)** this company is involved in research and underground mining iron ore. This company is considered as an independent UGT
- **Mauritanienne d'Eau et d'Electricité(M2E):** aims for realization and management of distribution networks of water and electricity in Zouerate. This company is considered as an independent UGT
- **Mauritania Saudi Mining and Steel (MSMS)** produces and exports iron.
- **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 lamanage and piloting in the prot of Nouadhibou and in quite different port of Mauritania out outside.
- **AMSAGA;** The conduct of geological exploration activities, and mining activities (production and mining)
- **ENGINEEING & CONSULTING ASSOCIES (ENCO):** Strategic and operational consulting services
- **IQAR:** Real state
- ***Générale de l'immobilier (GIM) :*** Construction and property development management

The value in use 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 receivables

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 costs

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

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 Interest-bearing borrowings

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

According to IAS 39 principles, loans at preferred rates are accounted for as "other financial liabilities". Thus they should initially be registered at fair value, i.e. a discounted value based on the current market rate for a loan with similar conditions or for a similar borrower.

To determine the market value of a favorable-rate loan, a reliable future cash-flows discount rate must be calculated. This rate is determined according to the market and takes several factors into account:

- The currency of the loan,
- The borrower's signature (or even the credit spread).

When no information is directly available on the market, IAS 39 allows the recording of a favorable-rate loan by comparison with fixed-rate loans of equal maturity taken out by the by group companies or by a similar entity (size and activity) under normal market conditions.

As part of the Development and Modernization Project (PDM), SNIM has signed financing agreements with commercial financial institutions and institutional sponsors.

In view of SNIM group'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 group. In such a case IAS 39 allows the accounting of financial assets and liabilities at historical cost, which equals the amounts received. Interest is recorded on a nominal rate basis.

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:

- the African development bank, the French Development Agency, the European Investment Bank, the Islamic Development bank, BNPParibas, Société Générale, BHF-BANK Aktiengestellschaft et Kfw as regards the financing GuelbII project and
- BNPParibas, Société Générale, BHF-BANK Aktiengestellschaft et Kfw for the financing of new mineral harbor project.

As of December 31st, 2020, outstanding bank loans amounted to MUS$ 235 million for the Guelb II project and MUS$ 29 for the new Mineral Port 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:

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

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

- 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).
- Communication to lenders monthly of i) Cash Balance On shore and Offshore and ii) Customer invoicing
- Communication to lenders of offtake contracts
- 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.
- 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.

In course of 2021, SNIM's significant level of cash (linked to the rise in the price of iron ore) combined with the very low level of interest rates led SNIM to conclude with its donors an early repayment of USD 139 million in financing contracted under the Guelb II project.

The outstanding amount of these bank loans amounted to zero MUS$ as of December 31, 2021 for the Guelb II project and 9.6 MUS$ for the New Mineral Port Project and all the ratios provided for by the terms of the contracts described below. above have been respected.

3.13Allowance for contingencies

In accordance with standard IAS 37, provisions are booked when the group 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. Restructuring operations are recognized at the time of their announcement to the people concerned.

3.14 Site rehabilitation

The legal obligations as of December 31, 2020 relating 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 of April 22nd, 2021, the Council of Ministers has not adopted any decree instituting the practical obligations.

Law no. 2000-45 relating to the environment:

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 based on 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 of April 22nd, 2021, 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 group as of year-end.

In addition, since the end of February 2011, SNIM has been certified ISO 14001. Within this context, the objectives set

- 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 as per IFRIC 1’s meanings.

3.15 Employee benefits

Benefit pension plan :

The group 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 and not yet applied by the SNIM group became mandatory as of 1st January 2013.

The group 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.

The option offered by IAS 19 allowing the recognition in equity of all actuarial differences was not retained by SNIM group.

Definition of contribution plan:

SNIM group 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. 5.11 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 based on the amount of remuneration the group expects to receive in exchange for the transfer of goods and services to the customer.
The following specific recognition criteria must also be met:

- **Mineral sales:** Proceeds from the sale of minerals are 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 ore onto a ship.
- **Construction contracts:** Contract revenues are measured at the fair value of the consideration received or receivable. Contract income and contract costs are recognised as income and expenses respectively based on the stage of completion of each contract's activity at the balance sheet date.
- **Interest:** Interest income is recorded at the amount of accrued interest.

3.17Public subsidies

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 installments.

3.18 Income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.
The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used. Deferred income tax is recorded on margin realized between companies of the group elimination.

3.19Management of the functional and presentation currency

SNIM group presents its financial statements in local currency, the ouguiya. However, the economic analysis of SNIM group's activities seems to show that the ouguiya is not the Group's functional currency if IAS 21 revised is applied.

In the event of an option for a USD functional currency, the group will have to obtain the authorization of the Mauritanian authorities to present its financial statements on this basis.

The configuration currently used in the information system provides for the ouguiya as the functional currency, with the dollar used as a parallel currency. However, the system allows accounts to be issued in the parallel USD currency. The net position established on the basis of a USD functional currency and presented in UM (converted at the average annual rate) can be estimated at 111,056 MUM compared to a position of 94,571 MUM in the accounts presented. Similarly, the result based on a USD functional currency and presented in CU can be estimated at 20,426 MUM (a profit) compared to 21,373 (profit) in the presented accounts.

3.20 Derivative financial instruments and Hedging transactions

The Group 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, traded to hedge the Group's exposure to risks related to its business or financing operations, qualify as hedges of future cash flows to the extent that they reduce the variability in value of cash flows attributable to a future transaction.

The Group does not use 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.

