CONEX ERNST & YOUNG Audit

Société Nationale Industrielle et Minière (SNIM)

Year ended December 31, 2019

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

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Société Nationale Industrielle et Minière (SNIM)

Year ended December 31, 2019

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

To the President,

Opinion

We have audited the annual financial statements of Société Nationale Industrielle et Minière (SNIM) which comprise a statement of financial position as at December 31, 2019, as well as the income statement, statement of change in equity and cash flow statement for the year ended December 31, 2019 and notes to the annual financial statements, including a summary of significant accounting policies (together the "Annual Financial Statements"). These Annual Financial Statements were prepared by Management on June 2, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the accompanying Annual Financial Statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

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 Annual 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 Annual 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.

Emphasis of matter

We draw attention to Note 9 to the Annual Financial Statements, which describes Management's assessment of the effects of the health crisis related to Covid-19 on the Company's activities and on the value of its assets and liabilities. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Annual Financial Statements.

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

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

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

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

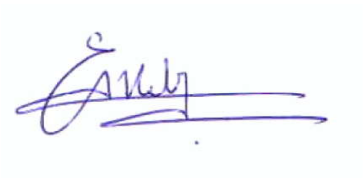
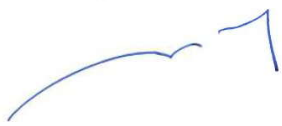
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we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

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

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

Nouakchott & Paris-La Défense, June 8, 2020

The Statutory Auditor and the Independent Auditor

CONEX	ERNST & YOUNG Audit
	
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SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

STANDALONE FINANCIAL STATEMENTS

YEAR ENDED ON DECEMBER 31st, 2019

SNIM
STATEMENT OF FINANCIAL POSITION
As at December 31st, 2019

Assets

In MUM	Note	31/12/2019	31/12/2018
Non-current assets			
Property, Plant & Equipment	4.1	63 342	64 442
Exploration assets		5	15
Intangible assets	4.2	291	326
Other financial assets	4.3	1 492	1 507
Investment in associates	4.3	3 531	3 517
Total of non-current assets		**68 661**	**69 805**
Current Assets			
Inventories and work in progress	4.4	7 470	6 505
Trade receivables	4.5	5 457	3 815
Other receivables	4.6	4 345	3 339
Financial instruments	4.7	38	21
Cash and cash equivalents	4.8	18 325	7 442
Total current assets		**35 635**	**21 121**
TOTAL ASSETS		**104 296**	**90 927**

EQUITY & LIABILITIES

In MUM	Note	31/12/2019	31/12/2018
Equity			
Issued capital	4.9	18 270	18 270
Share premium		646	646
Underlying net earnings on forward contracts	4.7	1 917	1 791
Accumulated profits (not distributed)		54 750	44 210
Total Equity		**75 583**	**64 917**
Non-current liabilities			
Interest bearing loans and borrowing	4.10	10 619	11 715
Retirement benefit obligations	4.11	2 770	2 567
Provisions	4.12	738	471
Total non-current liabilities		**14 127**	**14 752**
Current Liabilities			
Trade payables	4.13	6 365	4 012
State and other public taxes	4.14	1 597	512
Other taxes	4.15	99	164
Other payables	4.16	6 504	6 261
Forward contracts	4.7	20	307
Total current liabilities		**14 586**	**11 257**
TOTAL EQUITY AND LIABILITIES		**104 296**	**90 927**

SNIM
INCOME STATEMENT
Period of 12 months ended December 31st, 2019

In MUM	Note	31/12/2019	31/12/2018
Sales	5.1	**32 274**	**18 369**
Revenue from ancillary business activities	5.2	705	544
Other operating income	5.3	919	210
Operating income		**33 898**	**19 122**
Changes in inventory of finished goods and work-in-progress		3	(347)
Capitalized production		673	621
Raw materials and consumables used	5.4	(9 094)	(8 230)
Personnel expenses	5.5	(3 527)	(3 337)
Depreciation, amortization and provision expenses	5.6	(6 420)	(5 422)
Taxes and duties	5.7	(9)	(10)
Other operating expenses	5.8	(1 516)	(1 190)
Profit from operation		**14 008**	**1 207**
Financial income	5.9	1 118	924
Financial expenses	5.10	(1 631)	(1 661)
Profit before tax		**13 495**	**470**
Income tax		(2 955)	(1 714)
Net Result		**10 540**	**(1 243)**
Earnings per share in Ouguiya		**577**	**(68)**

STATEMENT OF COMPRENSIVE INCOME

In MUM	31/12/2019	31/12/2018
Net result	10 540	(1 243)
Impact of financial instruments	125	(285)
Comprehensive income	**10 666**	**(1 528)**

SNIM
STATEMENT OF CASH FLOWS
Period of 12 months ended December 31st, 2019

In MUM	**Note**	**31/12/2019**	**31/12/2018**
Operating activities			
Income before tax		13 496	470
Amortization, depreciation and provision	6.1	6 230	5 103
Reversal of amortization, depreciation and provisions	6.4	(874)	(907)
Gains /losses on asset sales		(271)	-
Gains /losses on exchange	6.5	214	432
Investment income		(318)	(243)
Financial expenses		719	778
Changes in working capital	6.2	(1 918)	(1 600)
Cash flow generated by operating activities		**17 278**	**4 033**
Interest paid		(699)	(742)
Income tax paid		(2 040)	(1 612)
Net cash flow from operating activities		**14 539**	**1 679**
Investing activities			
Acquisition of fixed assets	6.3	(3 150)	(2 096)
Loan repayment		136	293
Proceeds from sale of equipment		501	
Interests received		287	221
Dividends received		31	22
Net cash flow from investing activities		**(2 195)**	**(1 560)**
Financing activities			
Proceed from long-term borrowings		948	67
Other financial payments		231	230
Payments on long-term borrowings		(2 534)	(2 415)
Other financial Proceeds		(105)	(95)
Dividends paid		-	-
Net cash flow from financing activities		**(1 460)**	**(2 213)**
Cash and cash equivalents at the beginning of the period		**7 442**	**9 536**
Net increase in cash and cash equivalents		10 883	(2 094)
Cash and cash equivalents at the end of the period	**6.6**	**18 325**	**7 442**

SNIM
STATEMENT OF CHANGES OF EQUIITY
As of December 31st,2019

In MUM	Issued capital	Share premium	Accumulated profits	Underlying net earnings on FC (1)	Total
Shareholders' equity as of December 31st,2017	**18 270**	**646**	**45 594**	**2 076**	**66 586**
IFRS 9 impact	-	-	(141)	-	(141)
Shareholders' equity as of January 1st,2018 restated	**18 270**	**646**	**45 453**	**2 076**	**66 445**
Revaluation of financial instruments	-	-	-	(285)	(285)
Net result of the period	-	-	(1 243)	-	(1 243)
Shareholders' equity as of December 31st,2018	**18 270**	**646**	**44 219**	**1 791**	**64 917**
Revaluation of financial instruments	-	-	-	125	125
Net result of the period	-	-	10 540	-	10540
Shareholders' equity as of December 31st,2019	**18 270**	**646**	**54 750**	**1 916**	**75 583**

(1) FC : Forward Contract

NOTES TO THE FINANCIAL STATEMENTS
As at December 31st, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The statutory financial statements for the year ended December 31st, 2019 were authorized for issuance in accordance with a resolution of the Board of Directors on June 2, 2020.

1- MAJOR EVENTS OF THE YEAR 2019

The financial year 2019 has been marked by the following events:

- Highest ore sales prices in the last five years with an increase of 35% compared to 2018 (Fe 62);
- 84% completion of the port's dredging works as at 31.12.2019;
- Achievement of the 2019 sales plan (12 MT);
- The sale of the SNIM building in Nouakchott (15 floors) to Central Bank of Mauritania;

2- COMPANY AND BUSINESS ACTIVITY

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

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

3- ACCOUNTING POLICIES

3-1 Principles for the preparation of the Financial Statements

3 .1.1 Applicable standards

The financial statements have been prepared in accordance with International Financial Reporting Standards
(IFRS).

