



الشركة الوطنية للصناعة و المناجم
SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

Annual Report 2022

Sustainable and responsible
engagement



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SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

Snim

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VISION

SNIM tirelessly works towards the valorization of its mineral resources and the quality of its product offerings to become a significant player in the mining sector. with a deep commitment to environmental and human respect, it continues to play its role as a responsible and engaged employer, caring for the well-being of its employees and actively contributing to the economic and social development of the country.

MISSION

The National Industrial and Mining Company (SNIM) is a Mauritanian joint-stock company (S.A) whose purpose is the extraction and commercialization of iron ores.

VALUES

Equity, transparency, and adherence to the principles of industrial culture are essential values that guide the actions and decisions of the company.

- Equity :

Promote an inclusive and diverse environment and ensure equal treatment for all employees and stakeholders.

- Transparency :

Enhance the trust of all stakeholders by providing access to relevant information and decision-making processes.

- Respect for the principles of industrial culture :

Strive for excellence by adopting the best industrial practices and ensuring responsible and ethical conduct, contributing to the long-term sustainability and industrial reputation of the company in the market.

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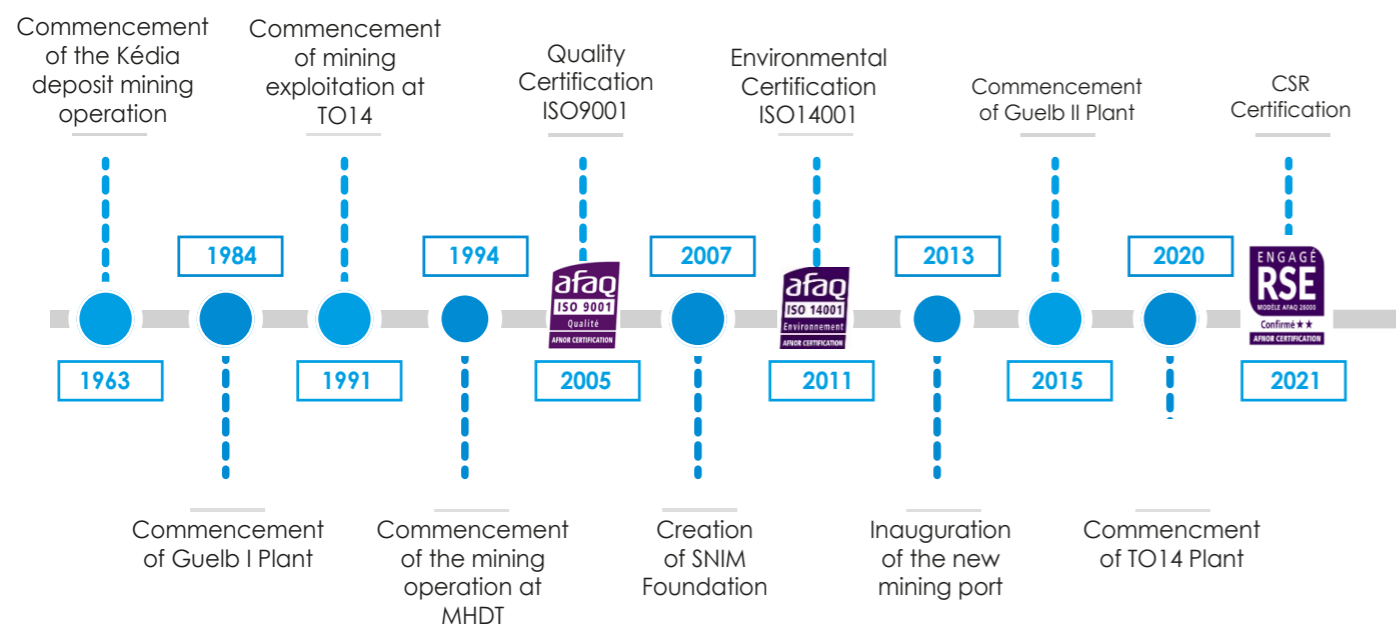
SNIM : 60 YEARS IN THE MINING SECTOR

The National Industrial and Mining Company (SNIM) is a Mauritanian mining company with majority state ownership. Its primary purpose is the extraction and commercialization of iron ores. Founded in 1974, SNIM is one of the world's largest producers of iron ore. It extracts iron ore through open-pit mining in Zouérat and Nouadhibou, using the M'Haoudat, Guelbs, and Kédia mines, all while continuing its mining research activities. SNIM possesses significant transportation infrastructure, including railways and port facilities for ore export.

Since its inception, SNIM has played a crucial role in the Mauritanian economy as the primary exporter and contributor to the state budget's revenue. It also fulfills economic and social roles through its involvement in various economic sectors and its promotion of employment and social inclusion.

It goes without saying that SNIM places a particular emphasis on environmental and social sustainability in its activities and operations.

Important dates



Governance Structure of SNIM

• General Assembly

The General Assembly of SNIM, duly constituted, represents all of its shareholders. Every shareholder has the right to attend the General Assembly or to be represented. The General Assembly appoints the directors and designates the auditors.

• Board of Directors

SNIM is governed by a Board of Directors composed of 12 members appointed by the Ordinary General Assembly. The Board meets at least four (4) times during the same fiscal year. The Board has delegated extensive and necessary powers for the general management and day-to-day administration of the Company to the Chief Executive Officer, with the option of partial or total substitution.

Members of the Board of Directors at 31/12/2022

Name	Function	Institution
Kaba Mohamed ALIOUA	President of the Board	State of Mauritania
Adel AL DHAEN	Vice-President	Kuwait Investment Authority
Mohamed Vall MOHAMED TELMIDY	Chief Executive Officer	State of Mauritania
Aicha Vall VERGES	Director	State of Mauritania
Ahmed Salem BOUHEDA	Director	State of Mauritania
Mohamed Lemine OULD AHMED	Director	State of Mauritania
Mohamed Lemine SIDATY	Director	State of Mauritania
Ali Mahmoud MOHAMMED	Director	Arab Mining Company
Ahmed Fattah NAGI	Director	Iraq Fund For External Development
Said MOURABIT	Director	Islamic Development Bank
Mhamed OULD SIDI	Director	BMCI (Mauritanian private sector)

• Executive Committee

The Board of Directors has established an Executive Committee consisting of 4 directors. It prepares the Board of Directors' sessions and serves as the Procurement Committee to approve any contracts exceeding or equal to 2 million euros. It meets at least three (3) times a year.

• Audit Committee

The Board of Directors has established an Audit Committee consisting of 5 directors. It approves the proposal for the appointment of auditors and the annual internal audit program. It reviews audit reports and makes necessary recommendations.

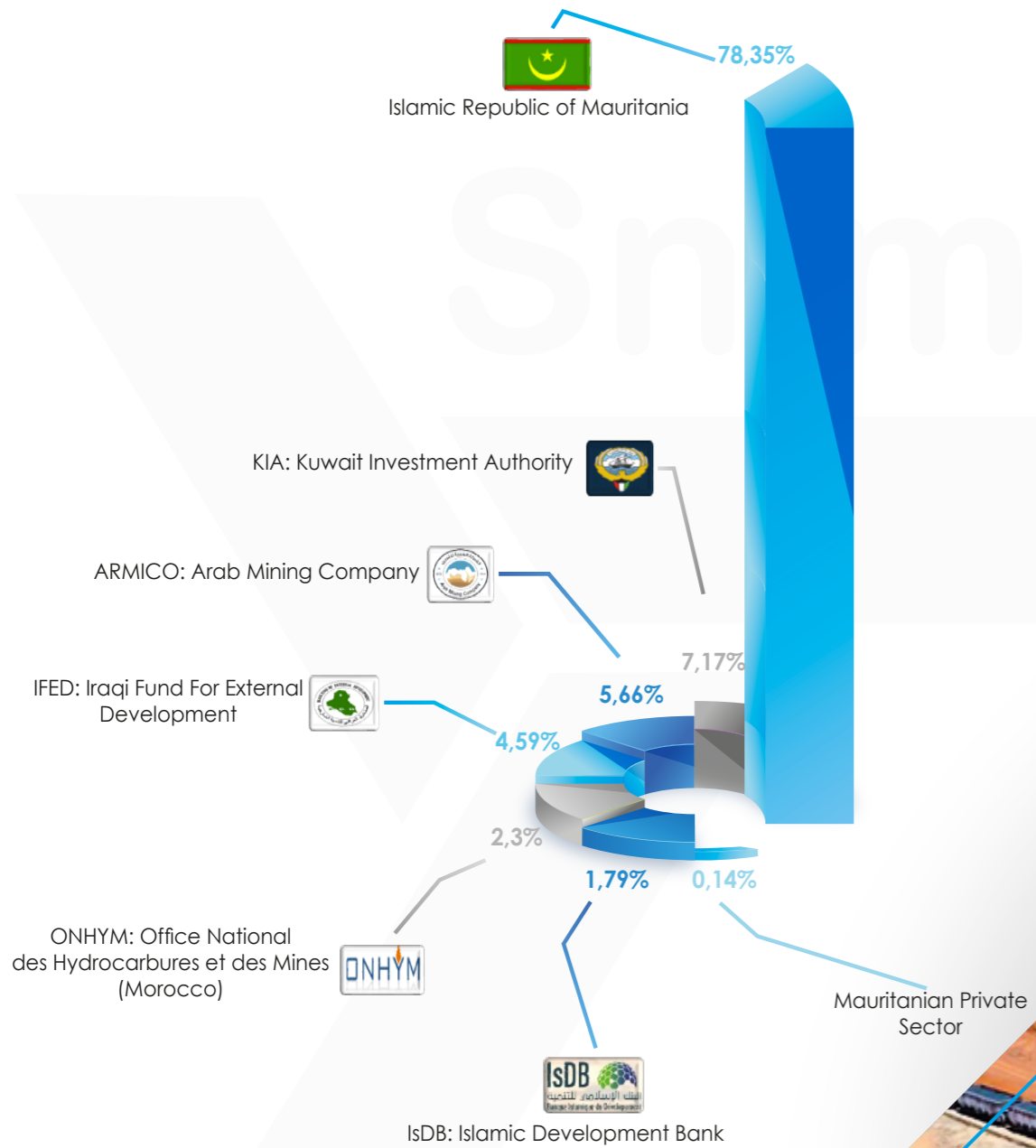
• Management Committee

A Management Committee, comprising the deputy directors of SNIM, the Director of the Railroad and Port, and the Director of the Operations Headquarters, regularly meets with the Chief Executive Officer. It discusses matters related to the company's management and its strategic directions.

• Coordination Committee

A Coordination Committee, bringing together the Chief Executive Officer, deputy directors, advisors, and sectoral directors of SNIM, meets every three months to review the production program and budget execution.

SNIM's shareholding: a partnership between the Mauritanian State and Arab and Islamic organizations





MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

KABA MOHAMED ALIOUA
President of the board

Dear shareholders,

Here we are, gathered around the results of the year 2022, which was particularly tumultuous for all economic, industrial, and financial actors. The significant inflation on almost all consumed materials and supplies proved to be challenging to manage.

Like all mining operators, SNIM had to navigate through this situation, with difficulties exacerbated by the energy crisis, the ongoing war in Ukraine, and the persistence of Covid-19 in China, our main market.

Faced with this situation, our company relied on its experience and resilience to maintain its supply chains and honor its commitments to all its partners: customers, suppliers, lenders, employees, and more.

This strength of resistance and adaptability allowed SNIM to continue its production while improving its operational performance. We were able to capitalize on every upturn in the iron ore market, with the Average price FOB Nouadhibou being US\$94.48 per ton in 2022 compared to US\$129.66 per ton in 2021.

Our diversification commercial policy now enables our company to avoid excessive dependence on clients from a single geographical area or even a single country.

In this regard, our company has also been quick to seize any market opportunities while working to strengthen its traditional outlets. It was in this context that, in 2022, we signed sales contracts with customers in North Africa and Eastern Europe.

This diversification in our commercial policy allows our company to avoid excessive dependence on clients from a single geographical area or even a single country. The geographical distribution of the 13.35 million tons of iron ore exported by SNIM in 2022 demonstrates the relevance of this commercial policy:

- China: 53.4% ;
- Europe: 24.1% ;
- Algeria: 9.9% ;
- Australia: 7.4% ;
- Japan: 5.2%.

Despite the increase in sales volume, our revenue fell by **23%** compared to 2021, amounting to **US\$1.26** billion with a net profit of **US\$422.55** million in **2022**.

SNIM's resistance and adaptability force has allowed it to continue its production while improving its operational performance.

However, despite the drop in profit in 2022, our company remained one of the largest contributors to the socio-economic development of the country:

- ✓ 22% of the State's budget revenues;
- ✓ 9% of the Gross Domestic Product (GDP);
- ✓ 32% of the country's export.

Regardless, these results are a source of pride and motivation to move forward as they offer us additional opportunities for investment in our company's production facilities.

Dear shareholders,

The Strategic Business Program (PSE) aims, among other things, at cleaning up and improving the conditions of our mining operations, strengthening our operational capabilities, and developing the skills of our human capital.

I am confident that you share with me the conviction of the need to further support the Strategic Business Program (PSE) implemented by SNIM's management. This program aims, among other things, to enhance and improve the conditions of our mining operations, strengthen our operational capabilities, and develop the skills of our employees.

It is through your active support that the company is currently developing significant projects that will have a positive impact on its economic and social situation:

- (a) The F'derick project.
- (b) Power plant projects, both thermal and solar, in Zouerate.
- (c) The new loading line project (Roue pelle7).
- (d) The El Aouj project, developed with Glencore.
- (e) The Atomaï project, developed with SABIC.

The realization of these projects is a definitive guarantee that will enable SNIM to continue achieving new economic milestones for the benefit of its shareholders.

I extend my sincere thanks to all those who contribute to the sustainability of the company: the Mauritanian government, shareholders, employees, lenders, customers, and suppliers.

Thank you

KABA MOHAMED ALIOUA

KEY HIGHLIGHTS 2022

9.7/10
Quality Score

production reaching a historic level (13.35 million metric tons)

Operation of the channel with the new draught of 18.30 meters

Installation and commissioning of a new railway siding track at kilometer point 497

Launch of a geological research campaign for gold and other metals

Successful completion of the AFNOR and ECOVADIS CSR monitoring assessments in 2022

Signing of ore sales contracts in new markets (North Africa, Eastern Europe): nearby markets, cost savings on freight

12MW Launch of the new solar power plant project

151.49 million dollars Investments for the year

Loading a ship with a record cargo of 198,000 metric tons on December ,18 2022

Commencement of the assembly work for the new loading line project

6603 Total of the Workforce

422,57 million dollars Net income of the year

1261 million dollars Sales Revenue

AN INTERNATIONAL CONTEXT OF MAJOR CHALLENGES

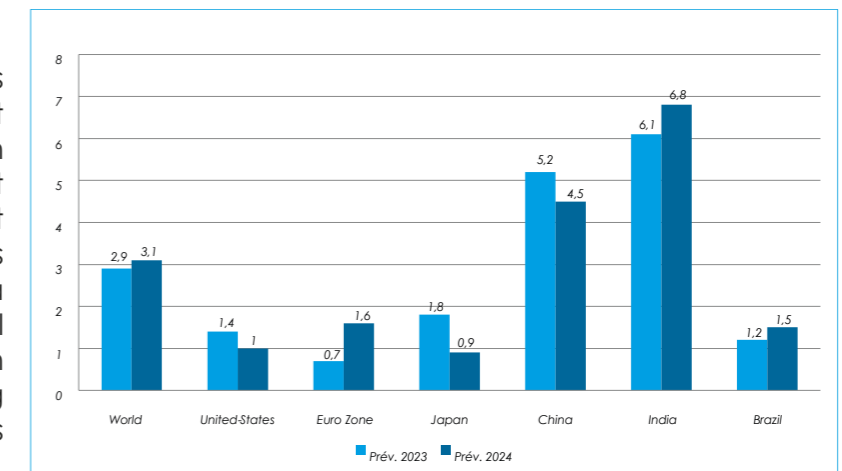
1- Global Economic Context

on investments, higher transportation costs, disruptions in supply chains, etc.

The year 2022 was marked by inflation. The European economy, which was particularly affected by the inflationary surge, also suffered from the escalation of the war in Ukraine, the energy crisis, and the increase in interest rates orchestrated by the ECB.

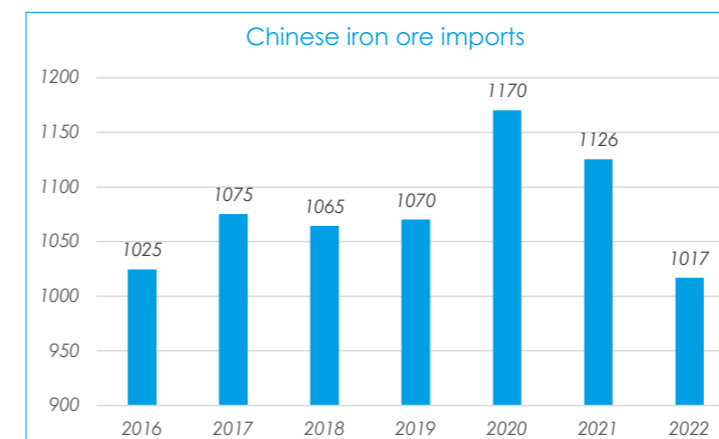
Furthermore, China's «zero Covid» policy not only weighed down its own economy but also had an impact on several economies around the world: a slowdown in industrial activity, an increase in unemployment, rising energy prices, restrictions

World economic growth projections for 2023 and 2024



Source : FMI

2 - Iron Ore Market



Source : Platts (S&P)

The crisis in the Chinese steel industry, which is the primary importer of iron ore, directly impacts global demand for this ore, leading to significant price fluctuations throughout 2022. As illustrated in the following graph, the iron ore price trends remain inherently linked to developments in the Chinese steel sector.