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

3.20.2 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 on the basis of 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 Interests and dividends

Dividend revenue is recognized when the shareholders' right to receive the payment is established.
The Group'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, SNIM group's exposure to risk so as expectations for profitability objectives are considered as homogeneous. Subsidiaries of group, representing independent Cash-Generating Units, are below the quantitative thresholds needed to make a separate presentation of information related to their own operational sector. 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 in the Islamic Republic of Mauritania. Geographical zones can be identified as follows:

- France,
- Germany,
- Belgium,
- Italy,
- Other countries member of the European Union,
- China,
- Others

3.23 Investment in associates

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 of $220 billion (2018 data).

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. EMC's mining 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 11 permanent staff including 3 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 Tiris guelbs (including Guelb El Aouj) with the aim of analyzing the reserves of the various guelbs in the region and selecting the optimal Guelb to take over from the declining activity of KEDIA. In 2001, SNIM and Sphere created a joint venture to study the realization of a project of pelletization of the magnetic ores of Guelb El Aouj and, in this perspective, to attract the external 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 the 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 production more than 30 Mtpa could be considered. In April 2012, EMC's Board of Directors approved a new strategy for the development of the project in 2 phases:

- 1st phase: production of 15Mt/year of concentrates.
- 2nd phase: production of 15Mt/year of concentrates, of which 7Mt will be 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 showed that the most optimal development of the project is by production units of 9.5Mt/year each. Based on this, the EMC Board of Directors decided to conduct a Feasibility Study for the first unit, of 9.5Mt/year, which is the initial investment. The feasibility study upgraded this unit to 11.3 Mt/year. The second phase is planned for a few years later, after the first unit has been tested and starts generating 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 2011/12: 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 11.6 million tons of concentrate at a grade of 66.5% Fe;
- A global investment (CAPEX) of 1.578 billion USD (of which 196.7 million USD for the railway and the port);
- A Production Cost (OPEX) of $27.6 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 with a price of $105 (IODEX 65 - December 2021) was performed and resulted in an IRR of 21% (Before taxes) for 100% equity.

(g) Project Schedule

The project schedule is as follows:

- Start of construction: April 2022
- Start of Production: September 2026
- Ramp Up in less than 3 years:
- 1st year: 1.5 Mt
- 2nd year: 9.5 Mt
- 3rd year: 12.7 Mt

(h) 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 1 200 direct jobs and 400 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 8 dollars per ton of concentrate (which could reach 88 million dollars per year) and also other revenues for the State.

(i) 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.

(j) Accounting treatment

As of December 31, 2021, the fair value of SNIM group's interest in the El Aouj joint venture has not been modified and is based on Sphere's expenses for the feasibility study as of December 31, 2009, i.e. MUM 1 228 (see 4.3.1 Investments in companies). Under the agreement between the two parties, SNIM receives assets corresponding to the expenses incurred by Sphere, in return for an exploration right contributed which was partially valued in SNIM group's accounts.

As of December 31, 2021, the expenses incurred under this program, including those carried forward from the previous year, amount to 3 108 MUM, an increase of 23 MUM compared to 2020. This increase is due to the capitalization of the Guelb El Aouj which increased from 1 943 MUM in 2020 to 1 967 MUM in 2021. The other headings in the table below such as Bouderga Tintekrate, Study 2010 and South Capitalised have no expenditure in 2021.

In MUM	**31/12/2020**	**31/12/2021**
Cap Bouderga Tintekrate	1 095	1 095
Cap Expenses Study 2010	19	19
JV south Cappitalized	28	28
Cap Guelb El Aouj	1 943	1 967
TOTAL	**3 085**	**3 108**

Presentation of TAKAMUL Joint venture

Mauritania Saudi Mining and Steel Company (TAKAMUL) is a fifty-fifty joint venture (JV) between SABIC & SNIM (Société Nationale Industrielle et Minière). The JV agreement was signed in September 2012 then Company established officially name on 12th December 2012 with registered License number 14 113 at Nouadhibou, Mauritania.

Takamul started in 2013 the development of Atomai permit which is a magnetite deposit located 9 Km from F'DERIK town SNIM IN Zouerate region in Mauritania. The Atomai project aims to produce 10 Million ton per year of Direct Reduction (DR) grade pellets over 25 years. It is expected that the project will come into production in year 2026.

The BFS was completed in July 2020 by Ausenco, a Canadian company, and the shareholders decided to move forward with the FEED after a further update on the BFS. Takamul has selected two vendors to complete the water program, a monitoring office and a drilling company, and the data analysis phase has been initiated for the identification of potential drill holes. Metallurgical testing has begun in Germany to confirm and finalize the project flowsheet.

The evaluation of the FEED technical bids (the basic engineering study) has been completed and the evaluation of the financial bids will start on May 10, 2022.

4- CONSOLIDATION SCOPE

The consolidated financial statements comprise the financial statements of SNIM group with its Parisian branch, its subsidiaries (all from Mauritania) and investments in associates where SNIM has a significant influence. Consolidation scope comprises 12 companies fully consolidated and 5 companies consolidated using the equity method.
The financial statements of subsidiaries are prepared as of December 31st, each year.

Consolidation scope and method as of 31st December 2021 appears as follows:

Entity	**legal form**	**% of voting rights**	**% of interest**	**Consolidation method (1)**
SNIM	S.A			Parent company
FILIALES MAURITANIE				
SOMASERT	S.A	100%	100%	FC
SAFA	S.A	100%	100%	FC
SAMMA	S.A	53%	53%	FC
ATTM	S.A	79%	79%	FC
COMECA	S.A	92%	94%	FC
SAMIA	S.A	50%	50%	FC
GMM	S.A	97%	97%	FC
DAMANE ASSURANCE SA	S.A	20%	20%	EM
GIP	S.A	68%	68%	FC
EL AOUJ SA	S.A	50%	50%	EM
TUM	S.A	99%	99%	FC
MSMS TAKAMUL	SA	50%	50%	EM
M2E	SA	100%	100%	FC
SRN	S.A	35%	35%	EM
ENCO	SA	30%	30%	EM
GIM (2)	SA	100%	100%	FC
GHM (3)	S.A	62%	62%	FC

(1) FC: Full consolidation
EM: Equity method
(2) The subsidiary GIM is newly created in 2021

(3) Change of scope for GHM from 50% in 2020 to 62% in 2021.

5- ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF FINANCIAL POSITION

5.1 Tangible assets

Assets valued at fair value (in MUM)	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Gross Value	50 968	2 904	(5)	(89)	53 779
Amortization	23 755	2 517	(5)	0	26 267
NET VALUE	**27 213**	**388**	**0**	**(89)**	**27 512**
Assets valued at cost (in MUM)	**31/12/2020**	**Acquisitions**	**Transfers**	**Disposals**	**31/12/2021**
Gross Value	58 338	8 423	(49)	(11)	66 701
Amortization	33 592	2 686	(12)	(29)	36 237
NET VALUE	**24 745**	**5 737**	**(37)**	**18**	**30 463**
TOTAL GROSS VALUE	**109 306**	**11 327**	**(53)**	**(100)**	**120 479**
TOTAL DEPRECIATION	**57 348**	**5 202**	**(17)**	**(29)**	**62 504**
FIXED ASSETS IN PROGRESS	**11 556**	**5 374**	**(10 352)**	**(416)**	**6 161**
NET VALUE FIXED ASSETS	**63 516**	**11 499**	**(10 388)**	**(488)**	**64 137**

The additions of the year 2021 amount to 5 374 MUM of which 332 MUM of capitalized production.

There are no events or evidence of impairment on the group'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 MUM	31/12/2020	Incorporated costs during the period	31/12/2021
Guelb2	2 024	-	2 024
Mineral harbor	406	-	406
Harbor dredging	37	64	101
Total	**2 467**	**64**	**2 531**

Finance leases

The gross book value of leases qualified as leases under IFRS 16 and included in work in progress assets (see 4.1 Property, plant, and equipment) presents a null value.

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

In MUM	31/12/2020	Acquisitions	Disposals	31/12/2021
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 MUM 6 14
- 6 locomotives for MUM 573
- 6 loading systems of wagon for MUM 463
- 4 wet concentrations for MUM 674

Railway materials correspond to:

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

Finance lease obligations

Minimum lease payments in thousands of USD	31/12/2021	31/12/2020
Due within one year	2 938	10 796
From 2nd to 5th year inclusive	8 239	37 239
Less future financial charges	(471)	(4 343)
Finance leases debt	**10 706**	**43 691**

5.1.1 Property, Plant, and equipment at fair value

Tangible assets 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 MUM)	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	44	0	0	0	44
Specialized complex installations	41 883	2 847	(0)	(89)	44 640
Railway rolling stock and railroad track equipment	9 021	48	(5)	0	9 065
Buildings	20	9	0	0	29
TOTAL	**50 968**	**2 904**	**(5)**	**(89)**	**53 779**

ACCUMULATED DEPRECIATION	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	0	0	0	0	0
Specialized complex installations	19 249	2 314	0	0	21 562
Railway rolling stock and railroad track equipment	4 499	199	(5)	0	4 692
Buildings	8	4	0	0	12
TOTAL	**23 755**	**2 517**	**(5)**	**0**	**26 267**

NET BOOK VALUE	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	44	0	0	0	44

Specialized complex installations	22 634	533	(0)	(89)	23 078
Railway rolling stock and railroad track	4 523	(151)	0	0	4 373
Buildings	12	5	0	0	17
TOTAL	**27 213**	**388**	**0**	**(89)**	**27 512**

5.1.2 Property, Plant, and equipment at acquisition cost

GROSS VALUE (In MUM)	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	524	252	0	0	776
Land improvements	26	1	0	(2)	25
Buildings	22 873	5 229	(41)	0	28 061
Operating equipment	31 086	2 387	(2)	(2)	33 470
Transportation equipment	2 067	514	(4)	(1)	2 575
Office and IT equipment	630	22	0	0	652
Office furniture	1 132	18	(1)	(6)	1 142
TOTAL	**57 916**	**1 449**	**1**	**(1 028)**	**58 337**

ACCUMULATED DEPRECIATION	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	0	0	0	0	
Land improvements	19	0	0	0	19
Buildings	9 924	1 026	(11)	(6)	10 933
Operating equipment	20 897	1 249	6	(5)	22 146
Transportation equipment	1 817	218	(4)	(2)	2 029
Office and IT equipment	599	17	0	(1)	615
Office furniture	304	177	(2)	0	478
Provisions for amortization	34	0	0	(16)	18
TOTAL	**33 592**	**2 686**	**(12)**	**(29)**	**36 237**

NET BOOK VALUE	31/12/2020	Acquisitions	Transfers	Disposals	31/12/2021
Land	524	252	0	0	776
Land improvements	6	1	0	(2)	5
Buildings	12 949	4 203	(30)	6	17 128
Operating equipment	10 190	1 139	(8)	3	11 324
Transportation equipment	250	296	0	1	546
Office and IT equipment	32	5	0	1	38
Office furniture	829	(159)	1	(6)	664
Provisions for amortization	(34)	0	0	16	(18)
TOTAL	**24 745**	**5 737**	**(37)**	**18**	**30 463**

The following table shows the gross values of fully depreciated property, plant and equipment that are still in use as of December 31st, 2021:

Categories (In MUM)	Gross value	
	2 020	2 021
Buildings	2 345	1 506
Railway rolling stock and railroad track equipment	2 426	1 021
Specialized complex installations	8 089	8 174
Operating equipment	10 336	14 334
Transportation equipment	1 330	1 381
Other tangible assets	660	673
TOTAL	**25 186**	**27 089**

5.2 Intangible assets

Variation in Intangible gross fixed assets	31/12/2020	Additions	Disposals	31/12/2021
Intangible fixed assets value	1 113	16	0	1 129
TOTAL	**1 113**	**16**	**0**	**1 129**
Change in amortization	**31/12/2020**	**Allowance**	**Reversals**	**31/12/2021**
Intangible fixed assets value	746	70	(2)	813
TOTAL	**746**	**70**	**(2)**	**813**
Net value of intangible fixed assets	**367**	**(53)**	**2**	**316**

These intangible assets relate to acquired patents and software

5.3 Other financial assets and investments in Associates

Categories (In MUM)	31/12/2021	31/12/2020
Loans and advances	1 737	2 180
Deposits and guarantees	21	120
Other financial assets	149	57
Investment in associates	1 737	1 996
TOTAL	**3 644**	**4 353**

Loans and advances granted to Group employees or associated companies do not generate interest. The impact of the discount is not considered significant. Loans are recorded at the value of the amounts loaned. Deposits and guarantees are valued based on the amounts disbursed. The difference from their fair value is not significant.