The publication of the financial statements in IFRS is justified by:

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

Standards, amendments and interpretation applicable as of 1stJanuary 2019

The financial statements as at December 31st, 2019 have been prepared in accordance with IFRS (International Financial Reporting Standards) as approved by the EU (European Union) in effect on that date, and in accordance with IFRS standard as issued by the IASB (International Accounting Standards Board) and mandatory as at December 31st, 2019.

New standards and interpretations applied from January 1, 2019

IFRS 16 « Leases »

IFRS 16 "Leases" changes the way rental contracts are recorded by lessees. It replaces the standard IAS 17 as well as IFRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16 imposes a single method of accounting for contracts regarding lessees, impacting the balance sheet in a similar way as finance leases recognized until December 31st, 2018, according to IAS 17.

With the exception of some intra-group contracts, the company does not have a significant rental contract as a lessor. Hence, accounting treatment has not been significantly modified by IFRS 16. The company applies the provisions of IFRS 16, described below, for all of its lease contracts relating to underlying assets whose replacement value is significant and / or whose lease term is over than twelve months, taking into account any contractual renewal options.

- **Nature of the impacts on financial statements at January 1st, 2019 related to the adoption of IFRS 16**

Before the entry into force of IFRS 16, the company used to qualify each of its leasing contracts either as finance leases or as operating leases engagements. A leasing contract was qualified as a finance lease whenever it implies the transfer of almost all of the risks and rewards of the property ownership. Otherwise, the contract was qualified as a simple rental.

Finance leases were recorded as fixed assets in exchange of debts, to which rent payments were allocated in addition to the interest fees. The asset was depreciated over the duration of the contract or over its useful life when it was probable that the purchase option provided in the contract, would be exercised.

For operating leases, no fixed asset used to be recognized in the balance sheet and the rental payments were recorded in the income statement, linearized over the duration of the rental agreement. Rents settled in advance or to be paid were recorded in the balance sheet as working capital requirements.

- **Rental contracts qualified as finance leases as at December 31st, 2018**

At transition date, January 1st2019, the company did not modify the value of assets and liabilities related to rent contracts that are qualified as finance lease under IAS 17. The assets have been reclassified as usage rights and the finance lease debts are now presented with the rental debts. The provisions of IFRS 16 are from now on applied to the events occurring after the date of transition.

- **Rental contracts qualified as operating leases as at December 31st, 2018**

The analysis conducted by the company did not reveal any significant rental contracts as a lessee.

Other amendments:

The other standards and interpretations applicable on a mandatory basis from January 1st, 2019 have no significant impact on SNIM's accounts at December 31st, 2019. They mainly concern:

- IFRIC 23 « Uncertainty Over Income Tax Treatments »; The interpretation of IFRIC 23, which clarifies the rules of recognizing and assessing uncertainties related to income tax, has no significant impact on the assessment of current taxes on January 1st, 2019. The balance sheet at December 31st, 2018 hasn't been restated.
- Amendments to IFRS 9 « Prepayment features with negative compensation »;
- Amendments to IAS 28 « Long-term Interests in Associates and Joint Ventures»;
- Amendments to IAS 19 «Plan Amendment, Curtailment or Settlement».

Standards and interpretations adopted by the IASB but not yet applicable as at December 31st,2019

There are no standards that have not entered into force yet, and which are expected to have a material impact on the company in the current or subsequent years.

3.1.2 General principles

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

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

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

4- 3-2 Property, plant and equipment

Accounting policies:

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

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

Depreciation:

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

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

Lease agreements

Since financial year 2009, assets held under finance lease agreements are initially recorded in the statement of financial position at the lower of their fair value, or if this one is lower, at 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 on the basis of IFRIC 4 to determine whether they contain a lease to be recognized according to IAS 17 or not.

As of the year ended December 31st, 2019, lease contracts 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 be inferior to the recoverable amount.
If any such indication exists and when the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable value.

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

Stripping costs

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

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

- **Stripping cost incurred during the operating phase:** IFRIC 20 provides for the following treatments:

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

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

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

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

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

3-3 Intangible assets

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

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

3-4 Exploration for and Evaluation of Mineral Resources

IFRS 6, which specifies the financial information to be disclosed relative to the exploration and evaluation of mineral resources, has been 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 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 Company grants interest-free loans to employees. Deposits and guarantees, requested by the Mauritanian electricity, water and telecommunications companies, are intended to cover the risk of credit and potential equipment damage. Loans and guarantees are accounted for at their historical cost.

3-6 Investments in associates

Equity investments are equity instruments measured in accordance with IFRS 9 at fair value through profit or loss. The standard allows the option to elect, upon initial recognition of each financial asset, to recognize the change at fair value with a corresponding entry in other comprehensive income. For these securities, only dividends can be recognized in the income statement.

If the fair value of an instrument is not reliably determined, the securities are recorded at their acquisition cost. A provision is made for impairment in relation to the acquisition value.

3-7 Inventories and work-in-progress

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

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

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

Items in stock :

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

Iron ore inventories:

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

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

3-8 Impairment test

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

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

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

Cash generating unit definition

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

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

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

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

3-9 Trade receivable

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts in accordance with IAS 39. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are recorded as losses when identified as such.

3-10 Borrowing cost

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

3-11 Cash or cash-equivalents

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

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

3-12 Interest-bearing borrowings

SNIM'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.
In order to determine the market value of a loan granted at a preferential rate, and therefore off the market, it is necessary to reliably determine a discount rate for future flows. This rate is determined according to the market and takes into account several elements: currency of the loan, signature of the borrower (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 company or by a similar company (size and activity) under normal market conditions.

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

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

It is consequently impossible to reliably determine a market value for the favorable-rate loans taken out by SNIM. In such a case 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.

The debt ratio calculated from the data of the year ended 31/12/2019 is -0.2.

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

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

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

As at December 31st, 2019, outstanding bank loans amounted to US$235 million for the Guelb II project and US$29 million 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:

- Debt 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
- Curent Ratio (Curent Assets /Curent liabilities) : >1,5

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

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

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

3) Communication to lenders of offtake contracts

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

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

As at 31/12/2019, the ratios as provided for in the above terms were respected.

3-13 Allowance for contingencies

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

3-14 Site rehabilitation

The legal obligations as of December 31st, 2019 related to the rehabilitation of mining extraction sites are governed by the following regulatory framework:

The obligation to rehabilitate sites is mentioned in 1979 mining code.
This code, as updated in 2009 following the publication of law no. 2009-26 of 7 April 2009, states that the abandonment of the operations of any mining extraction zone must be the subject of a ministerial order defining the action taken in terms of "public health and safety and essential features of the environment".
As at June 2, 2020, 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 on the basis of a joint report of the Minister for the Environment and the Minister for Mines."
(Title III: Protection of resources and the natural environment / Chapter III: Protection of the soil and subsoil / Article 44)
This law has been the subject of the adopting of the following decrees:

- Decree no. 2004-94 requires that an environmental impact assessment must be carried out before any mine with a capacity exceeding 100 tons/day is opened for operation
  The decree no. 2007-107 confirms this obligation and its article 7.8 requires that the measures taken in connection with this obligation to clean up the sites be accompanied by a bank guarantee, but it does not give any guidelines as to the interpretation of the term "rehabilitation".
  As at June 2, 2020, these two decrees have not been published.