Evolution of iron ore prices in 2022 (US\$/T)



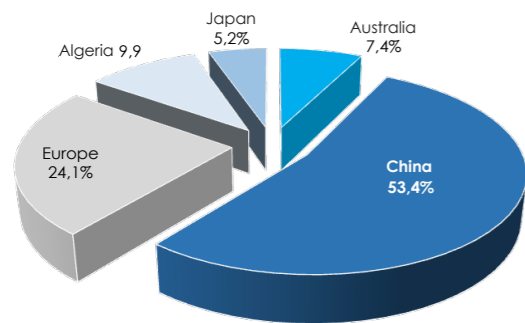
In 2022, iron ore prices experienced significant fluctuations on the global markets. In January, the prices for iron ore with respective contents of 58%, 62%, and 65% stood respectively at US\$80 per dry metric ton (dmt), US\$120 per dmt, and US\$140 per dmt. Over the months, prices saw a rapid increase until June, driven by high

demand and other factors. However, the second half of the year was characterized by downward fluctuations before bouncing back in December. This evolution of iron ore prices in 2022 reflects the complexity of the factors influencing commodity markets and the global economy.

3 - Diversification of the Customer Portfolio

Recognizing the importance of diversifying its commercial outlets, SNIM has adopted a commercial strategy that revolves around two essential pillars: diversifying its customer base and prioritizing direct sales to steel producers.

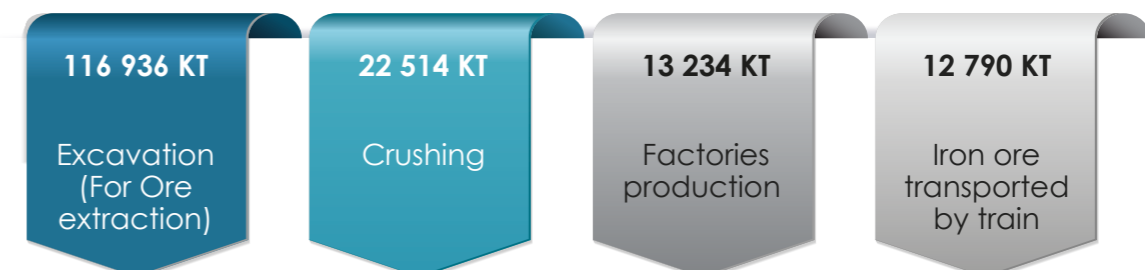
This approach aims to optimize the company's costs and ensure long-term revenue growth. It has been realized through the signing of several contracts with new steel producers, particularly in Europe, Australia, the Maghreb, and the Middle East.



SNIM : SECOND LARGEST AFRICAN IRON ORE PRODUCER



Key figures



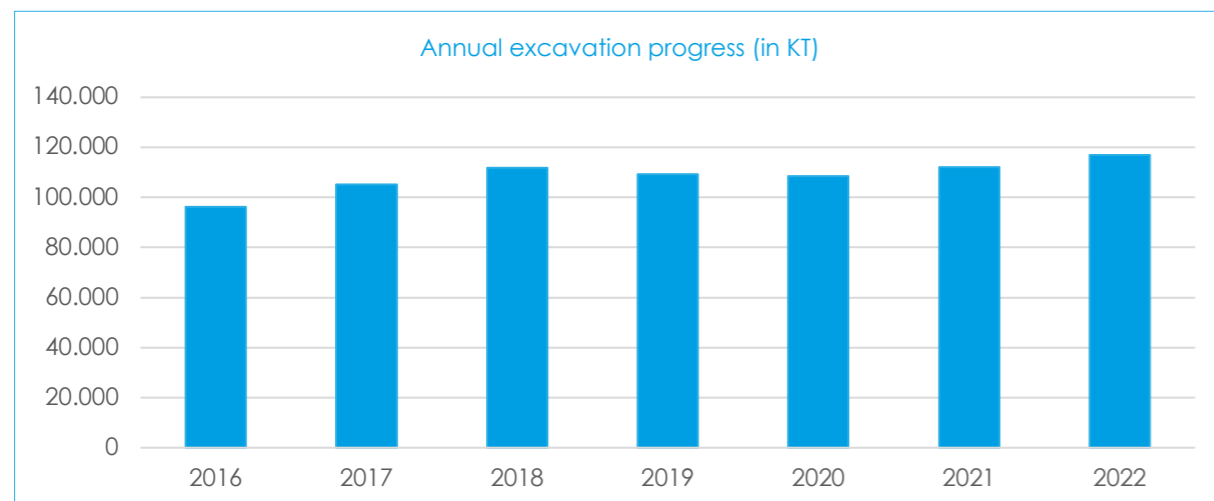
Excavation (For Ore extraction)

SNIM operates open-pit mines located in Guelb Rhein, TO14 (Kedia), Mhaoudat, and Rouessa (Kedia). In 2022, the total volume of rocks (containing the ore) extracted from these deposits reached **116.936** million tons, compared to **112.072** million tons in 2021, representing a **4.3%** increase. This performance confirms the trend towards improved exploitation of the different deposits.

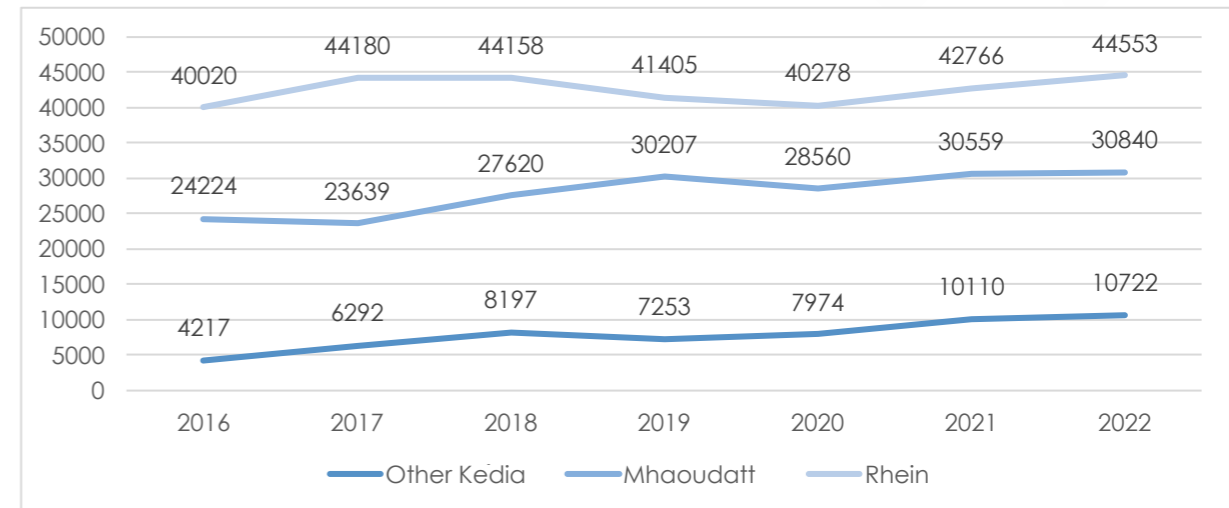
The ores extracted from these mines consist of magnetites (Guelb Rhein) and hematites (Kedia and Mhaoudat). A deeper understanding of field geology and investment in mining equipment should further confirm this trend by contributing to improved operational conditions.



Guelb Rhein mine



Site-specific excavation progress (in KT)



Crushing

The crushers at the various plants in Zouerate display their availability to process the mining production. The overall production from the crushers has thus increased by 5.5% compared to 2021, going from 21.337 million tons to 22.514 million tons.

While crushed magnetites (Rhein) recorded an increase of 1,780,000 tons compared to the 2021 output, hematites experienced a decrease of 603,000 tons during the same period.



TO14 site crusher near Zouerate

Factories' Production



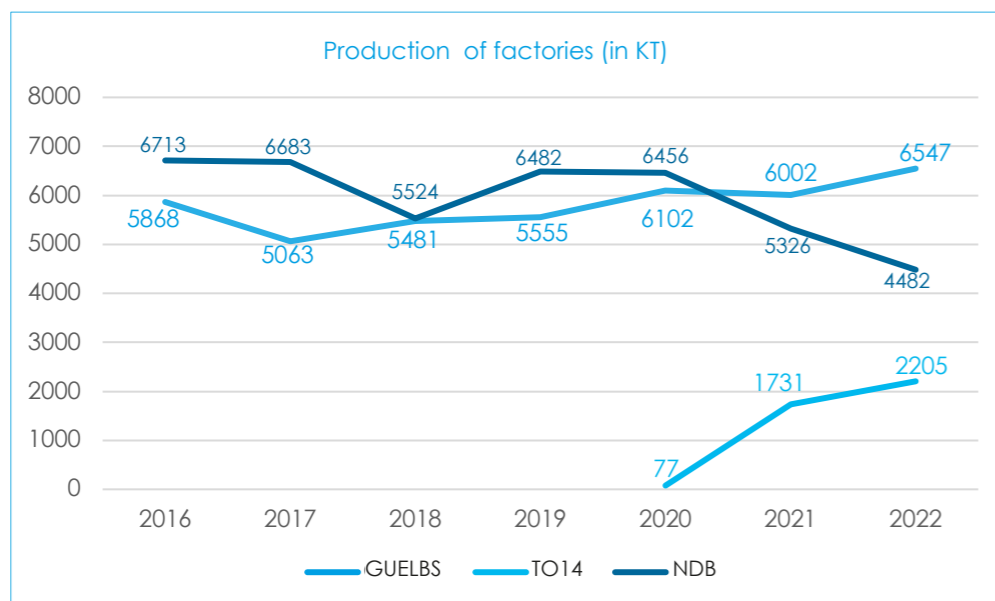
Guelb 2 factory

The factories' production slightly increased in 2022 compared to the achievements in 2021. The decrease in the production of the Nouadhibou plant is due to the increase in production at the TO14 plant.

The Guelb plants (Guelb1 and Guelb2) continued their upward trend, which has been observed since 2017, primarily thanks to the performance of the Guelb2 plant.

Factories' production over the period 2016-2022 (in KT)

Plants	2016	2017	2018	2019	2020	2021	2022
GUELBS	5 868	5 063	5 481	5 555	6 102	6 002	6547
TO14					77	1731	2205
Nouadhibou (NDB)	6 713	6 683	5 524	6 482	6 456	5 326	4482
TOTAL	13 280	11 984	11 005	12 037	12 635	13 059	13234



The production of concentrate from the Guelbs factories :

The commercial production of SNIM is primarily based on concentrates produced by the Guelbs factories (Guelb1 and Guelb2) in Zouerate, where the iron content reaches 66% after enrichment.

This constitutes nearly 50% of SNIM's total commercial production.

The following table provides the production of the Guelb plants from 2016 to 2022:

Production of Guelbs plants over the period 2016-2022 (in KT)

Plants	2016	2017	2018	2019	2020	2021	2022
Guelb 1	5004	4104	4122	4006	4069	3951	4294
Guelb 2	855	962	1359	1550	1879	2051	2253
Total	5859	5066	5481	5556	5948	6002	6547

Enrichment of iron ore: the cornerstone of SNIM's development

SNIM's experience in iron ore enrichment dates back to 1974 when a prototype plant was established in Zouerate. This marked the beginning of the development of a processing scheme for various ores found in the company's deposits. The techniques employed include crushing, grinding, dry and wet magnetic separation.

It was in 1984 that SNIM officially established its first iron ore enrichment plant, Guelb1, with an annual production capacity of 5 million tons of enriched concentrates.

In 2015, SNIM inaugurated its second enrichment plant, Guelb2, with an installed capacity of 4 million tons of concentrates. The project allowed the extension of the Rhein mine, the construction of an enrichment plant and the expansion of the Guelbs power plant. It also brought a new water catchment area into operation and established a water supply network, and a brackish water treatment unit.

Compared to the first plant, Guelb2 has the unique feature of being able to perform semi-wet processing using advanced technologies, ensuring a

high-quality product while minimizing environmental impact.

SNIM's experience in iron ore enrichment represents a technological and operational success. It has strengthened SNIM's position in the mining industry and paved the way for sustainable production of enriched iron ore.

Mastery of iron ore enrichment techniques contributes significantly to the long-term sustainability of SNIM's activities, as it allows for the exploitation of the vast resources which are at the disposal of the company, particularly magnetite.

The ongoing El Aouj and Tekamul projects, developed with strategic partners (Glencore for the former and Sabic for the latter), are designed based on the Guelbs plant model.

Studies for the development of the Tizerghafe mine, a mega-project that SNIM plans to launch, are also inspired by the experience gained from the Guelbs projects.

Plant TO14: SNIM without Kedia

The first pages of SNIM's history were written in the Kedia d'Iadjil region, nicknamed the «Iron Mountain,» with the Tazadit and F'derick deposits and their related facilities. After the depletion of these deposits, which were known for the quality of their naturally rich ore, they were succeeded by TO14 in the early 1990s.

TO14 is a mine and processing facility that currently continues the legacy of the Kedia in SNIM's production.

Previously, the TO14 site had only a crushing, conveying, and ore loading system next to the mine.

Since 2020, the site has been equipped with a plant and other facilities, allowing it to produce an

average of 2 million tons of fine iron ore each year, with an iron content reaching 62%.

The project for the new ore processing facilities at TO14 cost SNIM 150 million euros.

The site, which now has a storage area, has seen its quality control capabilities increase. The buffer storage also provides more flexibility for the mine teams, as they can continue to feed the crushers independently of train loading.

Quality Management

Quality control encompasses all segments in the value chain to deliver products and services that meet customer expectations. SNIM, which aims for industrial excellence, has made quality a central focus of its development strategy.

In this regard, SNIM continuously works on diversifying and improving **its product offerings**. Over the years, it has built a strong product base around three main products: a rich concentrate (GMAB), a relatively rich sinter (TZFC), and a poor calibrated product (XCB). This is the result of a systemic approach to operational excellence based on anticipating customer needs, innovation, and cost control.

SNIM also strives for continuous improvement in the delivery process, ensuring quality, quantity, and contractual deadlines. This commitment to order execution has established its reputation and strengthened its position in the market. In 2022, SNIM achieved a historic quality rating of 9.7/10.

Quality has long been a part of SNIM's culture, as it has been ISO 9001 certified since 2005. This certification covers its activities in research, extraction, processing, rail transportation, and the marketing of iron ore.

SNIM also holds ISO 14001 certification for its activities in research and iron ore deposit exploration, ore processing and enrichment, handling, loading, storage, rail and port transportation, among others.

Certificats obtenus par la SNIM



SNIM has held the «CSR Commitment» label based on the international ISO 26 000 standard at the «confirmed level» since June 2021. A total of 55 sub-criteria were evaluated, including, on one hand, strategic, managerial, and rational practices, and, on the other hand, the relevance and performance of economic, social, and environmental indicators.

SNIM is certified to ISO 9001 v2015. Acquired in 2005, the certificate has been renewed in 2008, 2011, 2014, 2017, and in 2021. SNIM has been a member of the Extractive Industries Transparency Initiative (EITI) since 2010.

SNIM is also certified to ISO 14001 v2015. Acquired in 2011, the certificate has been renewed in 2014, 2017, and 2021. It validates SNIM's commitment to environmental preservation and biodiversity conservation.

Railway and Port



The SNIM's train

SNIM owns and operates its own railway line, connecting the ore deposits to the loading port over a distance of more than 700 kilometers. To ensure the safety of traffic on this single track, there are 17 sidings distributed along the route, allowing for the crossing of empty trains with loaded trains. The movement of these trains is monitored in real-time through a control station located in Nouadhibou.

Thanks to the investments made as part of SNIM's development and modernization program, including the commissioning of a new station in Nouadhibou with a new wagon tipper, the volume of transported ore reached 12.79 million tons in 2022, compared to 12.61 million tons in 2021.