5.4 Inventories and work-in-progress

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

IN MUM	31/12/2021	31/12/2020
Raw materials at weighted average cost	8 803	7 868
Raw materials at net realizable value	5 788	5 820
Goods	198	176
Iron ore at weighted average cost	3 348	2 798
Iron ore at net realizable value	2 128	1 756
Total inventories at the lower of weighted average cost and net realizable value	**8 114**	**7 752**

The group does not practice any pledge on stocks

The increase in raw materials inventories is mainly recorded in:

- Spare parts for 777 MUM.
- Tires for 140 MUM

5.5 Trade receivables and related accounts

Trade receivables are detailed as follows:

In MUM	31/12/2021	31/12/2020
Iron ore trade receivables	5 287	5 819
Other trade receivables	2 652	8 595
Total Gross	**7 939**	**14 414**
Impairment of Iron ore trade receivables	(12)	(7)
Impairment of Other trade receivables	(860)	(763)
Total impairment	**(872)**	**(770)**
Iron ore trade receivables net	5 275	5 812
Other trade receivables net	1 792	7 832
Total net value	**7 067**	**13 644**

The application of IFRS 9 did not have a significant impact on the impairment of trade receivables. The reconciliation of impairment of receivables is as follows:

IN MUM	31/12/2021	31/12/2020
Impairment as of 1st January	**770**	**799**
Additional depreciation	102	-
Reversals	-	(29)
Impairment as of 31st December	**872**	**770**
Amount recovered from impaired receivables	11 762	3 350
Gross amounts of impaired receivables	7 939	14 414

5.6 Other receivables

Other receivables are detailed as follows:

Categories (In MUM)	31/12/2021	31/12/2020
Trade payables – debit balances	1 734	1 041
Trustee	1 319	1 408
Tax receivables	772	926
Regularization accounts	188	203
Sundry receivables	463	230
TOTAL	**4 476**	**3 809**

Trade payables - debit balances relate to advances granted to its suppliers and orders realized before the issuing of the corresponding invoices

The Trustee Fund is directly supplied by the bank when customer sales are collected and is intended to repay maturities linked to the loans of the same name.

Tax receivables are mainly composite of unique tax or other income from State.

Regularization accounts refer to the prepaid expenses

Sundry receivable accounts concern short-term advances granted to staff, claims on social security organizations and miscellaneous claims.

5.7 Financial instruments: Disclosure

5.7.1 Financial instruments presented in the statement of financial position

The group defines its financial assets according to the following categories: assets measured at fair value in return for profit, instruments for hedging future cash flows, assets held to maturity, loans and receivables, assets available for sale, and debts at amortized cost. The classification depends on the financial assets' acquisition purposes. Management determines the classification of its financial assets upon initial recognition.

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.

Assets held to maturity

Non-derivative financial assets, with fixed or determinable payments and a fixed maturity, are classified as investments held until their maturity, as soon as the group has the manifest intention and the capacity to keep them until when they fall due. Gains and losses are recorded in the income statement when these investments are derecognized or impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. They are included in current assets, except those whose maturity is more than twelve months after the closing date. The group assesses at each closing date whether there is an objective indicator of impairment of a financial asset or a group of financial assets.

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the group has a legally enforceable right to offset the amounts recognized and intends either to extinguish them on a net basis, or to carry out the asset and extinguish the liability simultaneously.

The main financial liabilities consist of loans and supplier debts. The main objective of these financial liabilities is to finance the group's operational activities.

Upon initial recognition, borrowings should be measured at their fair value, against which transaction costs directly attributable to the issuance of the liability are charged.
Loan issue costs and premiums are not included in the initial cost but should be taken into account in the determination of the amortized cost using the effective interest rate method and should be recognized in the actuarial profit and loss all along the liability's lifespan.

As of December 31st, 2021, the financial instruments included in the statement of financial position are as follows:

Breakdown by instrument category					
In MUM	**Amortized cost**	**Fair value through profit or loss**	**Fair value through equity**	**Value in the statement of financial position**	**Fair value**
Other financial fixed assets	1 759	-	-	1 759	1 759
Trade receivables and related accounts	7 067	-	-	7 067	7 067
Other receivables and related accounts	4 476	-	-	4 476	4 476
Cash and cash equivalents	50 536	2 584	-	53 119	50 536
Assets	**63 838**	**2 584**	**0**	**66 421**	**63 838**
Interest bearing loans and borrowings	3 048	-	-	3 048	3 048
Trade payables	6 833	-	-	6 833	6 833
Other payables	4 907	-	-	4 907	4 907
Liabilities	**14 789**	**0**	**0**	**14 789**	**14 789**

The fair value of other financial instruments (loans and deposits) was 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 was not deemed significant, and these items are therefore valued at amortized cost discounted at closing market price in the transaction currency.