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

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

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

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

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

The option provided by IAS 19 allowing the recognition of all the actuarial gaps in equity and not yet applied by the SNIM became mandatory as of 1st January 2013.The company offers certain additional non-post-employment benefits to its senior executives. These include mainly tax sharing, healthcare, company cars, fuel and allocated housing.

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

Definition of contribution plan:

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

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

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

3-16 Income from ordinary activities

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

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

3-17 Public 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. Where 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

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

3-19 Management of the functional and presentation currency

SNIM presents its financial statements in local currency, the Ouguiya. However, according to IAS 21 revised, the economic analysis of SNIM's activities shows that the Ouguiya is not SNIM's functional currency. If SNIM opts for USD as functional currency, the company will have to obtain authorization from the Mauritanian authorities to present its financial statements on that basis.

The information system is currently set for the Ouguiya as functional currency, with the Dollar being used as parallel currency. However, the system allows the editing of financial statements presented in USD. Shareholders' equity based on USD as a functional currency and presented in MU (converted to average annual rate) can be estimated at 78 053 against 75 583 MUM in the presented financial statements. Likewise, income based on USD as a functional currency and presented in MU can be estimated at 9 008 MUM (profit) against 10 540 MUM disclosed in the financial statements.

3-20 Derivative financial instruments and Hedging transactions

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

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

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

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

Gains or losses on hedging instruments are recognized in equity for the portion that is determined to be effective and in the income statement for the ineffective portion.

At the time the hedging transaction is recognized, the associated gains or losses that had previously been recognized in equity are transferred to the income statement for the same period as the hedged transaction and to the same account.

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

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

Derivative financial instrument operations not qualifying for hedge accounting:

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

All derivative financial instruments are stated in assets or liabilities at their fair value when the contract is negotiated and later revalued at the fair value at every year-end.

The market value of forward contracts and interest rate swaps, during their lifetime and at maturity, is determined by an independent expert 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, on the basis of the following elements:

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

3-21 Interest and dividends

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

4- ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF FINANCIAL POSITION

4.1 Tangible assets

Assets valued at fair value	31/12/2018	Acquisitions	Transferts	Disposals	31/12/2019
Gross value	49 832	257	(1 594)	0	48 495
Accumulated depreciation	17 474	2 245	(60)	0	19 659
NET VALUE	**32 358**	**(1 988)**	**(1 534)**	**0**	**28 837**

Assets valued at cost	31/12/2018	Acquisitions	Transferts	Disposals	31/12/2019
Gross value	50 433	605	1 533	(956)	51 615
Right of use assets	3 723	0	0	0	3 723
Accumulated depreciation	26 561	3 166	83	(164)	29 645
NET VALUE	**27 595**	**(2 561)**	**1 450**	**(792)**	**25 693**
TOTAL GROSS VALUE	**103 988**	**861**	**(61)**	**(956)**	**103 833**
TOTAL AMORTIZATION	**44 034**	**5 411**	**23**	**(164)**	**49 304**
FIXED ASSETS IN PROGRESS	**4 488**	**5 457**	**(300)**	**(831)**	**8 813**
NET VALUE FIXED ASSETS	**64 442**	**907**	**(384)**	**(1 623)**	**63 342**

The additions of the year 2019 amount to 5 457 MUM of which 673 MUM of capitalized production.

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

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

Capitalized borrowing costs:

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

In MUM	31/12/2018	Incorporated costs during the period	31/12/2019
Guelb2	2 024	-	2 024
Mineral Port	4 06	-	406
Dragage Port	-	37	37
Total	**2 424**	**37**	**2 467**

Finance leases

The gross book value of finance leases included in work in progress assets and finals 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	31/12/2018	Acquisitions	Disposals	31/12/2019
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 574
- 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	31/12/2019	31/12/2018
Due within one year	12 014	12 892
From 2nd to 5th year inclusive	42 865	45 834
More than five years	6 938	17 002
Less future financial charges	(8 870)	(13 524)
Finance leases debt	**52 947**	**62 204**

4.1.1 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	31/12/2018	Acquisitions	Transfers	Disposals	31/12/2019
Specialized complex installations	40 910	194	(1 541)		39 563
Railway rolling stock and railroad track	8 922	63	(53)		8 932
TOTAL	**49 832**	**257**	**(1 594)**	**0**	**48 495**

DEPRECIATIONS	31/12/2018	Allowance	Transfers	Reversals	31/12/2019
Specialized complex installations	13 307	2 025	(7)	0	15 325
Railway rolling stock and railroad track	4 166	220	(53)	0	4 333
TOTAL	**17 474**	**2 245**	**(60)**	**0**	**19 659**

NET BOOK VALUE	31/12/2018	Increase	Transfers	Decrease	31/12/2019
Specialized complex installations	27 603	(1 831)	(1 534)	0	24 238
Railway rolling stock and railroad track	4 756	(157)	(0)	0	4 599
TOTAL	**32 358**	**(1 988)**	**(1 534)**	**0**	**28 836**

4.1.2 Property, plant and equipment at acquisition cost

GROSS VALUE IN MUM	31/12/2018	Acquisitions	Transfers	Disposals	31/12/2019
Land	661	0	0	(192)	470
Land improvements	19	0	0	0	19
Buildings	22 546	518	(185)	(759)	22 119
Operating equipment	28 508	52	1 714	(1)	30 273
Transportation equipment	1 634	17	0	(2)	1 649
Office and IT equipment	542	10	12	0	564
Office furniture	246	7	(8)	(1)	244
TOTAL	**54 156**	**605**	**1 533**	**(956)**	**55 338**

DEPRECIATION	31/12/2018	Allowance	Transfert	Reversals	31/12/2019
Land	0			0	0
Land improvements	17	(0)	0	0	17
Buildings	8 044	1 090	(75)	(164)	8 894
Operating equipment	16 404	1 937	158	0	18 499
Transportation equipment	1 434	99	(2)	0	1 532
Office and IT equipment	520	17	3	0	540
Office furniture	142	23	(1)		163
TOTAL	**26 561**	**3 166**	**83**	**(164)**	**29 645**

NET BOOK VALUE	31/12/2018	Increase	Transfert	Decrease	31/12/2019
Land	661	0	0	(192)	470
Land improvements	2	0	0	0	2
Buildings	14 502	(572)	(110)	(595)	13 225
Operating equipment	12 104	(1 885)	1 556	(1)	11 774
Transportation equipment	200	(82)	2	(2)	118
Office and IT equipment	22	(7)	9	0	24
Office furniture	104	(15)		(1)	87
TOTAL	**27 595**	**-2 561**	**1 457**	**(792)**	**25 700**

The following table shows the gross values of fully depreciated property, plant and equipment that are still in use as of December 31st, 2019:

Description	**Gross value**	
In MUM	**2 018**	**2 019**
Buildings	1 674	1 772
Railway rolling stock and railroad track equipment	1 873	2 408
Specialized complex installations	7 189	7 749
Operating equipment	8 210	9 662
Transportation equipment	1 015	1 329
Other tangible assets	581	629
TOTAL	**20 542**	**23 549**

5- 4.2 Intangible assets

Variation in Intangible gross fixed assets	**31/12/2018**	**Acquisitions**	**Transfers**	**Disposals**	**31/12/2019**
Intangible fixed assets value	794	14		0	808
TOTAL	**794**	**14**	**0**	**0**	**808**

Change in amortization	**31/12/2018**	**Allowance**	**Transfers**	**Reversals**	**31/12/2019**
Intangible fixed assets value	468	49		2	519
TOTAL	**468**	**49**		**2**	**519**

Valeur nette des actifs incorporels	**326**	**(35)**		**(2)**	**290**

These intangible assets relate to acquired patents and software

Sensitivity tests and goodwill value

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

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

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

During financial year 2019, no evidence in terms value loss for the property, plant and equipment has been revealed.