Ore transportation by railway

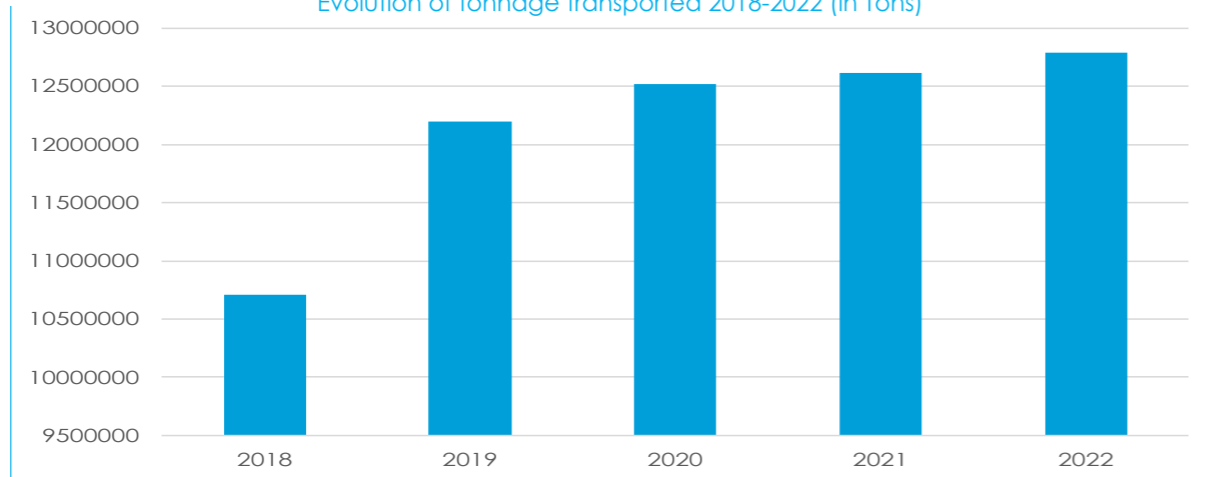


The ore train at F'derick

Total tonnage transported 2018-2022

Year	Quantity (in Tons)
2018	10 710 343
2019	12 196 499
2020	12 515 312
2021	12 617 808
2022	12 790 213

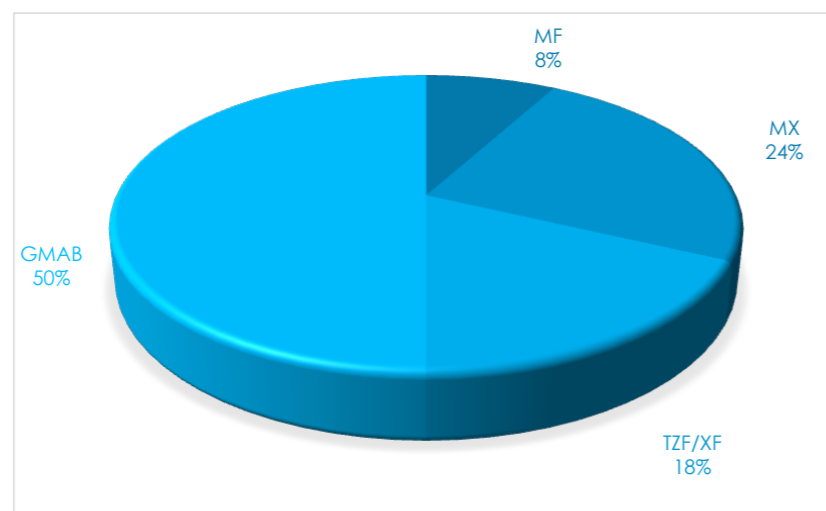
Evolution of tonnage transported 2018-2022 (in Tons)



Distribution of transported tonnage by quality in 2022

MF	MX	TZF/XF	GMAB	Total
1 020 412	3 051 340	2 263 440	6 455 021	12 790 213

transported tonnage by ore quality



Ship loading



The ore port of Nouadhibou

The mineral port of Nouadhibou plays a crucial role in SNIM's value chain. It is from there that all of the company's commercial production is shipped to customers.

The expansion of the mineral port's capacity aligns with SNIM's development goals and its environmental commitments, which include reducing carbon footprint and preserving marine biodiversity.

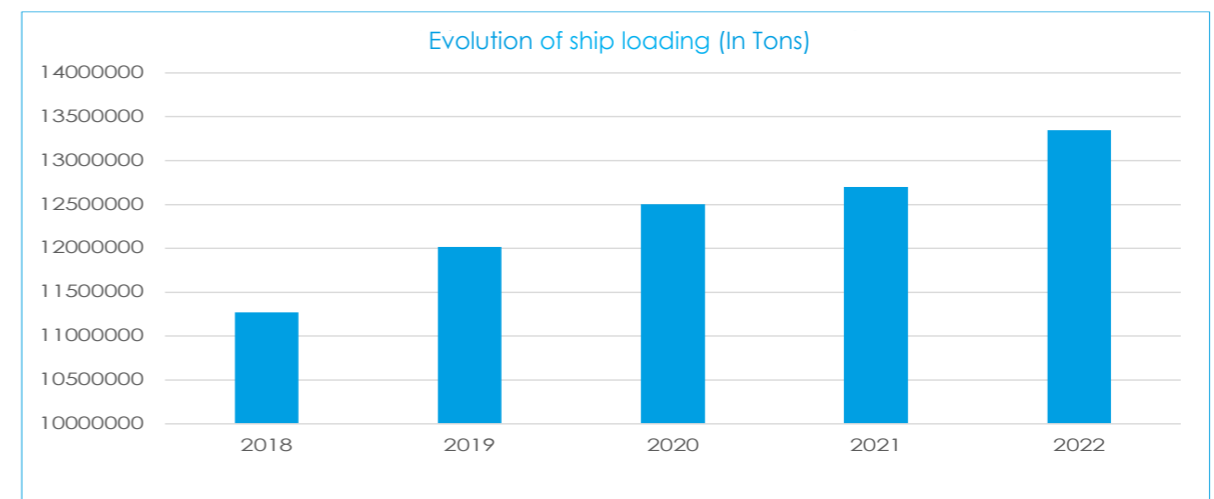
Operational since 2013, the current port of SNIM, as of January 2022, is capable of loading ships of 230,000 tons, thanks to the dredging works on its access channel.

In 2022, SNIM loaded 13.3 million tons, compared to 12.7 million tons in 2021. This performance is consistent with the overall improvement of the company's results.

Evolution of ship loading

Year	Quantity (in Tons)
2018	11 269 527
2019	12 017 745
2020	12 501 089
2021	12 701 205
2022	13 349 180

Evolution of ship loading (In Tons)



A COMMERCIAL STRATEGY CONSTANTLY ADAPTING TO MARKET CHANGES



Ore retrieval in the port area of Nouadhibou

SNIM's commercial policy continually adapts to the evolving iron ore markets. After decades of close relationships with customers in its traditional market, SNIM has successfully positioned itself in emerging markets in Asia, Australia, and North Africa.

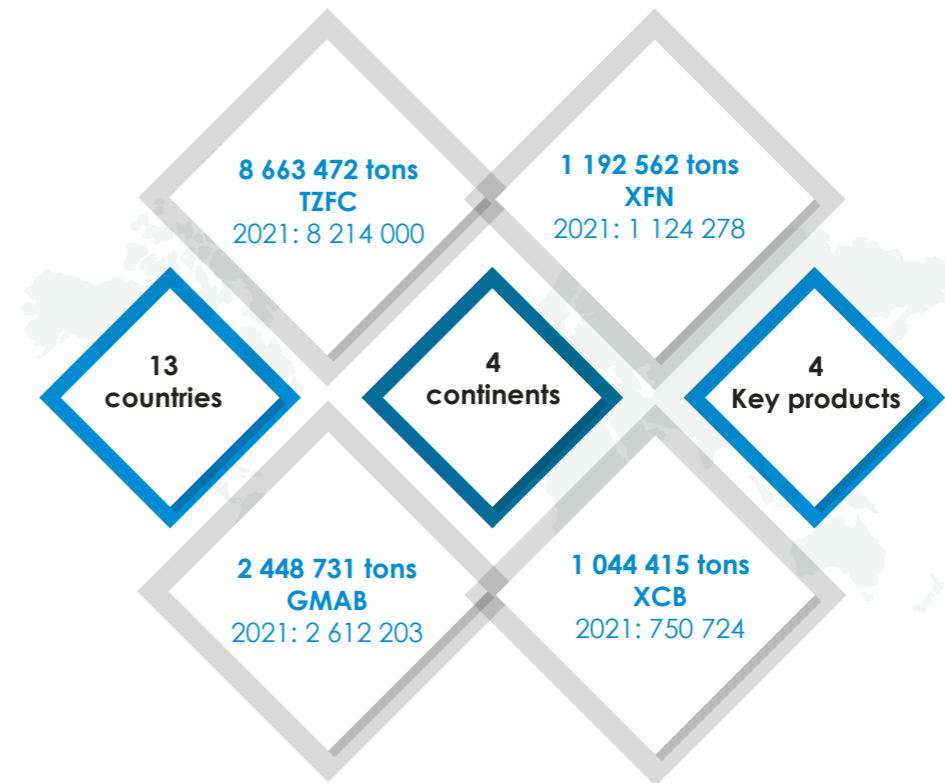
This positioning has come with diversifying its product offerings, which now include magnetic ore products (enriched concentrates) and hematites, with iron content ranging from 52% Fe to 66% Fe, all while adhering to regulatory and environmental requirements.

In 2022, SNIM was able to strengthen its position in its North African proximity market. It also expanded its presence in Eastern Europe by entering the Serbian market. Additionally, SNIM is targeting the markets for Direct Reduced Iron (DRI) in the Middle East.

SNIM's adaptability in the market stems from various factors, including historical and operational ones. Historically, SNIM is a company with over 60 years of experience, and its products are well-known and appreciated by leading steel producers worldwide. Operationally, it offers a diverse range of products, from calibrated iron ore to concentrates and fines. This strategy allows SNIM to secure and increase its revenue.

Ultimately, SNIM is working on implementing the «value-in-use» model to better tailor its product offerings to the significant changes taking place in the iron ore and steel market, such as decarbonization, green steel, and the high demand for DRI (Direct Reduced Iron) products.

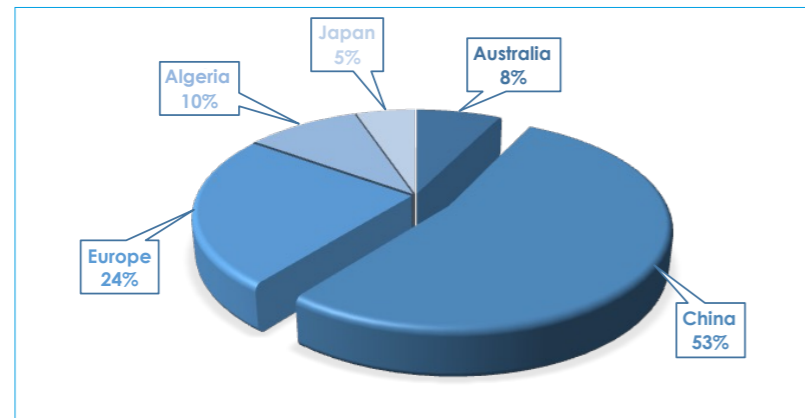
Commercial Policy in action



Geographical distribution of sales by country in 2022 (in tons)

PAYS	TOTAL
CHINA	7 128 788
ALGERIA	1 324 977
ITALY	1 076 752
AUSTRALIA	988 623
JAPAN	693 948
FRANCE	566 739
ENGLAND	375 447
GERMANY	357 963
SPAIN	343 848
POLAND	254 505
HOLLAND	82 501
ROMANIA	78 089
AUSTRIA	77 000
TOTAL	13 349 180

Sales distribution in 2022

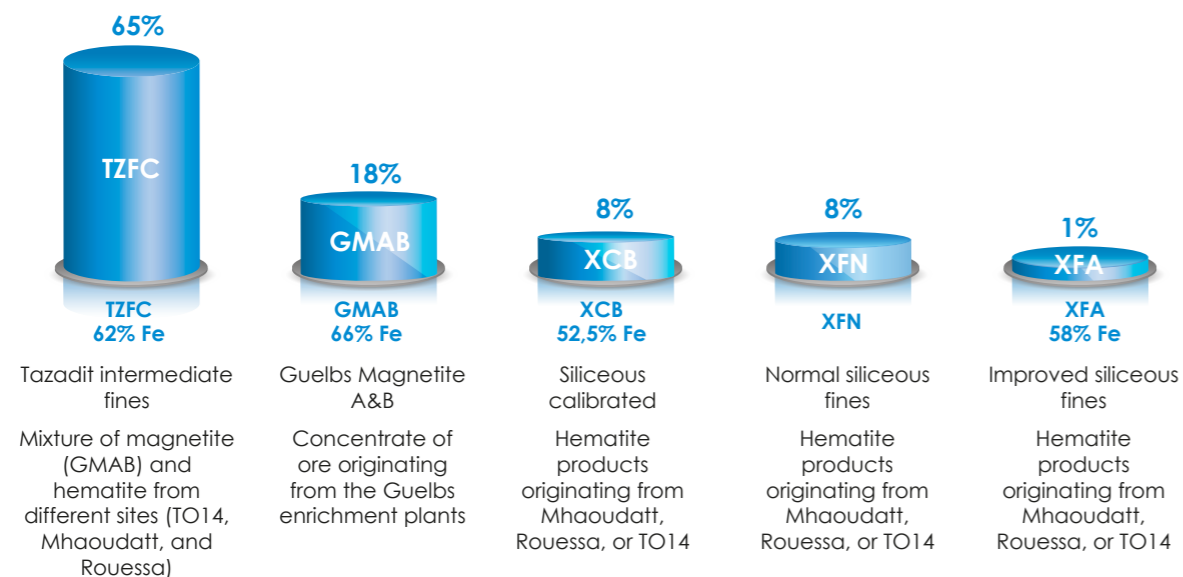


SNIM international sales market

Sales distribution by commercial quality

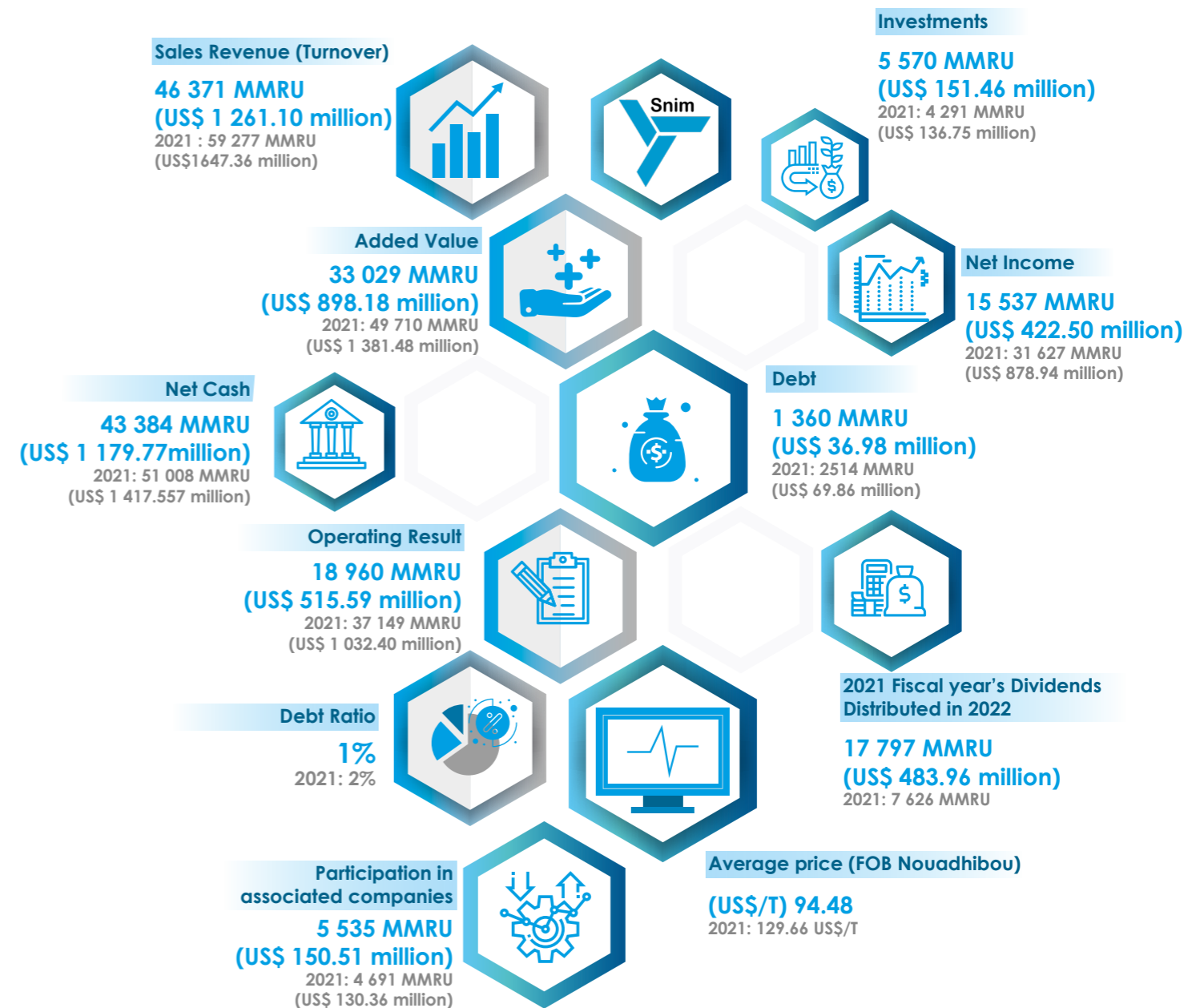
Year	TZFC	MSSF	GMAB	XFC	XFN	XCB	Total
2018	7 725 120	22 000	2 797 230			725 177	11 269 527
2019	7 069 135	69 090	3 109 943	901 557		868 020	12 017 745
2020	8 976 691		2 202 007	601 476		720 915	12 501 089
2021	8 214 000		2 612 203		1 124 278	750 724	12 701 205
2022	8 663 472		2 448 731		1 192 562	1 044 415	13 349 180

SNIM MARKET 2022



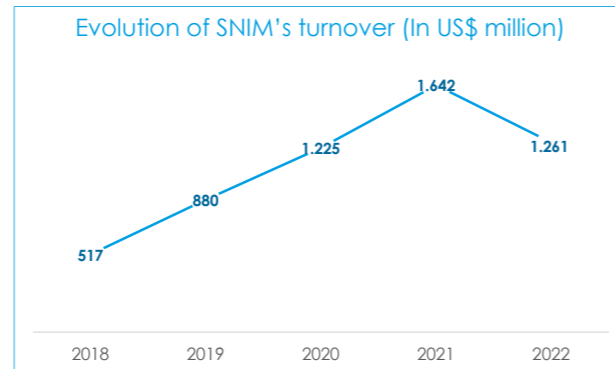
SATISFACTORY FINANCIAL PERFORMANCES IN A CHALLENGING ENVIRONMENT

Key figures



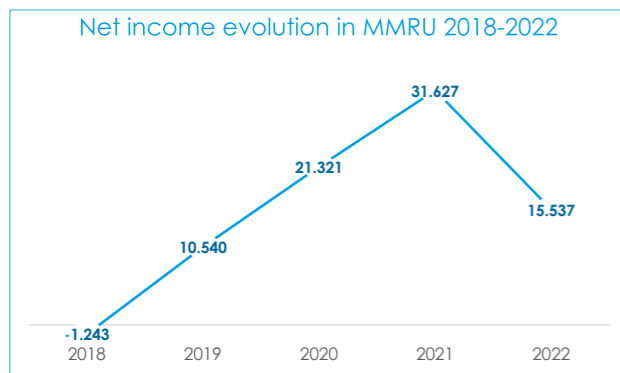
Turnover

SNIM's turnover decreased from US\$1,647.36 million in 2021 to US\$1,261.10 million in 2022, representing a 23% decrease compared to 2021. This decline is primarily attributed to the decrease in the price of iron ore, which averaged US\$94.48 per ton in 2022 (FOB Nouadhibou), compared to US\$129.66 per ton in 2021.