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

5.7.2 Derivative financial instruments

The group 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 31st, 2021, financial instruments on exchange rates available at closing date are detailed below:

Hedging accounting	2021				2020			
	Fair value in MUM	Fair value in KUSD	Nominal in thousands of EURO		Fair value in MUM	Fair value in KUSD	Nominal in thousands of EURO	
			Bought	Sold			Bought	Sold
a) Cash flow hedging (CFH)								
- **Forward contracts in foreign currency**								
Euro	(4)	(121)	19 000		9	250	5 084	
- **Options on currency**								
Euro	(1)	(32)	23 000	230000	50	1 360	46 500	43 000
b) Fair value hedging (FVH)								
- **Forward contracts in foreign currency**								
Euro	(11)	(303)	11 500		14	375	20 416	
- **Options on currency**								
Euro	(2)	(53)	4 000	4 000				
c) Other operations								
Euro					(5)	(132)		29 000
Total Foreign currency (I)	**(18)**	**(509)**	**57 500**	**27 000**	**68**	**1 853**	**72 000**	**72 000**

Risque de prix sur les approvisionnements en matières premières :

As of December 31, 2021, due to the downward trend in material prices over the 2021 financial year, the group did not set up financial instruments to hedge the price risk on raw materials. At the closing date, no hedging on raw materials is available.

Interest rate risk

As of December 31st, 2021, financial instruments related to interest rate risk at the balance sheet date are as follows:

Hedging Accounting	2021				2020			
	Fair value in MUM	Fair value in KUSD	Nominal in thousand USD		Fair value in MUM	Fair value in KUSD	Nominal in thousand USD	
			Bought	Sold			Bought	Sold
a) Cash Flow Hedging (CFH)								
Swaps on Raw Material								
EUR	-	-	-	-	-	-	-	-
Options on commodities								
Euro	(1)	(33)	22 500	-	-	3	42 500	-
b) Other operations								
EUR	-	-	-	-	-	-	-	-
JPY	-	-	-	-	-	-	-	-
CHF	-	-	-	-	-	-	-	-
Total Interest rate (II)	**(1)**	**(33)**	**22 500**	-	-	**3**	**42 500**	-
Total (I) + (II)	**(20)**	**(541)**	**80 000**	**27 000**	**68**	**1 856**	**114 500**	**72 000**

The impacts on the income statement of derivative financial instruments as of December 31st, 2021 are presented here below:

Cash-Flow Hedging in USD	Amount transferred to gains and losses during the year	Inefficiency booked in Profit
Cash-Flow Hedge		
Foreign currency hedging	590 625 USD	379 100 USD
Interest rate hedging	-	-
Commodities hedging	-	-

Hedging objective and policy:

Fair Value Hedge in USD	Gain and losses on Hedging instruments	Gain and losses on hedging instruments	Inefficiency booked in profit
Fair Value Hedge			
Currency hedging	(36 396) USD	(284 227) USD	-
Interest rate hedging	-	-	-
Commodities hedging	-	-	-

Non-qualifying derivative hedging in USD	Unrealized gains and losses recorded in profit or loss
Foreign currency hedging	(190 916) USD
Interest rate hedging	(11 782)
Commodities hedging	-

The iron ore market is denominated in US dollars; therefore, all SNIM group's sales are made in US dollars.

Mauritania's exchange regulations prohibit any possibility of managing exchange rate risks against the national currency. The group 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, the group 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, the group is indeed exposed to currency risk against the dollar for all its debt expressed in a third currency.

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

Foreign exchange risk:

SNIM group'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 group 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 group 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 before tax	Impact on equity
2021	10%	1 410 747	3 949 218
	(10%)	(3 342 835)	(4 553 805)

Dollar = 36,63 ouguiyas

Commodity price risk:

The group is exposed to the commodity price risk on firm and estimated operational transactions.
SNIM group's policy is to hedge against exposure to these risks. In order to reach its hedging objectives, the group resorts to purchase and selling contracts on commodity 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 group'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, 2021, the group did not have any raw material coverage. Therefore, no sensitivity test has been performed.

Interest rate risk:

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

SNIM group'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 group 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, the group decided to implement a hedging policy, aimed at guaranteeing a maximum income rate.

The analysis of the sensitivity of SNIM group's profit before tax and equity (linked to variations in the fair value of the derivative instruments) provides a change in interest rate within reason, all other variables remaining constant.

In USD	Rate change	Impact on profit before tax	Impact on equity
2021	5%		(20 626)
	(5%)		(36 548)

Credit risk:

The group 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 in order to adapt the possible depreciation on receivables. The maximum exposure is equal to the book value mentioned in Note 5.5.

Regarding the credit risk on other financial assets of the Group, i.e., cash and cash equivalents, financial assets available for sale, loans and certain derivative instruments, the Group' 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:

The group 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, 34% of loans contracted by all group companies 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, 2021, 25% of SNIM group's debts are due in less than one year, compared with 20% in 2020.

Maturity:

The table below shows the maturity of the financial liabilities as of December 31st2021, based on contractual payments not discounted. The principal considers only the debt drawn by the group as of December 31st2021. Similarly, interest expenses reflect the interests of the group totally drawn as of December 31st2021.

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:

	2022	2023	2024	2025	2026	2027	2028
Principal	1 010	324	318	213	223	223	210
Interest	523	106	88	75	65	55	45
TOTAL	**1 534**	**430**	**406**	**288**	**288**	**278**	**255**
	2 029	**2 030**	**2 031**	**2 032**	**2 033**	**2 034**	**2 035**
Principal	197	678	157	117	117	117	9,83
Interest	35	25	18	12	6	3	3
TOTAL	**232**	**703**	**175**	**129**	**124**	**120**	**13**
	2 036	**2 037**	**2 038**	**2 039**	**2 040**	**2 041**	**2 042**
Principal	9,83	9,83	9,83	9,83	9,83	9,83	9,83
Interest	3	2	2	2	2	2	**1**
TOTAL	**12**	**12**	**12**	**12**	**12**	**11**	**11**
	2 043	**2 044**	**2 045**	**2 046**	**2 047**	**2 048**	**2 049**
Principal	9,83	9,83	9,83	9,83	9,83	13,83	9,83
Interest	1	1	1	1	0	0	-
TOTAL	**11**	**11**	**11**	**10**	**10**	**14**	**10**
	2 050						**TOTAL GEN**
Principal							**4 059**
Interest							**1 078**
TOTAL	-	-	-	-	-	-	**5 137**

5.8 Cash and cash equivalents

IN MUM	31/12/20021	31/12/2020
Cash	53 119	29 739
Cash equivalents	(54)	(407)
TOTAL	**53 066**	**29 332**

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

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

Bank overdrafts include loans with an initial maturity of less than three months.