4. 3 Other financial assets and investments in Associates

In MUM	31/12/2019	31/12/2018
Loans and advances	1 516	1 532
Deposits and guarantees	114	112
Provision for other assets' impairment	(138)	(138)
Other financial assets	**1 492**	**1 506**
Investment in associates	**3 532**	**3 517**
TOTAL	**5 024**	**5 023**

4 .3.1 Other financial assets:

Loans and advances mainly include:

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

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

The provision for impairment of other financial assets corresponds to the impairment of loans calculated in accordance with IFRS 9.

4.3.2 Investments in associates

In MUM	31/12/2018	Increase	Transfer	Disposals	31/12/2019
Investments in associates	5 909	7	0	0	5 916
Subsidiary loans	1 728	67	0	0	1 795
Gross Value	**7 637**	**74**	**0**	**0**	**7 711**
Depreciation of Investments in associates	2 961	59	0	0	3 020
Depreciation of Subsidiary Loans	1 160	0	0	0	1 160
Provision for impairment	**4 120**	**59**	**0**	**0**	**4 179**
Interest	2 948	(52)	0	0	2 896
Loans to subsidiaries	569	67	0	0	636
Net Value	**3 517**	**15**	**0**	**0**	**3 532**

The increase in Subsidiary Loans corresponds to:

- In the draws on the shareholder advance granted to EMC for 39 MUM
- To shareholder advances in favor of GMM for 23 MUM
- To shareholder advances in favor of SAMIA for 5 MUM

Investments in associates as of December 31st2019											
Description In MUM	Capital	Equity other than capital	Share of capital held (in%)	Book value of the investment in balance sheet		Loans or advances granted and not repaid in balance sheet		Guarantees and endorsements given	Turnover	Income	Total of balance sheet
				Gross	Net	Gross	Net				
SOMASERT	57	21	100%	56	56	-	-	-	49	-5	107
SAFA	30	177	100%	28	28	-	-	-	155	15	234
SAMMA	10	325	53%	1	1	-	-	-	100	20	360
ATTM	304	-69	79%	2 376	263	134	-	-	1 799	5	3 996
COMECA	20	38	92%	18	18	10	10	-	130	11	118
SAMIA	76	3	50%	38	38	5	5	-	76	28	247
GMM	70	-52	96%	305	10	56	26	-	6	-9	137
TUM	123	-127	65%	82	-	-	-	-	-	-	108
EL AOUJ SA	2 757	-740	50%	1 228	1 008	1 133	137	-	-	-56	4 747
GIP	728	242	68%	495	495	-	-	-	120	43	1 557
MAIL	2 099	799	0%	316	16	-	-	-	-	-	1 485
DAMANE ASSURANCE SA	600	169	20%	120	120	-	-	-	122	61	1 035
M2E	50	25	100%	50	50	-	-	-	76	1	179
MSMS (TAKAMUL)	1 075	160	50%	535	527	-	-	-	-	-	1 267
AMSAGA	5	5	100%	0	-	4	4	-	-	-	977
GHM	506	-4	50%	253	251	455	455	-	-	-2	1 259
SRN	8	44	35%	3	3	-	-	-	195	44	132
ENCO	80	-73	30%	1	1	-	-	-	8	0	9
IQAR	5	-	100%	10	10	-	-	-	-	-	-
Total	**8 603**	**941**		**5 915**	**2 895**	**1 796**	**637**	**-**	**2 828**	**157**	**17 946**

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

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

Presentation of the Guelb El Aouj project

(a) Joint venture agreement

SNIM and the Australian company Sphere Investments signed a joint-venture agreement on October 22, 2001 regarding the performance of the research and studies necessary for a project concerning the production of pellets for the direct Reduction of iron ore from the El Aouj Guelbs.
This partnership agreement defines the obligations of the parties as follows:

- SNIM contributes with a research permit (right of exploration) for the El Aouj zone, which comprises 5 guelbs,
- Sphere carries out a full bankable feasibility study (BFS), the costs of which are borne by Sphere.

At the end of this feasibility study, Sphere gets 50% of the rights for the El Aouj zone. The two parties then create a new common company in which both will hold a 50% stake. The purpose of this company is to assume the financing, realization and exploration of the project.

The El Aouj project should include:

- A large-scale open cut mine,
- An enrichment factory (both dry enrichment and water-based enrichment),
- A 7MT/year capacity pelletizing factory,
- A power station of 125 MHertz,
- Additional systems and services.

These facilities shall produce 7MT/year of high-quality pellets for direct reduction (DR).
The product will be transported by the existing iron ore railway infrastructure and loaded onto ore carriers by the existing SNIM port infrastructure, in exchange for an acceptable remuneration that will be determined by an agreement to be concluded between SNIM and the future company.
The necessary financing should be around USD 2.5 billion, of which one third should be provided by the shareholders.

(b) Chronology

SNIM and Sphere Investment decided in 2006 to open the capital of the future Newco to two major Arab steel producers: the Saudi Basic Industries Corporation (SABIC) and the Qatar Steel Company (QASCO). These two partners are consumers of pellets made for direct reduction. The Pre-Feasibility study was published on February 7, 2007.
In May 2007, SNIM and Sphere Investment offered to sell 49.9% of the El Aouj project to the steelmaker partners, SABIC and Qatar Steel, for an amount of USD 375 million.

On July 30, 2007, an agreement was signed according to which SNIM and Sphere Investment would transfer 49.9% of the El Aouj project to its partners for USD 375 million.

It should be noted that the amount of the transaction should serve as financing for the participation of SNIM and Sphere in the capital increase of the "Future Company". The capital should be increased to 30% of the total amount of capital expenditures
In October 2007, SABIC withdrew in favor of the Qatar Steel which confirmed its decision to buy 49.9% of the project. The project was to continue with three partners, however in 2008, Qasco first informed SNIM of its decision to limit its participation to 15%, before withdrawing entirely from the project. The final feasibility study was published in March 2008.

In August 2008, Sphere, a 100% shareholder of the company El Aouj SA, cancelled from the latter's accounts all costs not related to the exploration and evaluation of the iron ore deposit, and SNIM acquired 50% of the capital of the company, renamed El Aouj Mining Company (EMC), for MUM 5.

SNIM and Sphere have decided to seek a third partner and a call for tender has been prepared.

The takeover of Sphere by Xstrata became effective in November 2010 brought all parties to resize the project such as:

- The 7MT/year capacity pelletizing plant shall be resized to 30 MT/year;
- Production will extract pellets and raw iron ore;
- The exploration program is extended to 2 new Guelbs, Tintekrate and Bouderga in order to estimate the mineral reserves of these Guelbs according to the JORC standard, with a view to better use of the license.

As of December 31st, 2019, the expenses incurred for this program amount to 3 061 MUM registering an increase of de 25 MUM compared 2018.

In MUM	**31/12/2018**	**31/12/2019**
Cap Bouderga Tintekrate	1 095	1 095
Cap Expenses Study 2010	19	19
JV south Capitalized	28	28
Cap Guelb El Aouj	1 894	1 919
TOTAL	**3 036**	**3 061**

(c) Accounting treatment

As of December 31st, 2018, the fair value of SNIM's investment in the El Aouj joint venture has not been modified and is based on Sphere's expenses for the feasibility study as of December 31st, 2009, is 1 228 MUM (see 4.3.1 holdings in companies). As part of this project, SNIM receives assets corresponding to expenditures made by Sphere in return for a right of exploration that was partially valued in the accounts of SNIM

Presentation of TAKAMUL Joint venture

Mauritania Saudi Mining and Steel Company (TAKAMUL) is a 50%:50% joint venture (JV) between SABIC & SNIM (Société Nationale Industrielle et Minière). The JV agreement was signed in September 2012 then Company established officially name in 12th December 2012 with registered License number 14113 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 2024.