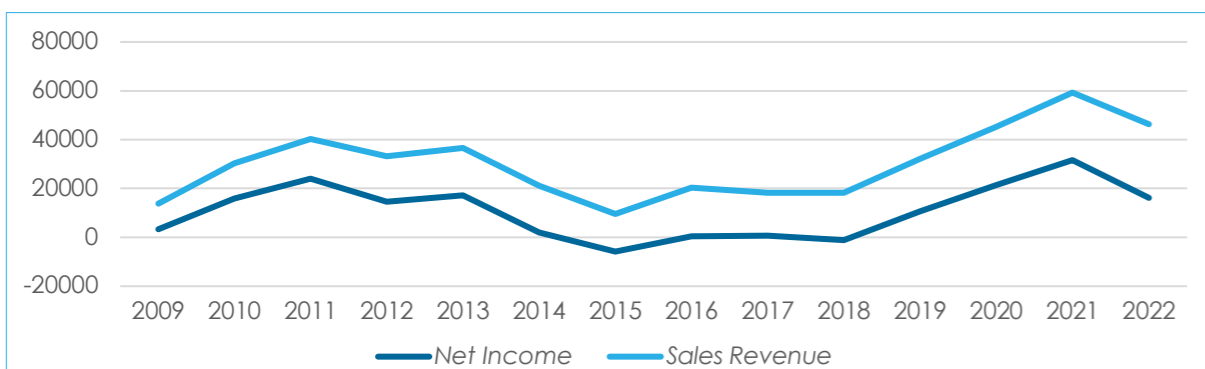


Net Income

The net result for 2022 is 15,537 MMRU compared to 31,627 MMRU in 2021. This decrease is attributed to the decline in the price of iron ore, which averaged US\$94.48 per ton in 2022 (FOB Nouadhibou), as opposed to \$129.66 per ton in 2021. It can also be explained by the increase in operating expenses, particularly personnel expenses, which rose from 5,152 MMRU in 2021 to 6,192 MMRU in 2022. Similarly, other operational expenses, mainly consisting of energy products, reached 2,420 MMRU in 2022 compared to 2,073 MMRU in 2021.



Sales Revenue and Net Income Evolution (in MMRU)



Exchange rates:

1 US\$ = 36,77 MRU en 2022

1 US\$ = 35,98 MRU en 2021

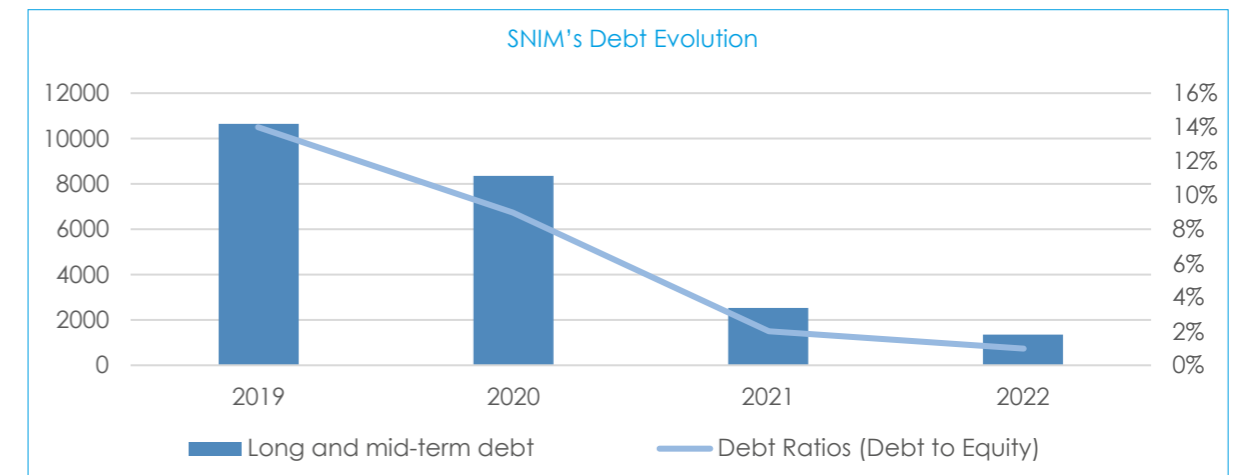
Debts

SNIM's debt is primarily composed of medium and long-term debt. It decreased from 10,619 MMRU in 2019 to 1,360 MMRU in 2022. As a result, the debt ratio decreased from 14% to 1%, thereby improving the company's debt capacity.

This is due, on one hand, to the increase in equity, driven by the significant retained earnings, and on the other hand, to the reduction in the outstanding debt, thanks to early repayments made.

SNIM's Debt Evolution in MMRU

	2019	2020	2021	2022
Long and mid-term debt	10 619	8 343	2 514	1 360
Debt Ratios (Debt to Equity)	14%	9%	2%	1%



Summarized Financial Statements

INDICATORS	Financial Statements			
	2022 in MMRU	2021 in MMRU	2022 in US\$ Million	2021 in US\$ Million
Turnover	46 371	59 277	1 261,10	1 647,36
Net Income	15 537	31 627	422,57	878,94
Added Value	33 029	49 710	898,27	1 381,49
Operating Result	18 960	37 149	515,64	1 032,39
Cashflow	8 570	24 622	233,07	684,26
Shareholders' equity	114 898	117 762	3 124,97	3 272,73
Long and mid-term debts	1 360	2 514	36,99	69,87
Total asset	134 254	137 099	3 651,19	3 810,12
Investment	5 570	4 291	151,49	119,26
Ratios				
Indebtness Ratio (long and mid-term debt/Equity)	1%	2%	1%	2%
Financial Return (Net Result/Total Asset)	12%	23%	12%	23%
Financial Return (Net Result/Equity)	14%	27%	14%	27%

A LEADER ROLE IN SUPPORTING THE NATIONAL ECONOMY

SNIM plays a crucial role in the economic and social development of the country. It remains a cornerstone of national exports and a significant source of state budget resources. Its contribution to the GDP reflects the importance of iron ore in the national economy.

Likewise, the company has been alongside the country through its decisive historical stages since independence, contributing to the development of its economic and industrial fabric. Its participation in numerous subsidiaries has allowed it to assume a leadership position in supporting the national economy and job creation.

← The contribution of SNIM's revenues to the national economy

	2017	2018	2019	2020	2021	2022
Contribution of SNIM to the State's Revenue	6%	4%	6%	10%	17%	22%
Contribution of SNIM to GDP	6%	5%	8%	11%	15%	9%
Contribution of SNIM to Exportations	30%	28%	33%	43%	58%	32%

Over the past six years, SNIM's contribution to state revenues has increased from 6% to 22%. This contribution primarily includes

the single tax and distributed dividends. The increase observed from 2020 could be attributed to dividend distribution.

The Mauritanian government's share in dividend distribution

The government's share in dividend distribution				
YEAR	2019	2020	2021	2022
MMRU	1 651,6	5011	1 2389	5 478

Apart from 2020 and 2021, during which SNIM's exports accounted for 43% and 58% of the total exports, the company's contribution to national exports has shown a certain stability, averaging around 32%.

The share of SNIM's activities in the GDP follows the same trend. Indeed, during

the period from 2017 to 2019, there was a moderate growth in the company's contribution to national wealth creation, increasing from 6% to 8%. This indicator saw a significant increase in 2020 and 2021, reaching 11% and 15% respectively, before dropping to 9% in 2022.

← Role of SNIM in the development of economic sectors

SNIM contributes to the development of several economic sectors through a diversified set of subsidiaries. The main investments and partnerships by economic sectors are distributed as follows:

← Investments

Subsidiaries	Company's object	Capital in MMRU	Share of the capital held (in %)	Economic sector
Société Mauritanienne de Services et de Tourisme (SOMASERT)	Management of hotel infrastructure and promotion of the country's tourism potential	57	100%	Tourism
Société Arabe du Fer et de l'Acier (SAFA)	Production of rebar and operation of a 2,000-ton capacity foundry	30	100%	Industry
Société d'Acconage et de Manutention en Mauritanie (SAMMA)	Stevedoring, transit, and handling at the ports of Nouadhibou and Nouakchott	10	53%	Logistics and transport
Société d'Assainissement, de Travaux, de Transport et de Maintenance (ATTM)	Roads and civil works	304	79%	Civil works
Société Construction Mécanique de l'Atlantique (COMECA)	Manufacturing, sewing, and repair of mechanical parts, frameworks, mechanical assemblies, and boilerwork	20	92%	Industry
Société Arabe des Industries Métallurgiques (SAMIA)	Extraction and sale of gypsum, as well as plaster production	364	89%	Industry
Société Granite et Marbre de Mauritanie (GMM)	Exploitation and export of ornamental stones, primarily granite and marble	110	96%	Industry
Gestion des Installations Pétrolières (GIP)	Storage, transportation, and distribution of refined hydrocarbons	728	68%	Logistics and transport
Mauritanian Airlines International (MAIL)	National and international air transportation	6 867	15%	Logistics and transport
DAMANE ASSURANCE SA	Industrial insurance	629	20%	Finance
Mauritanienne d'Eau et d'Electricité (M2E)	Management of water and electricity distribution networks	50	100%	Water & electricity
Grand Hôtel de Mauritanie (GHM)	The construction and management of low-category hotels	1 581	50%	Tourism
Société de Remorquage Nouadhibou (SRN)	Conducting towing activities and providing pilotage and mooring services in the port of Nouadhibou and in other ports in Mauritania	8	35%	Logistics and transport
ENGINEERING & CONSULTING ASSOCIES (ENCO)	Undertaking missions for studies, consulting, training, and assistance	80	30%	Engineering et consulting
Générale de l'immobilier (GIM)	Construction and Real Estate Development Management	30	100%	Real estate
Total		10 868		

← Strategic Partnerships

Companies	Company's object	Capital in MMRU	Share of the capital held (in %)	Economic sector
EL AOJJ Mining Company (EMC)	Production of ore from Guelbs El Aouj	2 457	50%	Industry
Mauritania Saudi Mining and Steel (TAKAMUL)	Production and export of iron ore	1 075	50%	Industry
Totaux		3 532		

Strategic partnerships for increasing capacity and enhancing the value of natural resources

El Aouj project

a- General presentation of EMC

EL AOUJ MINING COMPANY (EMC) is a 50/50 joint venture between SNIM and Sphere Minerals, an Australian company wholly owned by the Glencore Group, one of the world's leading natural resources traders.

Glencore produces and sells more than 90 commodities, including copper, nickel, zinc, cobalt, ferrochrome and coal. It is listed on the London and Hong Kong stock exchanges. It employs 158 000 people at 150 production sites in more than 50 countries and has sales that exceeds US\$200 billion.

EMC's vision is to become a major Mauritanian mining company that creates wealth over the long term, for the prosperity and well-being of its shareholders, employees and local communities.

Its objective is to develop the El Aouj deposits in the Tiris Zemmour region, where it holds a 30-year mining license renewable for consecutive periods of 10 years each.

This license covers 5 Guelbs close to SNIM's operations: El Aouj East, Center and West, Tintekrat and Bouderga. It also holds a 30-year renewable water license covering the Touajil and Aouchich aquifers. EMC has a share capital of MRU 2.45 billion; it currently employs 12 permanent staff including 4 executives seconded by SNIM and 1 executive seconded by Glencore.

b- History of the El Aouj Project

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

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

In August 2009, El Aouj SA changed its name to El Aouj Mining Company SA. In 2010, it decided to update the 2008 feasibility study and entrusted this work to SNC Lavalin, which completed it in February 2011,

concluding that it was possible to have a project of different sizes.

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

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

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

c- Exploration programs

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

- Up to 2010: 54 800 m of drilling was carried out by SNIM and Sphere;
- In 2011/12: drillings were carried out in Bou Derga & Tintekrate where 31 500 m were drilled from April 2011 to May 2012;
- In 2012/2013: drilling was carried out in El Aouj East & Center where 92 800 m were drilled from June 2012 to June 2013.

d- Mineral resources

The exploration programs carried out on all 5 Guelbs show that the reserves of the whole permit amount to 4.4 billion tons, with Guel El Aouj East alone accounting for almost half of the available mineral resources.

It is for this reason that EMC has decided to focus on Guelb El Aouj East.

e- Project studies

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

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

f- Technical and financial Model

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

- An open-pit mine with a 41-year life span;
- A Dry Magnetic Separation processing plant;
- The use of the SNIM railroad and port;
- Production of 11.3 million tons of concentrate at a grade of 66.5% Fe;
- In 2022 an update of global investment (CAPEX) resulted in US\$1.857 billion (of which US\$203.2 million for the railway and the port);
- In 2022 an update of the production Cost (OPEX) resulted in US\$32.4 per ton of concentrate (FOB Nouadhibou);
- In 2018, an average price of US\$72 (IODEX 65) was used to obtain an Internal Rate of Return (IRR) of 8.5% (before taxes) for 100% equity.
- Following the sharp rise in iron ore prices, an analysis of the financial model in 2022 model in 2022 with a price of \$105 (IODEX 65-) was performed and resulted in an IRR of 18.4% (Before taxes) for 100% equity.

g- Project Schedule

The project schedule is as follows:

- Start of construction: Q1 2025
- Start of production: Q1 2027

h- Project Impacts

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

- The creation of more than +1 000 jobs direct and 300 indirect jobs;
- The construction of a 220-unit housing estate in F'derik;
- The provision of water, electricity and a water treatment plant in F'derik;
- The generation of important revenues through, for example, the rental of the train and the SNIM port estimated at 8 dollars per ton of concentrate (which could reach 90 million dollars per year) and also other revenues for the State.

i- Environmental and Social Study

The Environment and Social Impact Assessment (ESIA) for the project was carried out by URS between March 2013 and February 2016 and Public Consultations on the Terms of Reference were held in F'derik in 2015. The Environmental Permit was obtained in 2016, after validation of ESIA.

The ESIA identified potential environmental impacts and proposed appropriate mitigation measures regarding:

- Air quality through dust emissions (PM10) and gas emissions (NO2, SO2);
- Surface and groundwater activities;
- Noise emissions from mining activities;
- Waste treatment.

TAKAMUL project

The Mauritania Saudi Mining and Steel Company (referred to as "TAKAMUL") is a joint venture (JV) created in equal shares between SNIM (National Industrial and Mining Company) and the Saudi Company SABIC (Saudi Basic Industries Corporation) with the mission of development of the Guelb ATOMAI magnetic iron ore deposit located 10 km west of the town of F'derick.

The JV agreement was signed in September 2012 and TAKAMUL company was officially established on December 12, 2012.

From 2013 to 2017, TAKAMUL carried out several geological and mining research campaigns in accordance with the internationally recognized Australian Standard commonly called "JORC Code".

The results of these extensive exploration programs have proven to be encouraging, which has prompted the company's shareholders to request TAKAMUL to initiate a Bankable Feasibility Study (BFS) without further delay, which has been entrusted to the resulting from an international Call for Tenders, at the Canadian International Office AUSENCO, for a production target of 10 million tons per year of high iron content pellets. The BFS study as completed in July 2020.

In the view of the favorable of the recommendations of the BFS, the shareholders have mandated TAKAMUL to launch a Call for Tenders for the realization of a detailed engineering study FEED (Font-End-Engineering-Design), which is a prerequisite for the phase Construction and development of the project. As requested, TAKAMUL launched the Tender process under which the Spanish Engineering Office "IDOM" was selected. On the strength of the conclusive results of the BFS, TAKAMUL requested and obtained from the Ministry of Mines in 2020, a 30-year operating permit by Decrees No. 056/2020 and 169/2020.

In addition, and pursuant to a Memorandum of Understanding dated June 14, 2021 signed between SNIM, SABIC Mining and its subsidiary HADDED (SAUDI IRON AND STEEL COMPANY), SABIC sold all of its shares held in TAKAMUL to its subsidiary HADDED.