5.9 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 1 000 UM 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	31/12/2021	31/12/2020	(%)
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 MUM. As of December 31st, 2021, the legal reserve amounts to 1 827 MUM, representing 10% of the equity.

5.10 Interest bearing borrowings

5.10.1 Loans within the scope of trustee agreement

These loans are covered by a trust agreement signed on July 7, 1980 between the group, 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 group, 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 1 319 MUM as of December 31, 2021 against 1 408 MUM as of December 31, 2020. It is charged to the "Trustee" item (Note 5.6 Section Other debtors)

The debts under trustees are as follows:

In MUM	Currency	Interest rate	Maturity	31/12/2021	31/12/2020
AFD (Centre de formation)	EUR	Var.	2 021	-	31
PDM					
RAIL					
BID	USD	Var.	2 024	281	379
GUELBES II					
BEI	USD	6,03%	2 021	-	1 324
BAD	USD	Var.	2 021	-	2 328
AFD	USD	Var.	2 021	-	1 323
BID	USD	Var.	2 021	-	1 219
KFW/G21/USD	USD	Var.	2 021	-	44
KFW/G22/USD01	USD	5,96%	2 021	-	584
PORT					
KFW NP1	USD	Var.	2 022	187	379
KFW NP2	USD	Var.	2 022	162	328
DRAGAGE					
BEI DRG	EUR	7,231	2 031	341	410
BAD DRG	USD	Var.	2 031	398	366
Subtotal				**1 368**	**8 708**

The situation of Financing agreements is presented as follows:

Project	Lender	Currency	Interest rate	Maturity	Total Millions	Drawn Millions	Un-Drawn Millions
Guelb II	AFD	EUR	Var	2024	100	100	-
	BEI	EUR	Fixe	2024	100	100	-
	BAD	USD	Var	2024	175	175	-
	BID	USD	Var	2023	80	80	-
	Commercial banks (tranche 1)	EUR	Var	2021	24	24	-
	Commercial banks (tranche 2)	EUR	Fixe	2023	53	53	-
Port	Commercial banks (tranche 1)	EUR	Var	2022	43	43	-
	Commercial banks (tranche 2)	EUR	Var	2022	52	52	-
Voie	BID	USD	Var	2024	28	28	-
Training center	AFD	EUR	Var	2021	7	7	-
Usine G1	ADF	KWD	Fixe	2049	32	2	30
DRAG	BEI	EUR	Fixe	2031	10	10	-
DRAG	BAD	USD	Var	2030	10	10	-

GUELB II financing has been fully refunded in 2021.

5.10.2 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 MUM	Devise	Interest Rate	Maturity	31/12/2021	31/12/2020
FED/03/EUR	EUR	Var.		1 396	1 533
CDD (ATTM)	MRU	10,40%	2 024	39	50
BMI ATTM	MRU	10,40%	2 020	40	99
BFI ATTM	MRU		2 020	9	13
BCI SAMIA	MRU		2 022	0	7
ABM SAMIA	MRU		2 020	0	6
BMI SAMIA	MRU		2 023	16	65
GBM SAMIA	MRU		2 021	0	12
Subsidy for equipment (GIP)				502	429
Deposit				4	4
FADS	KWD		2 048	236	237
Subtotal				**2 241**	**2 456**

5.10.3 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 group 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 MUM as at December 31st, 2021 and as for December 31st, 2020.

In MUM	Currency	Interest Rate	Maturity	31/12/2021	31/12/2020
Rescheduled maturities on French debt					
Agreement 8	EUR	3,00%	2 019	117	117
Subtotal				**117**	**117**

5.10.4 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 in the process of being signed.

The group 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 MUM	Currency	Interest rate	Maturity	31/12/2021	31/12/2020
Reassigned debt					
European Economic Community (Sysmin 1)	EUR	0,50%	2 028	332	339
Subtotal				**332**	**339**
TOTAL LOANS				**4 059**	**11 621**
Loans maturing in less than one year (5.6)				**1 010**	**2 707**
Long and mid-term loans				**3 048**	**8 914**

Borrowings maturing in less than one year correspond to the portion of borrowings that will be repaid over the next twelve months and which are reclassified under Other creditors (see 5.16).

The table of changes in borrowings between December 31st, 2021 and December 31st,2020 is as follows:

IN MUM	31/12/2020	Cash flows (drawings & reimbursements)	FX	Other	31/12/2021
Long and mid-term loans	8 914	(4 637)	(219)	(1 010)	3 048
Loans maturing in less than one year	2 707	(2 681)	(26)	1 010	1 010
Total	**11 621**	**(7 318)**	**(245)**	**-**	**4 058**

Other mainly includes the reclassification of maturities of less than one year.

5.11 Retirement benefit obligation

IN MUM	31/12/2020	Allowance	Reversals	31/12/2021
Provisions for retirement indemnities	794	222	0	1 016
Provisions for additional retirement	2 367	197	(68)	2 495
TOTAL	**3 160**	**419**	**(68)**	**3 512**

Description of 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.