The BFS has been completed in March 2019 by Ausenco, a Canadian firm, and the shareholders have decided to go further to the FEED, after a complementary update on the BFS.

The company's capital amounts to USD 35 million and will be increased by the value of the mining permit at the time of its transfer by SNIM scheduled for 2020.

4.4 Inventories and work-in-progress

In MUM	31/12/2019	31/12/2018
Raw materials at weighted average cost	7 262	6 809
Goods at weighted average cost	13	34
Ore at weighted average cost	3 027	3 023
Gross value of inventories	**10 302**	**9 866**
Allowance for depreciation of inventories of raw materials	(1 590)	(1 867)
Allowance for depreciation Decrease in the ore inventories	(1 242)	(1 494)
Total inventories at the lower of weighted average cost and net realizable value	**7 470**	**6 505**

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

In MUM	31/12/2019	31/12/2018
Raw materials at weighted average cost	7 262	6 809
Raw materials at net realizable value	5 672	4 942
Goods	13	34
Iron ore at weighted average cost	3 027	3 023
Iron ore at net realizable value	1 785	1 529
Total inventories at the lower of weighted average cost and net realizable value	**7 470**	**6 505**

The increase in stocks of raw materials is mainly recorded on:

- ✓ Mining equipment for 234 MUM.
- ✓ Fixed Installations and Handling for 187 MUM
- ✓ Oils and greases for 99 MUM

The company does not practice any pledge on stocks

4.5 Trade receivables and related accounts

Trade receivables are detailed as follows:

In MUM	31/12/2019	31/12/2018
Iron ore trade receivables	3 350	1 575
Receivables due from group companies	673	550
Other trade receivables	1 812	1 869
Total Gross	**5 835**	**3 994**
Impairment of Iron ore trade receivables	(7)	(2)
Impairment of Receivables due from group companies	(230)	(82)
Impairment of Other trade receivables	(142)	(95)
Total impairement	**(379)**	**(179)**
Iron ore trade receivables net	3 343	1 575
Receivables due from group companies net	443	468
Other trade receivables net	1 670	1 774
Total net value	**5 457**	**3 815**

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

In MUM	31/12/2019	31/12/2018
Impairment as of 1st January	**179**	**140**
Impairment loss under IFRS 9	5	2
Additional depreciation	195	40
Reversals		(3)
Impairment as of 31st December	**379**	**179**
Amount recovered from impaired receivables	2 782	880
Gross amounts of impaired receivables	5 835	1 666

4.6 Other receivables

The other receivables are detailed as follows:

In MUM	31/12/2019	31/12/2018
Trade payables – debit balances	1 182	939
Personnel receivables	108	110
Trustee	1 544	1 561
Sundry receivables	565	141
Tax receivables	837	531
Deferred expenses	109	56
TOTAL	**4 345**	**3 339**

- Trade payables - debit balances relate to advances granted to its suppliers and orders realized before the issuing of the corresponding invoices
- Personnel receivables are mainly composite of short-term advances granted to staff.
- Tax receivables are mainly composite of unique tax or other income from State.
- Deferred expenses are mainly composite of prepaid expenses

4.7 Financial instruments: disclosure

4.7.1 Financial instruments presented in the statement of financial position

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

Les actifs financiers sont initialement comptabilisés à la juste valeur qui correspond généralement au prix payé, soit le coût d'acquisition (y inclus les frais d'acquisition liés, lorsqu'applicable). Par la suite, les actifs financiers sont évalués à la juste valeur ou au coût amorti selon la catégorie d'actif financier à laquelle ils appartiennent.

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

Financial assets at fair value through profit or loss

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

Financial assets measured at amortized cost

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

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

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

As at December 31st 2019, 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	1 492	-	-	1 492	1 492
Trade receivables and related accounts	5 457	-	-	5 457	5 457
Other receivables and related accounts	4 345	-	-	4 345	4 345
Cash and cash equivalents	15 741	2584	-	18 325	18 325
Assets	**27 035**	**2 584**	**0**	**29 619**	**29 619**
Interest bearing loans and borrowings	10 619	-	-	10 619	10 619
Trade payables	6 365	-	-	6 365	6 365
Other payables	6 504	-	-	6 504	6 504
Liabilities	**23 489**	**0**	**0**	**23 489**	**23 489**

As at December 31st 2018, 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	1 507	-	-	1 507	1 507
Trade receivables and related accounts	3 815	-	-	3 815	3 815
Other receivables and related accounts	3 339	-	-	3 339	3 339
Cash and cash equivalents	7 399	43	-	7 442	7 442
Assets	**8 548**	**43**	**-**	**16 101**	**16 101**
Interest bearing loans and borrowings	11 715	-	-	11 715	11 715
Trade payables	4 012	-	-	4 012	4 012
Other payables	6 261	-	-	6 261	6 261
Liabilities	**10 274**	**-**	**-**	**21 988**	**21 988**

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.

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

4.7.2 Derivative financial instruments

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

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

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

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

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

Foreign currency risk:

As of December, 31st2019, financial instruments on exchange rates available at closing date are detailed below:

Hedging accounting	**2019**				**2018**			
	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**	**Solde**
Foreign currency risk								
a) Cash flow hedging (CFH)								
Forward contracts in foreign currency								
Euro	12	334	30 500		(17)	(160)	34 000	
Options on currency								
Euro	7	167	13 500	13 500	1	91	24 000	14 000
b) Fair value hedging (FVH)								
Forward contracts in foreign currency								
Euro	7	190	30 500	9 500		(314)	9 000	1 000
Options on currency								
Euro	1	32	5 500	5 500		(53)	2 000	2 000
c) Other operations								
Options on currency								
Euro	(2)	(51)		15 250	(8)	(218)		14 250
Total	**25**	**681**			**(24)**	**(654)**		

Commodity price risk:

As of December 31st, 2019, financial instruments related to commodity price risk (at the balance sheet date) are as follows:

Hedging accounting	2019				2018			
	Fair value in MUM	Fair value in KUSD	Nominal in thousand tones		Fair value in MUM	Fair value in KUSD	Nominal in thousand tones	
			Bought	Sold			Bought	Sold
a) Cash flow hedging (CFH)								
Swaps on raw material								
Fuel					(39)	(1 077)	9 600	
Gasoil					(65)	(1 791)	12 200	
Other								
Options on commodities								
Fuel					(36)	(996)	12 300	12 300
Gasoil					(55)	(1 513)	9 900	9 900
Other								
b) Other operations								
Options on commodities								
Fuel					(22)	(617)		7 350
Gasoil					(37)	(1 021)		6 300
Other								
Total commodity					**(255)**	**(7 015)**		

Interest rate risk:

As of December 31st, 2019, financial instruments related to interest rate risk at the balance sheet date are as follows:

Hedging accounting	**2019**				**2018**			
	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)								
Interest rate swaps								
EUR								
JPY								
CHF								
Interest rate options								
Euro	3	73	82 500		3	85	40 000	
JPY								
CHF								
Total interest rate	**3**	**73**			**3**	**85**	**-**	**-**
Total	**28**	**754**			**(276)**	**(7 584)**		

The impacts on the income statement of derivative financial instruments as of December 31st, 2019 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	(313 742)	388 363
Interest rate hedging	1 915	67 417
Commodities hedging	(1 341 323)	-

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	(40 747)	(71 300)	-
Interest rate hedging	-	-	-
Commodities hedging	-	-	-

Non-qualifying derivative hedging in USD	**Gains and losses recorded in income statement**
Foreign currency hedging	62 863
Interest rate hedging	-
Commodities hedging	-

Hedging objective and policy:

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

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

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

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

Foreign exchange risk:

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

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

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

In USD	**Variation of EURO**	**Impact on profit before tax**	**Impact on equity**
2019	10%	3 377 267	5 083 056
	(10%)	(3 603 055)	(4 367 678)

Dollar = 37,23 ouguiyas

Commodity price risk:

The company is exposed to the commodity price risk on firm and estimated operational transactions.
SNIM's policy is to hedge against exposure to these risks. In order to reach its hedging objectives, the company resorts to purchase and selling contracts on 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'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 variable remain stable.