In 2022, TAKAMUL experienced intense activity both on the works and studies front, as can be seen below:

1. Launch of water research campaign for the social and industrial needs of the ATOMAI project in the LAZRAGH sector th the south-east of Zouerate. To this end, TAKAMUL has signed, following calls for tenders, two contracts:
 - A contract with a survey company for the realization of about thirty (30) deep borehole and,
 - A contract with a South African company specializing in hydrogeology and geophysics to monitor and control the frilling work.
2. Monitoring of metallurgical tests and tests in Germany::
 - Preparation of samples in Zouerate, shipment abroad, and monitoring of orientation tests and the results obtained.
3. Launch of the FEED study:
 - Launch of the Call for Tenders and selection of the internationally renowned Spanish office "IDOM". The contract with IDOM was signed in July 2022 and is expected to last approximately 15 months.
 - At the same time, TAKAMUL has set up a team of experienced engineers from different disciplines to assist it in the context of FEED and ensure that the technical choices and recommendations from IDOM are optimized and adapted to our context and environment.
4. The main milestones can be summarized as follows:
 - Q1 2024: Submission of the FEED Report
 - Q3 2024: Final Investment Decision (FID)
 - Q4 2027: Date of commissioning
 - Q2 2028: Production ramp-up

SUPPLY CHAIN RESILIENCE

Procurement Strategy

SNIM's procurement strategy is based on a Cost-Killing program aimed at reducing the cost of procurement and optimizing the Supply Chain. To achieve this, we cultivate close relationships with key suppliers to address disruptions in the international supply chain. This approach allows us to ensure the security of our energy product and spare parts procurement, which are essential for the continuity of our operations and the execution of our investment program.

To further guarantee this security, SNIM continues to explore alternative sources of procurement. In the meanwhile, inventory management and the establishment of

early warning mechanisms are prioritized to anticipate and mitigate supply disruptions.

Additionally, the creation of buffer stocks for critical parts, the development of strong relationships with reliable suppliers, and the implementation of emergency protocols for swift delivery when needed are remedial measures for spare parts procurement.

In a similar vein, digitization and preventive maintenance are expected to contribute to reducing the urgent demand for spare parts while enhancing the durability of the company's equipment.

Free stock

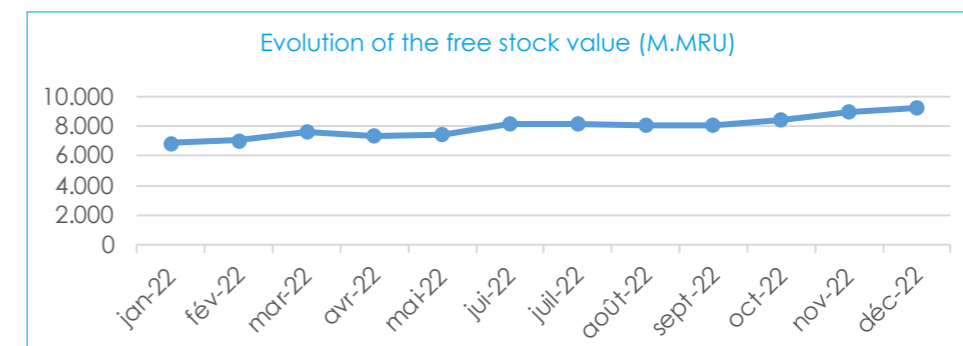
The evolution of the value of free stock throughout the year shows a 37% increase compared to 2021.

This rise is primarily due to a PUMP effect (Weighted Average Unit Price), which was recorded between 2021 and 2022, with steep increases in the prices of certain items over a short period.

These increases particularly affected diesel fuel, mining equipment, fuel, wagon wheels, and fixed installations

(improvement in the coverage of spare parts for plants and handling, as well as the acquisition of explosives).

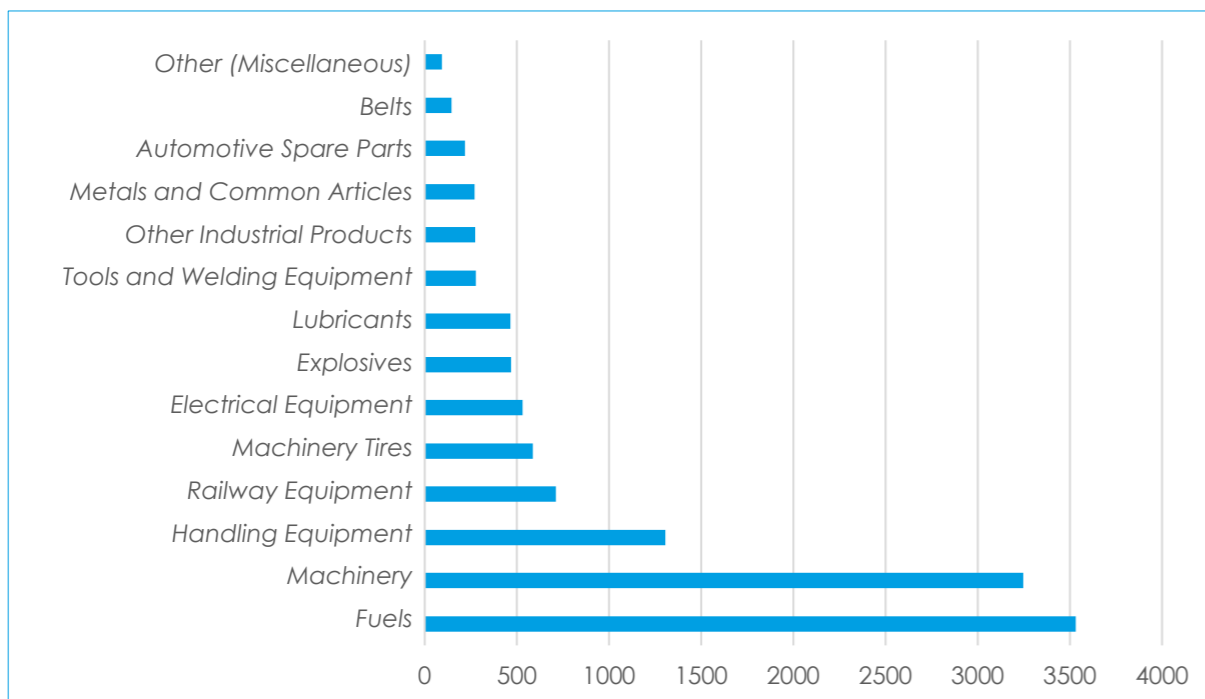
Furthermore, the value of free stock was impacted by the inclusion of the first installments of multi-year framework contract markets, which helped restore a comfortable safety coverage for strategic items such as nitrate, GC tires, wagon wheels, belts, balls, tricone bits, etc.



Operating purchases by product category

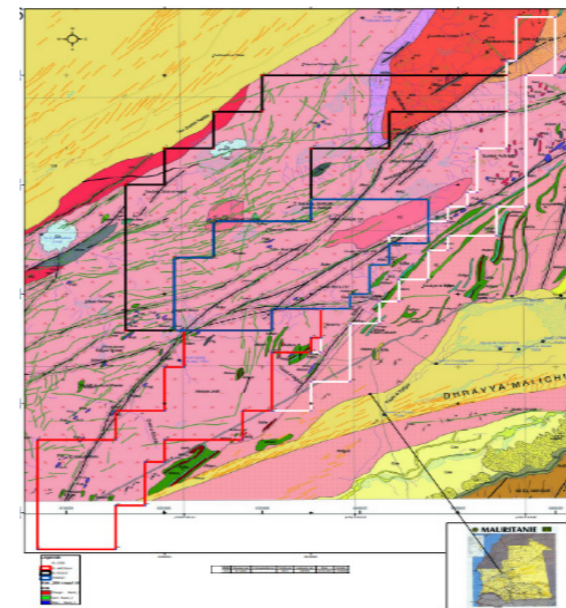
Product Categories	Value (in MRU)
Fuels	3 530 371 502
Machinery	3 245 727 540
Handling Equipment	1 306 612 053
Railway Equipment	712 961 528
Machinery Tires	585 795 409
Electrical Equipment	530 515 983
Explosives	467 084 516
Lubricants	463 469 370
Tools and Welding Equipment	277 384 846
Other Industrial Products	273 151 571
Metals and Common Articles	269 766 004
Automotive Spare Parts	218 255 461
Belts	146 794 296
Other (Miscellaneous)	91 850 103
Total	12 119 740 181

Distribution of operating purchases by product category (in million MRU)



GEOLOGICAL AND HYDROGEOLOGICAL RESEARCH : TOWARD DIVERSIFICATION OF MINING ACTIVITIES

Gold and Precious Metals

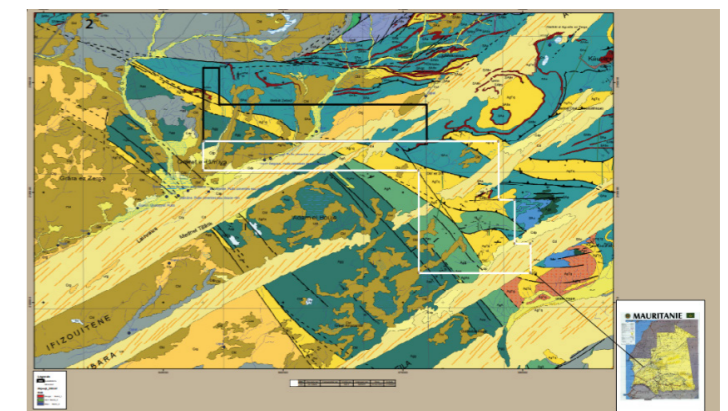


of the samples are revealing promising indicators. The overall result of drilling activities in the context of research work in 2022 shows a total drilling length of 66,904 meters, with 24,729 meters dedicated to iron ore exploration.

In this regard, the update of the geological plans for the M'haoudatt No. 4 (MH4) mine has allowed for the evaluation of the MH4 deposit's resource at 11.6 million tons, comprising 4.3 million tons of high-grade ore and 7.3 million tons of mixed ore.

Additionally, reconnaissance drilling work (iron ore) was carried out at the Tazadit Pass (Kédia), and the mapping of mineralized outcrops in the northern part was also completed.

SNIM has renewed its exploration permits for gold, copper, and associated metals in the Adrar and Inchiri regions in the north of Mauritania. Following this, the company launched an extensive exploration campaign for gold, copper, and associated metals, south of Akjoujt, approximately 200 km from Nouakchott.



Geological and hydrogeological research has intensified with the initiation of this campaign, and the chemical analysis results

Hydrogeological Works

Hydrogeological research activities have covered a total distance of 13,473 meters. Four (4) freshwater wells were drilled at the Tazadit Pass and Lekhreiza (Kédia), totaling 803 meters, with a combined flow rate of 90 m³/h.

In the same context, 11 brackish water wells were drilled at MH4 (M'haoudat), Tarf Srey, and El Erguiya, totaling 1,736 meters, with a total flow rate of 370 m³/h.

VALORIZATION OF HUMAN CAPITAL, THE KEY TO SNIM'S SUCCESS

Key figures



Human resources management

The development of Human Resources is the first axis of our Strategic Business Program (PSE). SNIM's human resources strategy focuses on implementing effective recruitment and personnel management processes.

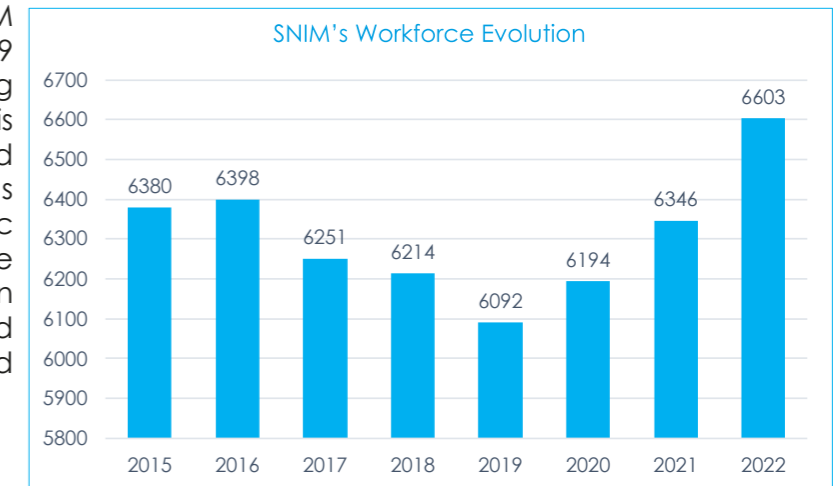
Our human resources management tools

Strategic Workforce Planning	<ul style="list-style-type: none"> • Definition of competency matrices by job function / function groups • Resource needs projection and mitigation plan definition
Sourcing, Recruitment, and Onboarding Strategy	<ul style="list-style-type: none"> • Identification of sourcing channels & development of the SNIM employer brand • Definition of recruitment formats & value propositions (compensation, benefits...) • Definition of the new talent integration policy (mentorship, initial training...)
Performance Evaluation System	<ul style="list-style-type: none"> • Definition of a performance evaluation process based on cascaded objectives at all levels • Definition of bonus and training schemes linked to individual and collective performance
Compensation System	<ul style="list-style-type: none"> • Benchmarking of local compensation policies and SNIM's experience • Definition of a compensation policy in line with market practices (salary scales, progression rules, bonus/incentive schemes linked to individual and collective performance)
Career and High-Potential Management System	<ul style="list-style-type: none"> • Definition of typical career progression paths by profession / career track (manager / expert) • Definition of promotion rules between levels, linked to performance management policies • Definition of a process for identifying and supporting high potentials

Workforce Evolution

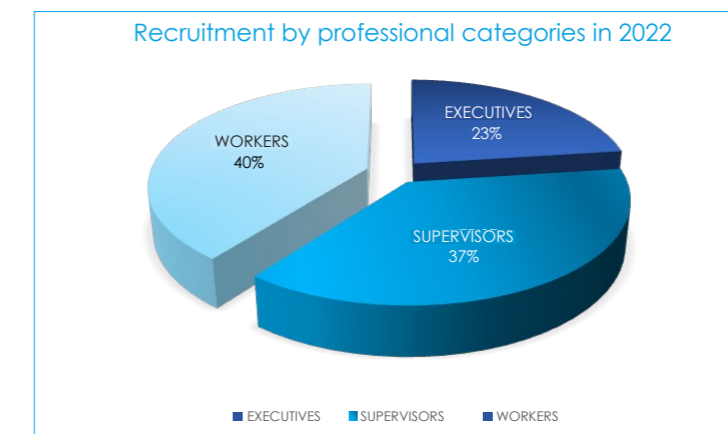
YEAR	2015	2016	2017	2018	2019	2020	2021	2022
Workforce	6380	6398	6251	6214	6092	6194	6346	6603
Recruitment	138	196	18	132	61	159	226	323

The workforce at SNIM increased from 6092 in 2019 to 6603 in 2022, representing an 8.38% growth. This increase can be attributed to the expansion of SNIM's activities and the strategic choices made by the company, focusing on succession planning and the integration of qualified profiles.



This is evident in the 2022 recruitment, which amounted to 323 individuals, including 74 executives, representing 23% of the total hires.

CATEGORIES	EXECUTIVES	SUPERVISORS	WORKERS	TOTAL
NUMBER	74	121	128	323



Incentives to employees

In a context marked by competition and the entry of new players in the mining sector in the region, there is significant pressure on talent and profiles. This necessitates a compensation policy aligned with market practices, including salary structures, progression rules, and bonus/incentive schemes linked to individual and collective performance. This is essential to attract and retain the best talent by making the positions more appealing.

In this regard, the year 2022 saw a significant improvement in employee compensation, including a general increase in salaries, merit-based individual raises, and exceptional bonuses. As a result, more than half of our employees (53.3%) received salary adjustments and/or promotions.

Professional Training

Our new professional training policy, stemming from the Strategic Business Program (PSE), aims to ensure that employees have the necessary skills to acquire the knowledge required for their roles, effectively meet specific training needs, and provide the necessary enhancements for critical positions,

particularly in the fields of operations and maintenance.

This policy results in the enhancement of skills among new recruits, the skill improvement of existing staff, and the development of partnerships with equipment manufacturers.

SNIM's strategy in the field of training

The Strategic Business Program (PSE) outlines a training plan and a corresponding monitoring system. Recognizing the need to support the skill development of SNIM's human resources, the training program is based on two main pillars :

1. Initiation of the training plan

- Definition of the required skill levels by profession and entity
- Mapping/analysis of the current resources' maturity by entity/function
- Gathering the training needs of SNIM teams
- Defining a plan to upgrade the skills of current resources

- Developing a multi-year training program for the entire SNIM
- Estimating the financial aspects and budget allocation.

2. Training Monitoring System

- Alignment with roles and responsibilities
- Definition of processes for:
 1. Monitoring of skills within SNIM
 2. Tracking/collecting training needs
 3. Updating training materials
 4. Keeping an eye on training modules/ organizations
 5. Evaluating training programs
 6. Reporting and monitoring of training program implementation.

• The assessment of the implementation of the 2022 training plans :

- Organization of 429 continuous training sessions benefiting 2,365 employees ;
- Initial training at the Professional Training Center (CFP) in Zouerate for 57 learners (16 BTS and 41 CAP) ;
- The continued provision of scholarships to students who are children of SNIM employees studying abroad.

Social Modernization Program

SNIM has developed and implemented a social modernization program with the goal of better addressing important social issues by investing in the work environment, living conditions, education, and medical services.

Health



Nouadhibou Polyclinic

In 2022, several actions were taken in the field of health, including:

- Recruitment of 19 paramedical staff members and two biomedical technicians for the clinics in Nouadhibou and Zouerate ;
- Improvement in the availability of medicines (99% satisfaction rate) ;

- Establishment of agreements with private clinics in Nouakchott ;
- Operationalization of the Biomedical Maintenance Unit.

The Biomedical Maintenance Unit aims to ensure the availability of medical equipment, in addition to its advisory role in the acquisition and selection of new equipment.