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 years
Future salary increases	1,71%
Actual rate of return	5,14%
Death rate	TM 60-64 – 20%
Employee turnover rate	0,24% on average, distributed decreasingly by age
Inflation	0.99%

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

ASSUMPTIONS for the period ended as of	31/12/2020	31/12/2021
Beginning of the period	01 January 2020	01 January 2021
End of the period	31 December 2020	31 December 2021
Actuarial rate	6%	5,14%
Expected average remaining working lives	9,0	9,0

Variation in benefit obligation:

IN MUM	31/12/2020	31/12/2021
Benefit obligation at the beginning of the period	**516**	**673**
Current service cost	24	30
Interest cost	32	37
Actuarial (gains) losses	101	153
of which changes in assumptions	*(65)*	*(63)*
of which experience differences	*166*	*216*
Benefits paid	-	-
Benefit obligation at the end of the period	**673**	**893**

Variations in investments:

The benefits defined by the group are not covered by investments.

Financial cover:

FINANCIAL COVER	31/12/2020	31/12/2021
Financial cover	673	893
Provisions) Pension assets	**673**	**893**

Actuarial cost for the year:

Couverture financière	31/12/2020	31/12/2021
Current service cost	24	30
Interest on debt	32	37
Expected return on assets	-	-
Amortization of actuarial gains & losses	-	-
Amortization of past service costs	-	-
Impacts of plan reduction/liquidation	-	-
Charges (Income)	**56**	**67**

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.

5.12 Provisions

The provisions cover the risks linked to conflicts and disputes with outgoing staff.
These provisions are not discounted as the effect of the actuarial effect is not material.

IN MUM	31/12/2020	Increase	Reversal	31/12/2021
Contingency provision	583	238	(68)	753
TOTAL	**583**	**238**	**(68)**	**753**

5.13 Trade payables

Trade payables are detailed as follows:

IN MUM	31/12/2021	31/12/2020
Trade payables	5 999	4 891
Accrued payables	834	436
TOTAL	**6 833**	**5 327**

There are no discounted debts at closing date.

5.14 State and other public taxes

In MUM	31/12/2021	31/12/2020
Current Income Tax	1 920	2 393
Taxes on wages and salaries	440	255
TOTAL	**2 360**	**2 647**

The group has a special 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 SNIM, for a period of 20 years starting on January 1, 1999. This agreement ensures SNIM group'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 turnover 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 turnover 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 group 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 the group 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.

5.15 Other taxes

In MUM	31/12/2021	31/12/2020
Other taxes	532	433
TOTAL	**532**	**433**

The agreement signed between the Mauritanian State and SNIM exempts it from the payment of all customs duties and similar taxes, as well as all taxes, duties, fees, and royalties of any kind relating to all products, equipment, and services, as well as to iron ore mining and water exploration activities. It also exempts from payment of all customs duties and similar taxes on all equipment, materials, supplies, and consumables imported by the companies and their subcontractors and intended for work carried out on behalf of SNIM. The special agreement was the subject of an amendment No. 1 signed on June 19, 2001 concerning the introduction of VAT and the Group's liability to this tax. Under the terms of this amendment to the new agreement, SNIM is subject to Value Added Tax on the supply of goods and services not directly related to industrial and mining operations.

5.16 Other creditors

IN MUM	31/12/2021	31/12/2020
Trade creditors	1 356	920
Payroll expenses and related costs	266	231
Dividends payable	11	22
Sundry payable and pre-payments	2 264	2 775
Short term loan	1 010	2 707
TOTAL	**4 907**	**6 654**

Credit customers correspond to mineral customers whose final invoices are in their favor.

6- ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

6.1 Sales

In MUM	2021	2020
Sales of iron ore	59 277	45 146
Sales of subsidiaries	1 173	2 043
TOTAL	**60 449**	**47 189**

The production sold represents the sales of iron ore for the sum of 59 277 MUM (1 646 786 K USD) for 2021 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 (CARGIL, GLENCORE et AMS ARCELOR METTAL) for 79% of the total revenue in 2021.

The breakdown by geographical area is as follows:

IN MUM	2021	2020
China	37 498	30 949
Italy	5 981	3 057
Japan	5 459	1 607
Australia	3 683	3 716
Germany	3 004	3 507
France	778	776
Poland	660	668
Belgium	0	495
Spain	910	97
Other	1 304	274
TOTAL	**59 277**	**45 146**

Subsidiaries sales are detailed as follows:

IN MUM	2021	2020
ATTM	678	1 587
SOMASERT	9	5
COMECA	74	78
SAMIA	29	46
SAFA	163	146
SAMMA	42	25
GMM	18	14
M2E	82	73
GIP	78	70
TOTAL	**1 173**	**2 043**

6.3 Other income

Other income is detailed as follow:

IN MUM	2021	2020
Rents, material disposal, telecom	491	500
Rental of buildings and equipment	5	12
Other services	14	20
Provision of personnel	134	62
Disposals	2	2
TOTAL	**646**	**597**

6.4 Other operating income

Other operating income are detailed as follow:

IN MUM	2021	2020
Miscellaneous Products and Profits **(*)**	1 215	91
Discounts, rebates, and refunds obtained	39	26
Reversals / provisions	67	723
Profits / disposal	8	49
TOTAL	**1 329**	**888**

(*) Of which 1,084 MMRU on the sale of the ATOMAI permit.