As of December 31st, 2019, the company did not have any raw material coverage. Therefore, no sensitivity test has been performed.

Interest rate risk:

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

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

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

The analysis of the sensitivity of SNIM'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	**Variation in rate**	**Impact on profit and loss account before tax**	**Impact on equity**
2019	0,5%	67 417	(118 204)
	(0,5%)	67 417	(310 432)

Credit risk:

SNIM maintains commercial relations exclusively with reliable third parties.
Most of the client portfolio is constituted by iron ore customers whose terms of payments require a 90% advance at order and the remaining 10% within 21 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 4.5.

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:

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

90% of borrowings have been placed within the scope of the trustee in order to decrease the liquidity risk. This system consists in withholding a part of the monthly sales, until the six months maturity has been reached. The amount withheld cannot be used for anything other than

As of December 31st, 2019, 20% of SNIM's debts are due in less than one year, compared with 18% in 2018.debt redemption.

Maturity

The table below shows the maturity of the financial liabilities as of December 31st2019, based on contractual payments not discounted. The principal considers only the debt actually drawn by the company as of December 31st2019. Similarly, interest expenses reflect the interests of the company totally drawn as of December 31st2019.

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

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

Year	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Principal	2 643	2 323	2 382	2 023	1 825	473	225
Interest	913	474	345	224	120	44	29
TOTAL	**3 556**	**2 797**	**2 728**	**2 247**	**1 945**	**517**	**253**

Year	**2 027**	**2 028**	**2 029**	**2 030**	**2 031**	**2 032**	**2 033**
Principal	225	211	198	198	362	10	10
Interest	25	20	16	12	8	4	4
TOTAL	**249**	**232**	**214**	**210**	**370**	**14**	**14**

Year	**2 034**	**2 035**	**2 036**	**2 037**	**2 038**	**2 039**	**2 040**
Principal	10	10	10	10	10	10	10
Interest	4	3	3	3	3	2	**2**
TOTAL	**14**	**13**	**13**	**13**	**13**	**12**	**12**
Year	**2 041**	**2 042**	**2 043**	**2 044**	**2 045**	**2 046**	**2 047**

Principal	10	10	10	10	10	10	10
Interest	2	2	1	1	1	1	**0,3**
TOTAL	**12**	**12**	**11**	**11**	**11**	**11**	**10,4**

Year	**2 048**						**TOTAL GEN**
Principal	10						**13 260**
Interest	0,3						**2 266**
TOTAL	**10,4**	**-**	**-**	**-**	**-**	**-**	**15 526**

4.8 Cash and cash equivalents

IN MUM	**31/12/2019**	**31/12/2018**
Cash	2 584	43
Cash equivalents	15 741	7 399
TOTAL	**18 325**	**7 442**

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

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

4.9 Equity

In 2013 the company's issued capital increased by 170,520,000,000 MRO ((Equivalent to 17 052 000 000 MRU) by capitalization of available reserves to bring it up to 182 700 000 000 MRO (18 270 000 000 MRU), i.e. 18,270,000 shares each with a nominal value of 1000 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 UM	**31/12/2019**	**31/12/2018**	**(%)**
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%
Irak Fund for External Development	838 230 000	838 230 000	4,59%
Office National des Hydrocarbon	419 250 000	419 250 000	2,29%
Islamic Development Bank	327 450 000	327 450 000	1,79%
Private Mauritanian Individuals	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, 2019, the legal reserve amounts to 1 108 MUM, representing 6% of the equity.

4.10 Interest bearing borrowings

4.10.1 Loans within the scope of trustee agreement

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

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

The balance of the trust account as of December 31st, 2019 amounts to 1 544 MUM against 1 561 MUM as of December 31st, 2018. It is classified as "Other debtors" (4.6under other receivables).

The debts under trustees are as follows:

In MUM	Currency	Interest rate	Maturity	31/12/2019	31/12/2018
Debts under trustee					
French Development Agency					
Emprunt n°. 70X	EUR	5,00%	2 019		1
Emprunt n°. 89U	EUR	2,00%	2 020	3	11
AFD (Centrale)	EUR	Var.	2 019		105
AFD (Centre de formation)	EUR	Var.	2 021	58	87
BEI VII (Centrale)	EUR	6,90%	2 019	-	134
PDM					
VOIE					
BID	USD	Var.	2 024	482	564
GUELBES II					
BEI	USD	6,03%	2 024	1 685	1 971
BAD	USD	Var.	2 024	2 961	3 465
AFD	USD	Var.	2 024	1 683	1 969
BID	USD	Var.	2 024	1 489	1 694
KFW/G21/USD	USD	Var.	2 021	135	220
KFW/G22/USD01	USD	5,96%		793	967
PORT					
KFW NP1	USD	Var.	2 022	578	752
KFW NP2	USD	Var.	2 022	500	650
DRAGAGE					
BEI DRG	USD		2 031	410	-
BAD DRG	USD		2 031	372	-
Subtotal				**11 152**	**12 591**

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	Var	2031	50	10	40
DRAG	BAD	USD	Var	2031	50	10	40

4.10.2 Loans outside the scope of the trustee agreement

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

IN MUM	Currency	Interest Rate	Maturity	31/12/2019	31/12/2018
Non-trustee debts					
FED/03/EUR	EUR	Var.		1 426	1 419
FADS	KWD		2 024	242	67
Deposit and bonds	USD			2	-
Subtotal				**2 450**	**1 487**

4.10.3 Rescheduled Debts

In the context of the 8th club of Paris which met on July 8, 2002, and following the bilateral agreement between the government of the French Republic and the government of the Islamic Republic of Mauritania signed on May 26, 2003,the French debt that was rescheduled under agreements III, IV, V and VI, was cancelled for the benefit of the Mauritanian Islamic Republic, within the framework of PPTE initiative.

Rescheduled debt of SNIM concerning these concessions, was reorganized by an agreement signed between the Ministry of Finance and SNIM dated August 21, 2003. This protocol defines the payment terms to the Mauritanian state of the debt initially due by SNIM to the Bank of France and Coface.

The total amount of this treaty (Agreement 8) is EUR 15,235,989.75, which represents interest accumulated from June 30, 2002 to June 30, 2019 for agreements III, IV, V and VI, including EUR 12,763,021.30 of principal amount (corresponding to the non-repaid amount on these agreements) and EUR 2,472,968.44 of interest.
The outstanding balance for this agreement amounts to 117 MUM as at December 31st, 2019 and as for December 31st, 2018.

In MUM	Currency	Interest rate	Maturity	31/12/2019	31/12/2018
Echéances rééchelonnées sur la dette française					
Accord 8	EUR	3,00%	2 019	117	117
Sous total				**117**	**117**

4.10.4 Reassigned debt

In the context of SYSMIN, the European Union granted the Mauritanian Islamic Republic 58 million Euros under Agreement No 5546/MAU signed on October 23, 1995. The agreement provides for the reassignment of the grant as a loan to SNIM for the rehabilitation of some of its industrial facilities. Within the framework of this retrocession, a tripartite agreement defining the repayment terms was co-signed by the European Union, the Mauritanian government and SNIM. This agreement defines the retrocession terms as a non-repayable grant, equivalent to the amount allocated to technical assistance i.e. 0.8 million Euros and a repayable loan of 57.2 million Euros.

In most of the above-mentioned loan agreements, the Company had undertaken to comply with certain conditions, such as the repayment of the amounts due at maturity, the distribution of dividends being subject to certain conditions, and the maintaining of the debt and debt service ratios.