The SNIM polyclinics provide healthcare for a total of 28,016 individuals, including workers and their families. The main activities are described in the following table:

	2018	2019	2020	2021	2022
Consultations	178289	159654	132361	128108	149384
Hospitalization Days	11069	9962	9776	11482	15419
Surgical Procedures	1071	1051	876	865	787
Laboratory Tests	46196	39668	40433	43657	46465
Radiological Examinations	3020	5547	5306	4636	6029
Dental Procedures	6269	6489	4811	5492	7925
Childbirths	603	611	659	631	538

Individuals whose health condition requires further examinations or treatment are referred by the company to specialized healthcare facilities in Nouakchott and/or abroad.



Zouerate Polyclinic scanner

Other social benefits

In 2022, we initiated the development of public recreational and leisure spaces in Nouadhibou and Zouerate. Several cultural and sports activities were

organized for the benefit of employees and their families, including summer camps and recreational and educational events.

600 housing units City in Zouerate

Supporting each employee's access to decent housing takes various forms, including the free allocation of land parcels and loans in the form of salary advances. To this end, the transfer of 600 housing units to SNIM employees in Zouerate represents a new milestone in the company's strategy. The goal is to improve the living conditions of its employees, wherever they are located.

Managed by our subsidiary GIM (GENERALE DE L'IMMOBILIER), the transfer of these housing units was launched in June 2022. This operation gained significant interest from employees and the resources mobilized by SNIM for its success and exemplarity. Hundreds of employees thus became homeowners

overnight without having to directly pay a single cent.

According to eligibility criteria, the cost of each housing unit is equivalent to the housing allowance that the employee would receive by vacating their company-provided housing. In other words, acquiring the new housing will have no impact on their monthly income.

With the quality of its houses, the «Cité des 600 Logements» adds a special touch to the city of Zouerate. For the well-being of its residents, the housing complex is equipped with necessary utilities, including schools, a shopping center, wastewater treatment systems, a potable water supply network, an electrical network, and more.



Part of the 600 housing units complex in Zouerate

The supplementary retirement plan

SNIM established a supplementary retirement plan in January 2011. This system complements the retirement plan managed by the National Social Security Fund. Managed by SNIM itself, this plan is open to all Mauritanian national employees under indefinite-term employment contracts working in Mauritania. Its primary purpose is to reduce the financial vulnerability of retired employees of the company whose affiliation with the National Health Insurance Fund is covered by the SNIM Foundation.

The management of the retirement plan is done through an individual account in the employee's name. This account receives the monthly contributions due,

both from the employee's share and the employer's share.

The contribution rate for the supplementary retirement plan consists of a 10% employer contribution, in addition to a 7% employee contribution, deducted at source from their monthly salary.

Regarding the monthly pension payments upon retirement, it commences once the member ceases their salaried activity at SNIM, over a period of 120 months.

To ensure transparency, members of the supplementary retirement plan receive annual updates on the status of their individual account, including the balance and the amount of contributions for the previous year.

CONTINUOUS COMMITMENT FOR GOOD GOVERNANCE

The role of governance in SNIM's strategy

Similar to many renowned mining companies, SNIM has a roadmap for implementing its Strategic Business Program (PSE) in which the promotion of good governance practices holds a primary position, aligning with its Corporate Social Responsibility (CSR) policy.

SNIM has defined an operational model that ensures effective and optimal functioning to achieve its strategic objectives. The Operating Model

envisioned by the PSE embodies best practices in good governance by defining the operational processes necessary for business management, as well as decision-making and performance management processes (KPI cascade).

The management of SNIM's projects is also subject to governance standards, particularly in terms of project management and defining roles and responsibilities throughout the project lifecycle.

Role of audit bodies

An external auditor and an independent auditor annually verify the financial statements for each fiscal year. The Board of Directors, the highest governing body of SNIM, is assisted by an audit committee whose mandate includes approving the appointment of external auditors and annual internal audit programs. This committee also reviews audit reports and provides necessary recommendations.

In 2022, there was an improvement in the organization and strengthening of the

internal audit and inspection department to support the activity in terms of the number of missions conducted and the quality of intervention.

During 2022, the internal audit and inspection department carried out 12 missions, covering specific processes, subsidiaries, and various thematic areas.

The Internal Audit also monitored the implementation of recommendations from previous audits.

Missions carried during last three years

	2020	2021	2022
Audit of subsidiaries	0	6	4
Process audit - SNIM -	5	2	4
Inspections	3	2	2
Follow-up audit	4	1	2
Total number of missions	12	11	12

DEVELOPMENT OF STRATEGIC PROJECTS

Investment Strategy

SNIM has established a Strategic Business Program (PSE) that frames its medium and long-term development strategy. In line with the defined vision, several projects are planned to realize our capacity development ambition in terms of utilities and logistics.

The defined objective is to develop SNIM's production capacity in a harmonized manner, including aspects related to water, energy, railways, and storage and port capacities.

The PSE outlines an Excellence Projects program based on the following axes:

Project Excellence Program

Objective

Implement the best project management practices within SNIM.

Challenges

Deliver SNIM's projects (particularly capacity expansion projects) on time, within budget, and meeting performance standards.

Description and Approach

1. Training for Project Excellence

- Define the required competencies and analyze the current resources' maturity.
- Define training modules (safety, quality, risk management, close-out, etc.) and their beneficiaries.
- Develop a project excellence training plan (schedule, responsibilities, training, beneficiaries).
- Deploy the training programs.

2. Definition of Contracting Strategies and Procurement Processes

Depending on the types of projects (infrastructure/industrial installation vs. equipment acquisition):

- Define contracting strategies (self-assembly, EPC, EPCM, BOT).
- Set guidelines for project segmentation and bidding (based on SNIM's experience).
- Frame the procurement process and terms, including:
 - Drafting the Request for Proposals (DAO)
 - Evaluation of offers
 - Contractual agreements.

3. Definition and Implementation of Project Management Standards

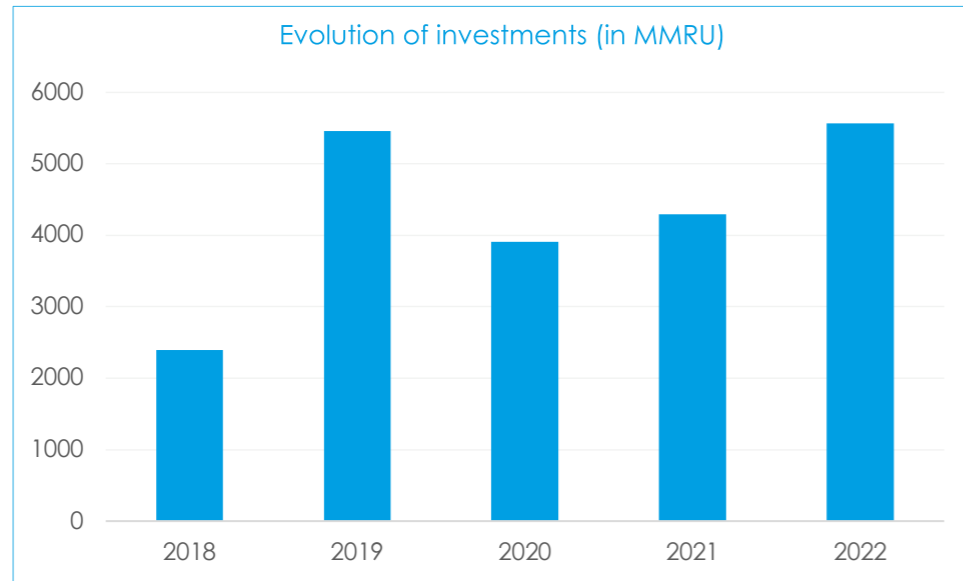
- Standards: Procurement for project initiation, risk management, budget control, project evaluation and auditing, quality management, technical specifications for components and equipment, etc

4. Implementation of Project Governance Standards

- Establishment of governance bodies (list of members).
- Roles and responsibilities throughout the project's lifecycle (from feasibility study to commissioning).
- Governance bodies and their functions.

Investments made in 2022

Investments made in 2022 amounted to 5,570 million MMRU, representing a 23% increase compared to 2021 when the total investment was 4,291 MMRU.



These investments reflect SNIM's priorities in the areas of energy, railways, storage, and the expansion of mining operations. They will enable SNIM to increase its production in the short, medium, and long term.

Distribution of investments by area of intervention

Area of intervention	in MMRU
Mine	878
Railways	633
GLB-I	239
GLB-II	223
F'Derick Project	101
New load line project (RP7)	260
Hydraulic Excavators	864
150 MT Mechanical Trucks (+96 wheels)	1089
200 T Trucks	314
Miscellaneous	968
Total	5 570

Energy Strategy and investment

The Strategic Business Program (PSE) places particular importance on investing in energy projects.

SNIM has conducted a study of its long-term energy needs (15-30 years) in alignment with its industrial ambitions and decarbonization goals.

Two projects are worth mentioning in this regard:

- The 12 MW Solar Power Plant in Zouerate with a total cost of US\$ 10,757,284.20 which was launched in November 2022.
- The 30 MW Thermal Power Plant in Zouerate with a total cost of over 55 million euros, for which the tender was launched in 2022.



Zouerate thermal power plant station

New Loading Shovel and Reclaim Line

The objective of this project is to add a new loading shovel and its reclaim line with a capacity of 6,000 tons per hour.

This project aims to double the loading rate at the mineral port, increasing it to 10,000 tons per hour, and to enhance the safety and flexibility of loading operations. The assembly work is currently underway, and the estimated completion time for the assembly is the second half of 2023.



F'Derick Project :

The objective of the project is to produce 2,000,000 tons of high-grade and mixed iron ore annually from the F'Derick mine. Preparatory work has begun at the mine, including overburden removal, road construction, and platform development.

Mining equipment has been delivered, and negotiations for the processing plant are in progress.

The estimated completion time for the project is the second half of 2025.

SNIM, A SOCIALLY RESPONSIBLE COMPANY

THE 7 PILLARS OF OUR CSR STRATEGY



CSR STRATEGY

Environment
Acting in favor of the environment by preserving biodiversity and promoting the circular economy

Human Resources
Ensuring the health, safety, and well-being of our employees and their families

Governance
Ensuring the promotion of CSR among the company



Integrity
Adhering to commitments in terms of ethical and fair practices

Community
Contribute to the economic and social development of the country

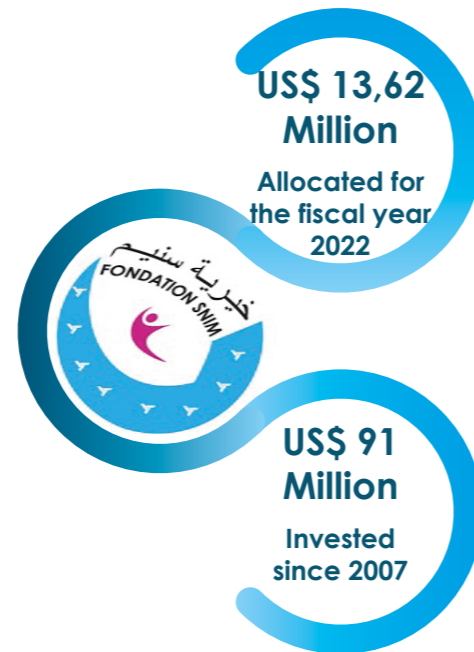
Traceability
Ensuring traceability of our raw materials throughout our entire value chain

Stakeholders
Identify and meet the needs and expectations of our several stakeholders

Our contribution to the social development

By establishing its Foundation in 2007, SNIM aimed to structure its social activities. Addressing major social and societal challenges in its operational area, SNIM positions itself as a key player in improving the living conditions of the local communities along the Zouerate-Nouadhibou corridor and, through a progressive extension of its scope, across the entire Mauritanian territory.

Recognized as a public utility, the Foundation is often referred to as the social arm of SNIM.



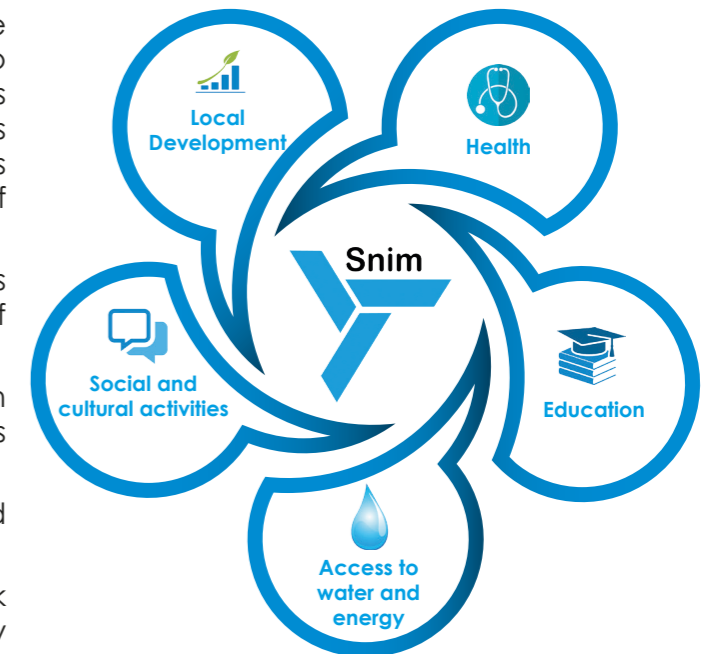
Its programs are based on five commitments:

- 1 Providing access to basic social services (water, electricity, healthcare, education, etc.) for targeted populations, with a focus on maximizing the use of renewable energy and environmentally friendly processes ;
- 2 Promoting inclusive, community-based, and local economic development ;
- 3 Developing and strengthening constructive partnerships with local stakeholders for the effective implementation of beneficial and structuring projects for their benefit ;
- 4 Implementing targeted actions through local actors, including state institutions, local authorities, religious, cultural, and sports associations, as well as other non-governmental entities, for the economic and social well-being of the populations ;
- 5 Continuing, reinforcing, and diversifying support for SNIM retirees.

SNIM Foundation: The main events in 2022

2022 marks a significant turning point in the Foundation's programs. All the changes introduced this year aim to achieve the desired effectiveness and relevance in field activities and have a better impact in terms of improving the living conditions of target groups:

- ✓ Strengthening human resources through the provision of additional skills from SNIM.
- ✓ Implementation of a new version of its management procedures manual.
- ✓ Migration to a new integrated information system (SAP B1).
- ✓ Conducting a benchmark study to highlight necessary improvements inspired by successful experiences of similar foundations worldwide. The recommendations from this study have already been the subject of an action plan.
- ✓ Commencement, in December 2022, of the construction of its new headquarters in the city center. The new ergonomic and functional building (Ground floor+1 level) will meet the needs of its operational services as a workspace and, on the



other hand, allow for closer proximity to stakeholders (administrations, communities, etc.).

- ✓ Decision to take responsibility for the management, maintenance, and security of all boreholes created for the benefit of communities in 2022.

As of December 31, 2022, 74% of the planned activities for 2022 have been launched, totaling 493.97 million MRU (US\$13.62 million).

Support to Health Sector

In 2022, healthcare-related expenses amounted to 36.9 million MRU (approximately 1 million US\$), representing 7% of the SNIM Foundation's budget. The year was particularly marked by the rehabilitation and provision of equipment for the Specialties Hospital Center in Nouadhibou, the expansion and rehabilitation of the Boulenouar health center, the expansion and rehabilitation of the Zouerate health center, as well as the provision of supplies and ambulances.

Additionally, the Foundation covers annual contributions to the CNAM (National Health Insurance Fund) and healthcare assistance for SNIM retirees, fuel allocations for ambulances in



all localities along the railway corridor, as well as bonuses and subsidies to attract and motivate medical staff working in healthcare facilities within the corridor.

Support to Education Sector

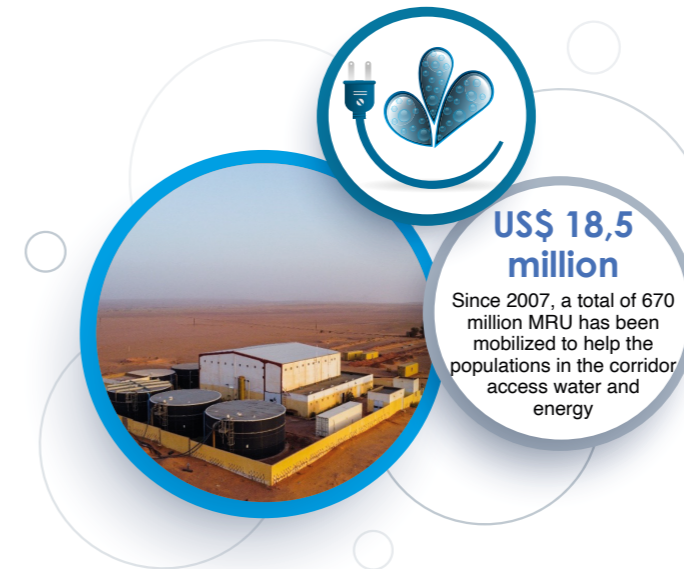


The amount invested in the education sector, 78 million MRU (approximately US\$2.15 million), reflects the importance

that SNIM places on the education of children from the communities neighboring its operations. In 2022, the following educational initiatives were prominent:

- ✓ The construction of two complete schools with 12 classrooms each in Zouerate, and another school in the town of Choum.
- ✓ The rehabilitation and expansion of 10 schools in Nouadhibou.
- ✓ Provision of educational support to all families of SNIM workers with school-age children (5.6 million MRU).
- ✓ Distribution of school uniforms to schools in the corridor.