6.5 Consumable Materials

Consumable materials are detailed as follows:

IN MUM	2021	2020
Consumables used	11 323	9 728
Maintenance products	80	58
Water and electricity	63	67
Materials & supplies	28	6
TOTAL	**11 494**	**9 858**

6.6 Employee's cost

The personnel cost is as follows:

IN MUM	2021	2020
Wages	4 639	3 707
Social charges	646	328
Provision for retirement indemnities	106	328
Complementary pension schemes	116	105
TOTAL	**5 508**	**4 467**

The increase in personnel costs is mainly due to the general salary increase of 10%, the staff bonus and the production bonus for the 2021 program. The evolution of the group headcount is presented as follows:

Category	31/12/2021	31/12/2020
Executives	532	532
Supervisory staff	3 857	3 577
Workers	2 950	3 182
TOTAL	**7 339**	**7 291**

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

6.7 Depreciation, amortization and provision

Depreciation, amortization, and provision are detailed as follows:

IN MUM	2021	2020
Depreciation of property, plant, and equipment	5 203	5 914
Amortization of intangible assets	70	62
Provisions (contingencies)	374	240
Other depreciation	1 271	28
TOTAL	**6 917**	**6 244**

6.8 Taxes

Taxes are detailed as follows:

IN MUM	2021	2020
Tax on benefit	8	8
Other taxes	243	203
TOTAL	**251**	**211**

6.9 Other operating expenses

The other operating expenses are detailed as follows:

IN MUM	2021	2020
Expenses related to investment (1)	1 406	1 186
Expenses related to operations (2)	407	495
Other Charges (3)	476	449
TOTAL	**2 289**	**2 130**

(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, fines, penalties, and slowdown of stock.

6.10 Financial income

Financial incomes are detailed as follows:

IN MUM	2021	2020
Interest and related income	104	269
Income on financial instrument	67	40
Foreign exchange gains	1 076	908
Other financial income	0	27
TOTAL	**1 248**	**1 244**

Foreign exchange gains are detailed as follows:

IN MUM	2021	2020
Unrealized exchange gains	784	180
Other exchange gains	292	729
TOTAL	**1 076**	**908**

6.11 Financial expenses

Exchange losses are detailed as follows:

IN MUM	2021	2020
Interest and related charges	432	511
Foreign exchange losses	1 043	1 306
Charges on financial instruments	38	32
Other financial charges	0	99
TOTAL	**1 514**	**1 948**

Exchange losses are detailed as follows:

IN MUM	2021	2020
Unrealized exchange losses	997	188
Other exchange losses	47	1 119
TOTAL	**1 043**	**1 306**

- Unrealized exchanges losses correspond to the foreign exchange loss on the revaluation of financial debt denominated in euro.

- Other losses are related to foreign exchange losses on the revaluation of investments, cash accounts, customers, and suppliers.

7- ADDITIONAL INFORMATION RELATED TO THE STATEMENT OF CASH FLOWS

7.1 Depreciations and amortizations

IN MUM	2021	2020
Amortization of property, plant and equipment	5 203	5 478
Amortization of intangible assets	70	62
Amortization of financial assets	137	0
Allocation to provisions (risks & charges + IDR)	509	399
Loss of tangible assets	**5 918**	**5 939**
TOTAL AMORTIZATIONS AND PROVISIONS	5 203	5 478

7.2 Changes in working capital

IN MUM	2021	2020
Decrease (Increase) in inventories	(363)	73
Decrease (Increase) in trade receivables	6 577	(6 465)
Decrease (Increase) in other receivables	(44)	1 407
Increase (Decrease) in trade payables	1 060	403
Increase (Decrease) State and other local authorities	86	(15)
Increase (Decrease) in other payables	(1)	(949)
Change in working capital	**7 316**	**(5 545)**

7.3 Expenditures on fixed assets

IN MUM	2021	2020
Acquisition of property, plant & equipment	(4 917)	(5 991)
Acquisition of intangible assets	(16)	(3)
Acquisition of Financial assets	(109)	(171)
TOTAL ACQUISITIONS	**(5 042)**	**(6 165)**

7.4 Reversal of depreciations and provisions

IN MUM	2021	2020
Capitalized production	(331)	(352)
Reversal of depreciations and provisions	(111)	(419)
TOTAL	**(442)**	**(771)**

7.5 Foreign exchange gains and losses

IN MUM	2021	2020
FX gains / loss on loans	(254)	(55)
FX gains / loss on financial instruments	(118)	(106)
TOTAL	**(372)**	**(161)**

7.6 Net Cash

IN MUM	**2021**	**2020**
Cash	53 119	29 739
Cash equivalents	(54)	(407)
Total	**53 066**	**29 332**

8- OTHER COMMITMENTS AND LIABILITIES

Off balance sheet commitments are broken down as follows:

IN MUM	31/12/2021	31/12/2020
Documentary credits in progress	765	964
Commitments on contracts	0	1 117
Subtotal commitments given	**765**	**2 081**
Guarantees received from contractors	373	366
Balances of undisbursed funds	3 618	6 864
Subtotal commitments received	**3 641**	**7 230**
Total	**4 406**	**9 311**

9- RELATED PARTY DISCLOSURE

Transactions with related parties are not significant. They mainly concern the sale of materials and fuel and workshop services.

This table summarizes the intra-group services provided in 2021 in MUM.

		Purchases																
		ATTM	**RSN**	**COMECA**	**FONDATION**	**EMC**	**SAMMA**	**SAMIA**	**SOMASERT**	**GMM**	**SAFA**	**GIP**	**DAMANE**	**TAKAMUL**	**M2E**	**MAIL**	**SNIM**	**TOTAUX**
Sales	**ATTM**																	**0**
	COMECA	0								0	0						181	**181**
	SAMMA	0		1				2		0	0						57	**60**
	SAMIA																	**0**
	SOMASERT		0	1	0	0	0						0	0	0	5	32	**39**
	GMM																	**0**
	SAFA									0							153	**153**
	GIP																58	**58**
	MSMS																	**0**
	M2E								0					0			26	**26**
	GHM																	**0**
	SNIM	2					2	1	3	7	10							**24**
	TOTAUX	**2**	**0**	**2**	**0**	**0**	**2**	**3**	**3**	**7**	**10**	**0**	**0**	**0**	**0**	**5**	**506**	**541**

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

10- EVENTS AFTER THE REPORTING PERIOD

The financial statements have been approved and authorized by the Executive Board on **April 26th, 2022**. They don't reflect the occurrence of subsequent events after this date. No significant event directly affecting the group has occurred after closing date.