In the event of failure to comply with any of these conditions, lenders could stop fund drawdowns and demand immediate repayment of the loans.

In MUM	Currency	Interest rate	Maturity	31/12/2019	31/12/2018
Reassigned debt					
European Economic Community (Sysmin 1)	EUR	0,50%	2 028	324	323
Subtotal				**324**	**323**
TOTAL LOANS				**13 262**	**14 520**
Loans maturing in less than one year				**2 643**	**2 805**
Long and mid-term loans				**10 619**	**11 715**

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

The table of changes in borrowings between December 31st, 2019 and December 31st,2018 is as follows:

In MUM	31/12/2018	Cash Movements	FX	Other	31/12/2019
Long and mid-term loans	11 715	948	599	(2 643)	10 619
Loans maturing in less than one year	2 805	(2 534)	(271)	2 643	2 643
Total	**14 520**	**(1 586)**	**328**	**-**	**13 262**

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

4.11 Retirement benefit obligation

In MUM	31/12/2018	Dotations	Reprises	31/12/2019
Provisions for retirement indemnities	466	101	(23)	544
Provisions for additional retirement	2 101	231	(105)	2 226
TOTAL	**2 567**	**331**	**(128)**	**2 770**

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	60 ans
Future salary increase	0,99%
Actual rate of return	6%
Death rate	TM 60-64 – 20%
Employee turnover rate	0,24% en moyenne, répartis de manière décroissante par âge
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	31/12/2018	31/12/2019
Beginning of the period	01 janvier 2018	01 janvier 2019
End of the period	31 décembre 2018	31 décembre 2019
Actuarial rate	6%	6%
Expected rate of return on investments		
Expected average remaining working lives	9,0	9,0

Variation in benefit obligation:

En millions d'ouguiyas	31/12/2018	31/12/2019
Benefit obligation at the beginning of the period	**485**	**466**
Current service cost	22	22
Interest cost	30	27
Actuarial (gains) losses	-12	101
of which changes in assumptions	*-99*	*-76*
of which experience differences	*88*	*176*
Benefits paid	-60	-72
Other (exchange differences)		
Benefit obligation at the end of the period	**466**	**543**

Variations in investments:

The benefits defined by SNIM are not covered by investments.

Financial cover :

FINANCIAL COVER	31/12/2018	31/12/2019
Financial cover	466	543
(Provisions) Pension assets	**466**	**543**

Actuarial cost for the year:

	31/12/2018	31/12/2019
Current service cost	22	22
Interest on debt	30	27
Expected return on assets	-	-
Amortization of actuarial gains & losses	-	-
Amortization of past service costs	-	-
Impacts of plan reductions/liquidations	-	-
Charges (Incomes)	**52**	**49**

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.

Actuarial assumptions:

The charge has been determined according to the following assumptions:

- Subscription of all the employees
- No social charge due in respect of the supplementary pension
- Convergence of the rates over 20 years to 5% is taken into account, i.e. a risk premium of 3% compared to inflation
- No guaranteed rate of return
- The revaluation rate corresponds to the financial rate of return which is equal to 9%

4.12 Provisions

The provisions movements of the year are detailed as follow:

In MUM	31/12/2018	Allowance	Reversal	31/12/2019
Contingency provision	471	444	(177)	738
TOTAL	**471**	**444**	**(177)**	**738**

4.13 Trade payables

Trade payables are detailed as follows:

In MUM	31/12/2019	31/12/2018
Trade payables	6 025	3 734
Accrued payables	340	278
TOTAL	**6 365**	**4 012**

4.14 State and other public taxes

State and other public taxes are detailed as follows:

In MUM	31/12/2019	31/12/2018
Single tax SNIM	1 383	470
Taxes on wages and salaries	214	42
TOTAL	**1 597**	**512**

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

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

The single tax includes all taxes payable on profits for the financial year. Under the special agreement with the State, SNIM is liable for the single tax, by which it pays the State an annual royalty equal to 9% of FOB 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 also pays an annual lump sum of 80 million ouguiyas representing the totality of the taxation of tax compensation and benefits in kind granted by SNIM to its employees.

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

4.15 Other taxes

In MUM	31/12/2019	31/12/2018
Other taxes	99	164
TOTAL	**99**	**164**

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

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

4.16 Other payables

Other creditors are detailed as follows:

In MUM	31/12/2019	31/12/2018
Payroll expenses and related costs	232	251
Dividends payable	7	7
Sundry payables and pre-payments	3 623	3 198
Short term loan	2 643	2 805
TOTAL	**6 504**	**6 261**

Sundry payables and prepayments are detailed as follows:

In MUM	31/12/2019	31/12/2018
SABIC advance	1 117	1 089
Credit customers	784	530
Accrued expenses	433	563
Investment of subsidiaries	236	236
Accrued expenses on borrowings	702	412
Remaining payment on the capital increase	187	187
Marking taxes	49	74
Social security contributions	33	34
Accruals and deferred income	82	73
TOTAL	**3 623**	**3 198**

5- ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

5.1 Sales

The production sold represents iron ore sales for the sum of 32 274 MUM (880 401 K USD) for 2019 financial year (net 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 and NIPPON STEEL) accounted for 68% of the total revenue in 2019.

The breakdown by geographical area is as follows:

In MUM	2019	2018
China	17 018	10 878
Italy	3 494	1 455
Japan	3 380	2 382
Germany	3 119	2 711
France	2 208	911
Australia	780	711
Poland	778	0
Belgium	711	0
Spain	703	0
Others	84	32
TOTAL	**32 274**	**18 369**

5.2 Other income

Other income are detailed as follow:

In MUM	2019	2018
Rents, material disposal, telecom	648	506
Locations d'immeubles et matériels	13	5
Other services	17	11
Supply of personnel	25	21
Disposals	2	1
TOTAL	**705**	**544**

5.3 Other operating income

Other operating income are detailed as follow:

In MUM	2019	2018
Discounts, rebates and refunds obtained	7	11
Products and Profits	32	22
Reversals / provisions	610	164
Profits / disposal	271	14
TOTAL	**919**	**210**

5.4 Consumable materials

Consumable materials are detailed as follows:

In MUM	2019	2018
Consumables used	8 888	8 041
Maintenance products	14	15
Supplies	120	55
Water and electricity	65	107
Materials & supplies	7	12
TOTAL	**9 094**	**8 230**

The increase in consumable materials is mainly recorded on:

- Engine consumables for 328 MUM
- Installations for 192 MUM
- Machine consumable for 63 MUM
- Wheel consumables for 62 MUM
- Oil and diesel consumables for 46 MUM
- Locomotive consumables and Wagons for 39 MUM
- Materials consumables for 39 MUM

5.5 Employees cost

The personnel costs heading is as follows:

In MUM	2019	2018
Wages	3 103	2 961
Social charges	349	292
Provision for retirement indemnities	(23)	(8)
Complementary pension schemes	98	92
TOTAL	**3 527**	**3 337**

The evolution of personnel costs is mainly explained by:

- The salary increases in July 2019
- The increase in premiums resulting from production premium’s improvement.

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

Catégorie	2019	2018
Executives	351	332
Supervisory staff	3 030	2 868
Workers	2 711	2 995
TOTAL	**6 092**	**6 195**

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

5.6 Depreciation, amortization and provision

Depreciation, amortization and provision are detailed as follows:

In MUM	2019	2018
Depreciation of property, plant and equipment	5 607	4 521
Amortization of intangible assets	49	55
Depreciation of financial assets	59	32
Depreciation of inventories	61	513
Depreciation and accrual for accounts receivable	199	40
Other depreciation	444	261
TOTAL	**6 420**	**5 422**

The increase in depreciation and amortization is mainly explained by the breakdown of fixed assets at the Guelb factory, which were depreciated as a single component over 30 years.