Support to the access to water and energy



This year, the Foundation allocated 152.8 million MRU to assist the residents in the railway corridor in accessing water and energy through various actions, including:

- ✓ The commissioning of 10 water wells with a flow rate of 8 tons per hour, with a budget of 53 million MRU.

✓ Expanding the brackish water desalination plant in Zouerate to supplement the budget for well networks and equipment (47.2 million MRU).

✓ The construction of a water reservoir with a capacity of 50 tons at the drilling site to irrigate the vegetable growers in Birmoghrein.

✓ The construction of a 14-meter high water tower with a capacity of 30 m3 in Birmoghrein at the reverse osmosis site.

✓ Electrification of the neighborhood with 600 housing units in **Zouerate**.

Appui au développement local

In 2022, a budget of 161.3 million MRU was allocated for local development support in the railway corridor, including:

- ✓ Development of infrastructure in the city of Zouerate.
- ✓ Annual support for SNIM retirees' cooperatives in Nouadhibou and Zouerate, as well as other cooperatives in the municipalities of Nouadhibou and Choum.
- ✓ Providing equipment for the communal training center in F'Dérick.



☛ Social Subventions and Support for Religious, State, and Cultural Associations

In 2022, the Foundation disbursed 64.6 million MRU to fund its interventions in these areas :

- ✓ Support for SNIM retirees accounts for 12 million MRU, representing 50% of the total allocated for social grants.
- ✓ Financial aid and operational grants for the two regional councils of Dakhlet Nouadhibou and Tiris Zemour, as well as various municipalities in the corridor.
- ✓ The Ramadan Iftar operation, totaling 4.9 million MRU.
- ✓ The renovation of 6 mosques in Zouerate and 6 mosques in Nouadhibou.
- ✓ As part of the annual support for the two Sports and Cultural Associations in Nouadhibou and Zouerate, the supply and installation of artificial turf at the Cansado stadium and the rehabilitation of its buildings were carried out.
- ✓ The establishment of a center for autistic children in the municipality of Zouerate to meet their educational and integration needs into active life.

US\$ 14,5 million

Since 2007, a total of 525 million MRU has been mobilized to support retirees, assist religious and state institutions, and support cultural associations



Taking action for the environment, while preserving biodiversity and promoting the circular economy

Certified ISO 14001 since 2011, SNIM continues its continuous improvement by committing to act in favor of the environment, ensuring the preservation of biodiversity, and promoting the circular economy.

☛ Our Objectives

- Continuously improve the environmental performance of our environmental management system and maintain our ISO 14001 certification.
- Preserve the environment and biodiversity.
- Control our greenhouse gas emissions while increasing the share of renewable energy in our energy mix.
- Reduce waste production while prioritizing recycling, reusing, or material valorization.
- Decrease our water and energy consumption.

☛ Our programs

In this context, SNIM has initiated priority environmental programs since 2009 to address these significant environmental aspects:

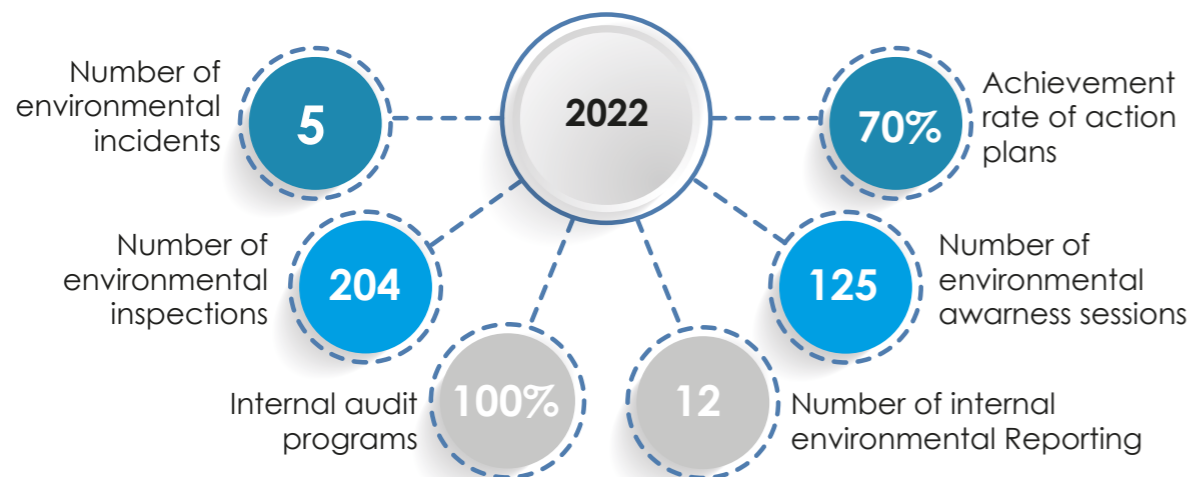
1. An environmental program for mitigating atmospheric emissions.
2. A program for managing wastewater effluents.
3. A program for managing industrial waste.
4. A program for resource rationalization (water and energy).



Continuous improvement of the environmental performance of our environmental management system and maintenance of our ISO 14001 certification

The action plan for our Environmental Management System is continuing vigorously to make our system efficient, suitable, and effective. Thus, the year 2022 was primarily marked by:

- Successful completion of follow-up audits for both the Quality Management System (SMQ) and Environmental Management System (SME) and the maintenance of our certifications.
- Training of internal environmental auditors by an external consultant in accordance with the 2018 version of ISO 19011: (Guidelines for auditing).
- Raising awareness among 1,500 company employees on the control of our environmental aspects.
- Implementation of internal audit programs for all company processes.
- Execution of inspection programs for operational processes.
- Conducting two Environmental Impact Assessment (EIA) studies for our two new projects, the construction of 30 MW thermal power plants and a 12 MW solar power plant.
- Preparation and launch of a call for tenders for the construction of a Wastewater Treatment Plant for the SNIM community in Cansado.



Dust emission management

The environmental analysis of SNIM's activities classifies dust emissions in Nouadhibou and Zouerate as the most significant environmental aspect. Environmental Program 01 (PE01) has been established to mitigate the impact of dust.

The objective is to achieve, by 2028, a dust concentration at the site property boundaries of less than 70 µg/m3 (the second intermediate target of SFI standards).



The components of PE01 include:

- Implementation of a sprinkler system at the port of Nouadhibou.
- Installation of baghouse dust collectors at the tippler and ship-loading areas in Nouadhibou.
- Installation of electric and baghouse dust collectors and a sprinkler system for the two Guelbs plants.

The average dust concentration at the property boundaries of the installations in Guelbs is 123 µg/m3, while it is 80 µg/m3 in the natural environment.

At the property boundaries of the installations in Nouadhibou, it was 74 µg/m3 compared to 37 µg/m3 in the natural environment.

Energy

With a wind farm having a capacity of 4.4 MW in Nouadhibou and a solar park with 3 MW in Zouerate, the integration of renewable energies into SNIM's energy mix is a strategic direction that we embrace.

In 2022, their share reached 3.6%, which equates to 11,750 MWh of renewable energy out of the total 328,894 MWh of energy produced.

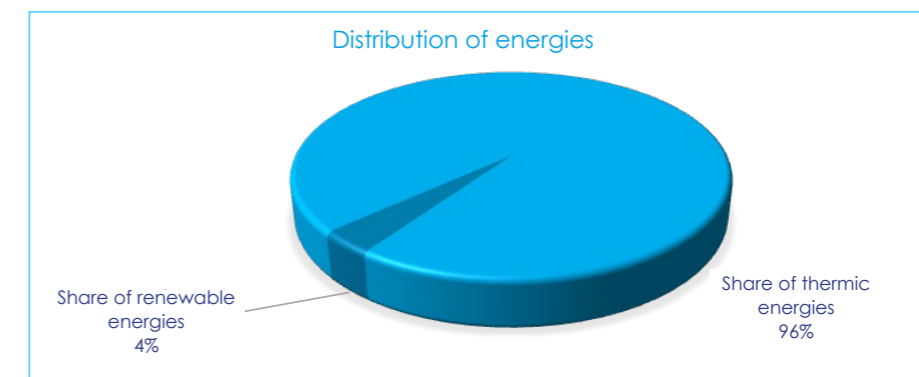
For a production of 6,493 MWh, wind energy now represents 18% of the energy mix in Nouadhibou.

The year 2022 was marked by :

- Completion of the sealing action plans for the two plants at a rate of 63%.
- Completion of the assembly of the SMAB dust collection project at Plant I.
- Commissioning of 36 out of 45 dust collectors in operation at Plant II, compared to 25 in 2021.
- Launch of tenders for sprinkler systems at Plant 1 and 2.
- Initiation of orders for the acquisition of new dust measurement devices.

In Zouerate, with a production of 5,257 MWh, solar energy now represents 1.8% of the energy produced and primarily supplies the city's social needs.

It is worth noting that in Zouerate, the 53,664 MWh of social consumption is resold by M2E (Mauritanian Water and Electricity Company, a subsidiary of SNIM) at a rate of 3 MRU per kWh..



Reduction of our GHS emissions



Recognizing the effects of climate change, we are convinced that SNIM's development involves initiating an energy transition. In line with the national goal of reducing emissions by 11% by 2030, we are determined to seize this opportunity to reduce our greenhouse gas emissions by reevaluating our reduction targets for SCOPE1 and SCOPE2 based on SNIM's energy savings potential and enhancing the energy mix.

Energy production, mining machinery, and the railway are responsible for 92% of our greenhouse gas emissions. Each of these three areas receives specific treatment and has a dedicated action plan.



Our carbon footprint reduction strategy is based on three key pillars:

- Enhanced energy efficiency.
- Increasing the share of renewable energies in our energy mix: the 12MWc photovoltaic plant project, the expansion of the 4.4MW wind power plant, and more.
- Integration of SCOPE3 into the GHG inventory in 2024, with the setting of target objectives.

It is worth noting that in 2022, SNIM and ArcelorMittal signed a non-binding memorandum of understanding to assess the opportunity to jointly develop two pellet and DRI plants in Mauritania, supplied with ores produced by SNIM. This agreement allows for a pre-feasibility study to be conducted over six months to provide a better understanding of the potential project's viability, leveraging Mauritania's potential in renewable energy production and green hydrogen production.

The production of metal from green hydrogen will be a significant step in the steel industry's transition to 'zero carbon' and will contribute to the economic development of the region.

The evolution of emissions from power plants, mining machinery, and locomotives in relation to SNIM sales (in KgCO2 emitted per ton of ore sold) is presented in the table below:

KgCO2 / T minerais	2020	2021	2022
Power plants	21,3	20,4	19,0
Locomotives	6,4	6,5	6,4
Mining machines	10,2	10,6	11,4

8125 TCO2eq avoided
Accounting for 3.6% of the energy produced in 2022, renewable energies have helped to avoid the emission of 10024 TCO2eq

Distribution of emissions	2022
Scope 1	99%
Scope 2	1%

Carbon Footprint

The greenhouse gas emissions inventory for the year 2022 shows that the total emissions from various SNIM activities amount to 532,748 TCO2 equivalent per year, representing a 10.6% increase compared to the reference year.

Energy production, mining machinery, and the railway are responsible for 92% of our greenhouse gas emissions. Social electricity consumption is accountable for 16.6% of SNIM's total emissions.

Waste management

The waste management program for SNIM's activities has significantly improved the monitoring of source separation, landfilling, and the valorization of these residues.

The currently available recycling channels make it possible to process items such as batteries, filters, scrap metal, and used oils. The rest is stored in compartmentalized landfills.

The year 2022 was marked by:

- The signing of contracts for the treatment of the main waste produced by SNIM.
- The signing of a pilot contract for the evacuation and transfer of waste to our temporary landfills on our sites.

Collection

Waste is sorted at the source using waste bins identified with a color code.

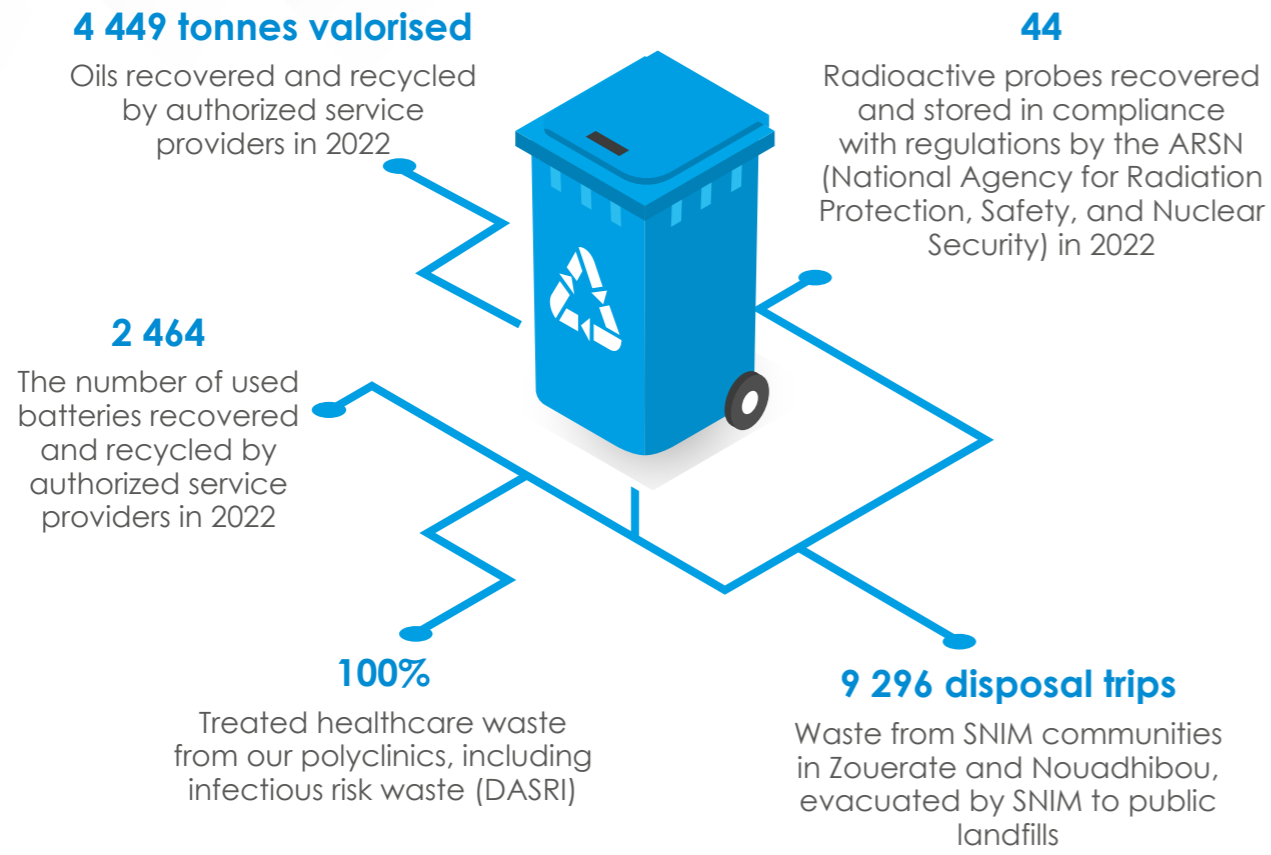
Landfilling

The waste is transported to compartmentalized landfills where hazardous waste is stored in basins protected by geomembranes.

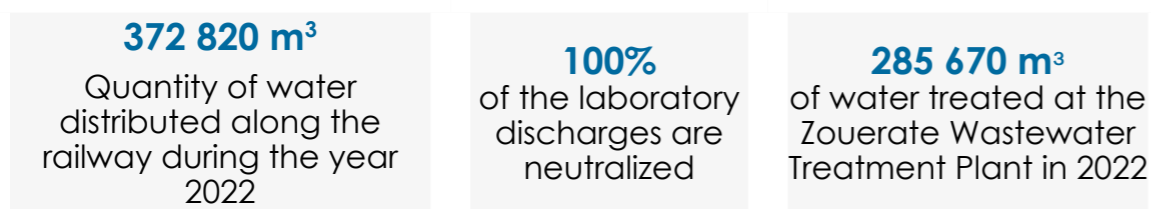
Valorisation

According to the recycling channels available in the Mauritanian environment, waste is recycled.

The currently available recycling channels make it possible to process items such as batteries, filters, scrap metal, and used oils.



Water Management

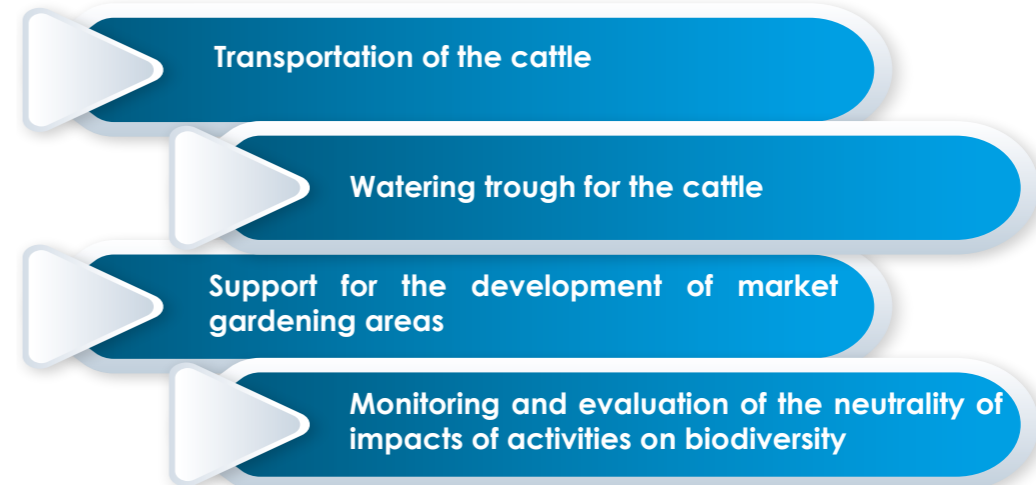


The geographical location and geological and climatic conditions in Zouerate make water a more precious resource there than elsewhere. In addition to its industrial needs, SNIM assumes the responsibility of meeting the water needs of the populations of Zouerate and F'derick. It also supplies water to market gardeners and livestock farmers in the localities along the Zouerate-Nouadhibou corridor. All the water production comes from fossil aquifers. Since 2016, the majority of the water produced by SNIM is intended for what is known as social consumption. In 2022, 36.5% of the 3.8 million m³ consumed were allocated for the needs of the populations.