5.7 Taxes

Taxes are detailed as follows:

In MUM	2019	2018
Tax on benefit	8	8
Other taxes	1	2
TOTAL	**9**	**10**

5.8 Other operating expenses

The other operating expenses are detailed as follows:

In MUM	2019	2018
Expenses related to investment (1)	979	815
Expenses related to operations (2)	197	187
Other Charges (3)	340	188
TOTAL	**1 516**	**1 190**

(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.

5.9 Financial income

Financial incomes are detailed as follows:

In MUM	2019	2018
Interest and related income	287	221
Income on financial instrument	141	159
Foreign exchange gains	687	542
Other financial income	3	3
TOTAL	**1 118**	**924**

Foreign exchange gains are detailed as follows:

In MUM	2019	2018
Unrealized exchange gains	195	74
Other exchange gains	493	468
TOTAL	**687**	**542**

Unrealized exchange gains mainly correspond to exchange gains on debt denominated in US dollars following the fall in the dollar's rate.

Other foreign exchange gains are related to gains on the revaluation of cash accounts, foreign currency investments as well as foreign customers and suppliers.

5.10 Financial expenses

Financial Expenses are detailed as follow:

In MUM	2019	2018
Interest and related charges	735	798
Foreign exchange losses	739	771
Charges on financial instruments	157	92
TOTAL	**1 631**	**1 661**

Exchange losses are detailed as follows:

In MUM	2019	2018
Unrealized exchange losses	292	369
Other exchange losses	447	403
TOTAL	**739**	**771**

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.

5.11 Earnings per share

Earnings per share are detailed as follow:

In MUM	2019	2018
Net income in million Ouguiyas	10 540	(1 243)
Total number of shares	18 270 000	18 270 000
Earnings per share in MUM	**577**	**(68)**

SNIM's capital does not include any preferential or potential ordinary shares as of December 31st, 2019. Thus, earnings per share are equal to diluted earnings per share.

The amount of dividends recognized as distributions is nil.

The amount of dividends proposed or declared before the authorization of the financial statements but is not recognized as a distribution to equity holders during the period is zero.

The amount of unrecognized cumulative preference dividends is zero because there is no preferred dividend to action.

6-ADDITIONAL INFORMATION RELATED TO THE STATEMENT OF CASH FLOWS

6.1 Restatement of amortizations and provisions

In MUM	2019	2018
Amortization of property, plant and equipment	5 607	4 521
Amortization of intangible assets	49	55
Amortization of financial assets	59	32
Allocation to provisions (risks & charges + IDR)	444	261
Loss of tangible assets	70	234
TOTAL AMORTIZATIONS AND PROVISIONS	**6 230**	**5 103**

6.2 Changes in working capital

In MUM	2019	2018
Decrease (Increase) in inventories	(965)	569
Decrease (Increase) in trade receivables	(1 641)	(1 798)
Decrease (Increase) in other receivables	(118)	(102)
Increase (Decrease) in trade payables	280	(520)
Increase (Decrease) State and other local authorities	107	104
Increase (Decrease) in other payables	420	147
Total	**(1 918)**	**(1 600)**

6.3 Expenditures on fixed assets

In MUM	2019	2018
Acquisition of property, plant & equipment	(2 940)	(773)
Acquisition of intangible assets	(14)	(128)
Acquisition of Financial assets	(196)	(1 194)
TOTAL ACQUISITIONS	**(3 150)**	**(2 096)**

6.4 Reversal of depreciations and provisions

In MUM	2019	2018
Capitalized production	(673)	(621)
Reversal of depreciations and provisions	(201)	(286)
TOTAL	**(874)**	**(907)**

6.5 Foreign exchange gains and losses

In MUM	2019	2018
FX gains / loss on loans	292	348
FX gains / loss on financial instruments	(78)	84
TOTAL	**214**	**432**

7- OTHER COMMITMENTS AND LIABILITIES

Off balance sheet commitments are detailed as follows:

In MUM	**31/12/2019**	**31/12/2018**
Documentary credits in progress	525	608
Commitments on contracts	1 117	1 067
Guarantees received from contractors	358	36
Balances of undisbursed funds	6 844	7 652
Total	**8 843**	**9 363**

8- RELATED PARTIES DISCLOSURES

Transactions with related parties are not significant.

They mainly include disposal of materials and fuel and workshop services.

The following table summarizes the main intergroup services invoiced in 2019 in MUM:

Related parties as at 31.12.19 in MMRU																
FILIALES	ATTM	RSN	COMECA	FONDATION	AL AOUJ	SAMMA	SAMIA	SOMASERT	GMM	SAFA	GIP	TAKAMUL	M2E	MAIL	SNIM	**TOT**
ATTM			-			-	-	-	-	-	-	-	-	-	-	**-**
COMECA											0				118	**118**
SAMMA			1				4		0	0					32	**38**
SAMIA																**-**
SOMASERT	0	0	1	0	0	0	-		0	0	0	0	0	0	40	**42**
GMM																**-**
SAFA									0					0	147	**147**
GIP															66	**66**
TAKAMUL	-	-	-	-	-	-	-	-	-	-	-		-	-	-	**-**
M2E								1				0			17	**18**
DAMANE	0		2		0	1	0	0	0	0	4				80	**89**
SNIM	0	1	14	1	6	1	0	6	4	11	8	6	56			**114**
TOTAUX	**0**	**1**	**18**	**1**	**6**	**2**	**5**	**6**	**0**	**11**	**13**	**7**	**56**	**0**	**499**	**630**

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

9- EVENTS AFTER THE REPORTING PERIOD

The financial statements have been approved and authorized by the Executive Board on June 2, 2020. They don't reflect the occurrence of subsequent events after this date.

No significant event occurred after the closing date that directly concerns the company, except the occurrence of the COVID-19 pandemic.

Focus on COVID-19 pandemic

The start of 2020 is marked by the global COVID-19 crisis. To date, the Mauritanian Islamic Republic appears to be less affected than the western countries with less than 10 cases reported.

The Mauritanian Government has mobilized, at an early stage, to put in place a national strategy to contain the spread of the novel coronavirus in the country, which has resulted in the adoption of several measures, including in particular:

- Set up of an inter-ministerial committee to manage the COVID 19
- Launch of a national awareness campaign
- Suspension of all local and international flights
- Closure of schools and university
- Establishment of a curfew from 6:00 p.m. to 6:00 a.m. to limit contact, then reduced from 9:00 p.m. to 6:00 a.m.
- Closure of non-essential markets and businesses
- The prohibition of road traffic and movement of person between the wilayas.
- Quarantine of the cities Nouakchott and Kaédi declared as centers of COVID.

SNIM immediately set up a COVID 19 pandemic prevention plan monitored by a steering committee whose objective is to protect workers and their families, secure the company's supply of spare parts and keep operations going. and projects due to lack of external technical assistance.

Operationally, activities are proceeding normally, respecting good social distancing practices.

Demand and volumes not affected at that time. So far prices have held up well and expectation is that prices to stabilize at current level to maintain mismatch between supply and demand and the risk of temporary closure of certain mines.

SNIM eventually foresees problems in the supply chain despite the significant autonomy over 90% of items. In order to deal with this, the Company is studying alternative solutions for transport and for spare parts at risk.

Concerns about the availability of technical assistance due to remaining travel restrictions. This impacts the projects (mineral port Dredging, TO14 and re-commissioning of a group from the power plant) but also certain maintenance operations for which SNIM will consider with partners remote solutions.

SNIM does not intend requesting postponements of debt maturities from donors.

The consequences of the pandemic had no significant effect on the financial situation for the year ended December 31, 2019. In view of the current evolution of the pandemic, SNIM does not expect a significant impact on the activity for the year 2020.