Tiris Zemmour Biodiversity

463 744 m³
The quantity of water distributed to market gardeners and livestock watering troughs in the Tiris Zemmour region in 2022, with **21** operational wells along the corridor to meet the needs of the livestock (Zouerate-Nouadhibou))

IN THE SERVICE OF BIODIVERSITY



Fauna and Flora in the Tiris Zemmour area



The Zouerate area is largely dominated by domestic animals, primarily camels and goats, but also sheep, donkeys, small mammals, and reptiles, such as the fennec, the golden jackal (*Canis aureus*), scorpions, the horned viper (*Cerastes cerastes*), the Cape hare (*Lepus capensis*), and the desert monitor

lizard (*Varanus griseus*), commonly known as «Dabb Tiris.» As for the flora, the area is occupied by three main physiognomic types: *Maerua crassifolia*, *Acacia radiana*, and *Aristida pungens*.



ANNEX

FINANCIAL REPORT

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

FINANCIAL STATEMENTS

YEAR ENDED ON DECEMBER 31, 2022



SNIM
Statement of financial position
As at December 31st, 2022

ASSETS

In MMRU	31/12/2022	31/12/2021
Non-current assets		
Property, Plant & Equipment	61 645	61 518
Intangible assets	190	206
Non-current financial assets	1 686	1 555
Investment in associates	5 535	4 691
Total of non-current assets	69 057	67 969
Current assets		
Inventories and work in progress	10 541	7 803
Trade receivables	9 154	6 645
Other receivables	2 031	3 663
Current financial assets	88	11
Ash and cash equivalents	43 384	51 008
Total current assets	65 197	69 130
TOTAL ASSETS	134 254	137 099

EQUITY & LIABILITIES

In MMRU	31/12/2022	31/12/2021
Equity		
Issued capital	18 270	18 270
Share premium	646	646
Contribution premium	1 228	1 228
Legal reserves	1 827	1 827
Other comprehensive income	5 800	6 398
Retained earnings	87 126	89 393
Total Equity	114 898	117 762
Non-current liabilities		
Financial debts (portions over 1 year)	1 362	2 516
Retirement benefit obligations	5 013	3 416
Provisions	807	738
Total non-current liabilities	7 182	6 671
Current liabilities		
Financial debts (portions at less than 1 year)	943	935
Trade payables	4 656	6 285
State and other public taxes	1 917	2 403
Other payables	4 646	3 004
Forward contracts	13	38
Total current liabilities	12 175	12 665
TOTAL EQUITY AND LIABILITIES	134 254	137 099



Snim

SNIM
Income statements
Period of 12 months ended December 31st, 2022

In MMRU	31/12/2022	31/12/2021
Iron ore sales	46 371	59 277
Revenue from ancillary business activities	611	754
Revenue	46 982	60 031
Changes in inventory of finished goods and work-in-progress	722	550
Capitalized production	403	331
Raw materials and consumables used	(14 172)	(10 732)
Gross Profit	33 935	50 180
Other operating income	300	1 103
Personnel expenses	(6 192)	(5 152)
Depreciation, amortization and provision expenses	(6 616)	(6 867)
Taxes and duties	(47)	(42)
Other operating costs	(2 420)	(2 073)
Operating profit	18 960	37 149
Financial income	925	1 297
Financial expenses	(110)	(1 418)
Profit before tax	19 775	37 027
Income tax expense	(4 238)	(5 400)
Profit for the year	15 537	31 627
Earnings per share in Ouguiya	850	1 731

Statement of comprehensive income

In MMRU	31/12/2022	31/12/2021
Net Result of the year	15 537	31 627
Other comprehensive income	(598)	(207)
Comprehensive Income	14 939	31 419

SNIM
Statement of cash flows
Period of 12 months ended on December 31, 2022

In MMRU	31/12/2022	31/12/2021
Operating activities		
Operating activities	19 775	37 027
Amortization, depreciation and provision	7 469	5 933
Reversal of amortization, depreciation and provisions	(671)	(398)
Gains/losses on asset sales	146	0
Gains / losses on exchange	(659)	(372)
Investment income	(895)	(219)
Financial expenses	93	329
Changes in working capital	(2 850)	6 017
Cash flow generated by operating activities	22 408	48 317
Interest paid	(98)	(383)
Income tax paid	(4 937)	(5 873)
Net cash flow from operating activities	17 373	42 061
Investment activities		
Acquisition of fixed assets	(6 839)	(5 678)
Loan repayment	0	0
Proceeds from sale of equipment	0	0
Interests received	791	154
Dividends received	104	66
Net cash flow from investing activities	(5 944)	(5 459)
Financing activities		
Proceed from long-term borrowing	0	0
Other financial payments	287	197
Payments on long-term borrowings	(1 375)	(7 232)
Other financial proceeds	(168)	(68)
Dividends paid	(17 797)	(7 626)
Net cash flow from financing activities	(19 053)	(14 729)
Net change in cash and cash equivalents	51 008	29 135
Cash and cash equivalents at the beginning of the period	(7 624)	21 873
Cash and cash equivalents at the end of the period	43 384	51 008

SNIM
Statement of changes of equity
As of December 31st, 2022

In MMRU	Issued Capital	Share premium	Contribution premium	Legal reserves	Other comprehensive income	Accumulated profits	Total
Shareholders' equity as of January 1st, 2021	18 270	646	1 228	1 635	6 605	65 587	93 972
Revaluation of financial instruments	-	-	-	-	(54)	-	(54)
Revaluation for pension plans	-	-	-	-	(153)	-	(153)
Reserve allocation	-	-	-	192	-	(192)	-
Net result of the period	-	-	-	-	-	31 627	31 627
Dividends	-	-	-	-	-	(7 629)	(7 629)
Shareholders' equity as of January 1st, 2022	18 270	646	1 228	1 827	6 398	89 393	117 763
Revaluation of financial instruments	-	-	-	-	80	-	80
Revaluation for pension plans	-	-	-	-	(1 392)*	-	(1 392)
Exchange difference on conversion into the reporting currency	-	-	-	-	715**	-	715
Net result of the period	-	-	-	-	-	15 537	15 537
Dividends	-	-	-	-	-	(17 804)	(17 804)
Shareholders' equity as of December 31st, 2022	18 270	646	1 228	1 827	5 800	87 126	114 898

*1 392 MMRU increase in retirement benefits to changes in actuarial assumptions recognized in other comprehensive income.

**715 MMRU of exchange difference on the conversion into the presentation currency resulting from an exchange gain of 3 497 MMRU and an exchange loss of 2 782 MMRU, recognized in other comprehensive income.

ANNEXES TO THE FINANCIAL STATEMENT As at december 31, 2022

1- ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF FINANCIAL POSITION

1.1 Property, Plant & Equipment

Assets valued at fair value In MMRU	31/12/2021	Acquisitions	Transfers	Disposals	31/12/2022
Gross Value	51 006	537	0	(143)	51 400
Accumulated depreciation	23 666	2 141	0	(53)	25 753
NET VALUE	27 340	(1 604)	(0)	(90)	25 647

Assets valued at cost	31/12/2021	Acquisitions	Transfers	Disposals	31/12/2022
Gross value	60 226	2 866	0	(809)	62 284
Right of use assets	3 723	-	-	-	3 723
Accumulated depreciation	34 635	3 306	0	(275)	37 666
NET VALUE	29 315	(440)	0	(534)	28 341
TOTAL GROSS VALUE	114 955	3 403	(0)	(952)	117 406
TOTAL AMORTIZATION	58 301	5 447	0	(328)	63 419
FIXED ASSETS IN PROGRESS	4 860	5 570	(2 773)	-	7 657
NET VALUE FIXED ASSETS*	61 515	3 526	(2 773)	(624)	61 644

* Not including the net value of Prospecting Assets which amount a low value of 1 MMRU as of December 31, 2022 and 2 MMRU as of December 31, 2021.

The acquisitions of the year 2022 amount to 5 570 MMRU of which 403 MMRU of capitalized production.

Capitalized borrowing costs :

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

In MMRU	31/12/2021	Incorporated costs during the period	31/12/2022
Guelb2	2 024	-	2 024
Mineral harbor	406	-	406
Harbor dredging	139	61	200
Total	2 569	61	2 630

Finance leases :

The gross value of the financial leases included in the final assets is as follows :

In MMRU	31/12/2021	Acquisitions	Disposals	31/12/2022
Renewal of Port Equipment (part IsDB)	7 69	-	-	7 69
Other materials Guelbs II (part IsDB)	2 324	-	-	2 324
Railways materials (Part IsDB)	6 31	-	-	6 31
Gross Value	3 723	-	-	3 723

Finance lease obligations :

Minimum lease payments in thousands of USD	31/12/2022	31/12/2021
Due within one year	2 741	2 938
From 2nd to 5th year inclusive	2 655	8 239
More than 5 years	-	-
Less: future financial charges	(217)	(471)
Finance lease debt	5 179	10 706

Property, plant, and equipment at fair value

GROSS VALUE in MMRU	31/12/2021	Acquisitions	Transfers	Disposals	31/12/2022
Specialized complex installations	41 941	389	-	(14)	42 316
Railway rolling stock and railroad track	9 065	148	-	(129)	9 083
TOTAL	51 006	537	-	(143)	51 400

Depreciations	31/12/2021	Allowance	Transfers	Reversals	31/12/2022
Specialized complex installations	18 973	1 941	-	(14)	20 900
Railway rolling stock and railroad track	4 693	200	-	(40)	4 853
TOTAL	23 666	2 141	-	(53)	25 753

NET BOOK VALUE	31/12/2021	Increase/ Allowance	Transfers	Decrease	31/12/2022
Increase/Allowance	22 968	(1 552)	-	-	21 417
Railway rolling stock and railroad track	4 372	(52)	-	(90)	4 230
TOTAL	27 340	(1 604)	-	(90)	25 647

Property, plant and equipment at acquisition cost

GROSS VALUE in MMRU	31/12/2021	Acquisitions	Transfers	Disposals	31/12/2022
Land	470	-	-	-	470
Land improvements	19	-	-	-	19
Buildings	27 979	1 007	-	(548)	28 438
Operating equipment	32 538	1 393	-	(256)	33 676
Transportation equipment	2 001	460	-	1	2 462
Office and IT equipment	587	4	-	(0)	591
Office furniture	356	1	-	(6)	351
TOTAL	63 949	2 866	-	(809)	66 007

Depreciation	31/12/2021	Allowance	Transfers	Reversals	31/12/2022
Land	-	-	-	-	-
Land improvements	17	-	-	-	17
Buildings	10 882	1 269	-	(14)	12 137
Operating equipment	21 367	1 715	-	(255)	22 828
Transportation equipment	1 567	260	-	-	1 827
Office and IT equipment	560	10	-	(0)	569
Office furniture	242	52	-	(6)	288
TOTAL	34 635	3 306	-	(275)	37 666

VALEUR NETTE COMPTABLE	31/12/2021	Increase/ Allowance	Transfers	Decrease	31/12/2022
Land	470	-	-	-	470
Land improvements	2	(0)	-	-	2
Buildings	17 096	(262)	-	(534)	16 295
Operating equipment	11 171	(322)	-	(1)	10 848
Transportation equipment	434	200	-	1	635
Office and IT equipment	27	(6)	-	(0)	22
Office furniture	113	(50)	-	(0)	63
TOTAL	29 314	(440)	-	(533)	28 341

The following table shows the gross values of fully depreciated property, plant and equipment that are still in use as of December 31st, 2022 :

Description	Gross value	
En MMRU	2 021	2 022
Buildings	1 506	2 942
Railway rolling stock and railroad track equipment	1 021	2 547
Specialized complex installations	8 174	8 882
Operating equipment	14 334	12 642
Transportation equipment	1 381	1 442
Other tangible assets	673	673
TOTAL	27 089	29 128

1.2 Intangible assets

Variation in intangible gross fixed assets	31/12/2021	Acquisitions	Disposals	31/12/2022
Intangible fixed assets value	808	-	-	808
TOTAL	808	-	-	808
Change in depreciation	31/12/2021	Allowance	Reversals	31/12/2022
Valeurs des amortissements des immobilisations incorporelles	602	16	-	619
TOTAL	602	16	-	619
Valeur nette des immobilisations incorporelles	206	(16)	-	190

These intangible assets relate to acquired patents and software.

1.3. Non-current financial assets and investments in Associates

In MMRU	31/12/2022	31/12/2021
Loans and advances	1 825	1 679
Deposits and guarantees	(1)	13
Provision for other assets' impairment	(138)	(138)
Non-current financial assets	1 686	1 555
Investment in associates	5 535	4 691
TOTAL	7 222	6 246

Investments in associates

In MMRU	31/12/2021	Increase	Transfers	Disposals	31/12/2022
Investments in associates	7 001	496	-	-	7 497
Subsidiary loans	2 392	230	-	-	2 622
Gross Value	9 393	726	-	-	10 119
Impairment of Investment in associates	(3 542)	(100)	219	-	(3 424)
Impairment of Subsidiary loans	(1 160)	0	-	-	(1 160)
Provision for impairment	(4 702)	(100)	219	-	(4 583)
Interest	3 459	396	219	-	4 073
Loans to subsidiaries	1 232	230	-	-	1 462
Net Value	4 691	627	219	-	5 535

1.4. Inventories and work-in-progress

In MMRU	31/12/2022	31/12/2021
Raw materials at weighted average cost	11 605	8 535
Ore at weighted average cost	4 070	3 348
Goods at weighted average cost	19	30
Gross value of inventories	15 694	11 913
Impairment of raw materials	(3 557)	(2 891)
Impairment of ore inventories	(1 596)	(1 220)
Total Net Value	10 541	7 803

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

In MMRU	31/12/2022	31/12/2021
Raw materials at weighted average cost	11 605	8 535
Raw materials at net realizable value	8 048	5 644
Goods	19	30
Iron ore at weighted average cost	4 070	3 348
Iron ore at net realizable value	2 474	2 128
Total inventories at the lower of weighted average cost and net realizable value	10 541	7 803

1.5. Trade receivables and related accounts

Trade receivables are detailed as follows:

In MMRU	31/12/2022	31/12/2021
Iron ore trade receivables	7 692	5 287
Receivables due from group companies	728	717
Other trade receivables	1 468	1 217
Total Gross trade receivables	9 887	7 221
Impairment of Iron ore trade receivables	(12)	(12)
Impairment of receivables due from group companies	(393)	(312)
Impairment of other trade receivables	(328)	(253)
Total impairment	(733)	(576)
Net iron ore trade receivables	7 680	5 275
Net receivables due from group companies	334	406
Net other trade receivables	1 139	964
Total net value	9 154	6 645

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

In MMRU	31/12/2022	31/12/2021
Impairment as of 1st January	576	460
Impairment loss under IFRS 9	0	0
Additional depreciation	157	117
Impairment as of 31st December 2022	733	576
Amount recovered from impaired receivables	5 287	11 388
Gross amounts of impaired receivables	9 887	7 221

1.6 Other receivables

In MMRU	31/12/2022	31/12/2021
Trade payables- debit balances	820	1 487
Personnel receivables	345	205
Trustee	102	1 319
Sundry receivables	88	87
Tax receivables	8	381
Deferred expenses	668	184
TOTAL	2 031	3 663

1.7 Cash and cash equivalents

In MMRU	31/12/2022	31/12/2021
Cash	4 340	10 372
Cash equivalents	39 044	40 636
Trésorerie NETTE	43 384	51 008

1.8 Financial debts

In MMRU	Currency	Interest rate	Maturity	31/12/2022	31/12/2021
RAILWAY					
IsDB	USD	Var.	2 024	189	281
PORT					
KFW NP1	USD	Var.	2 022	-	187
KFW NP2	USD	Var.	2 022	-	162
DREDGING					
EIB DRG	USD	%7,231	2 031	362	398
AfDB DRG	USD	VAR	2 031	305	341
Subtotal				856	1 368

The situation of financing agreement is presented as follows :

Project	Lender	Currency	Interest rate	Maturity	Total (in million MRU)	Drawn (in million MRU)	Undrawn (in million MRU)
Voie	IsDB	USD	Var	2024	28	28	-
Guelb 1 Plant	AFESD (Arab Fund for Economic & Social Development)	KWD	Fixe	2049	32	2	30
DREDGING	EIB	USD	Var	2031	10	10	-
DREDGING	AfDB	USD	Var	2031	10	10	-

Loans outside the scope of the trustee agreement

In MMRU	Currency	Interest rate	Maturity	31/12/2022	31/12/2021
Deposit				2	2
AFESD	KWD		2 048	236	236
Subtotal				238	238

Rescheduled debts

In MMRU	Currency	Interest rate	Maturity	31/12/2022	31/12/2021
Rescheduled maturities on French debt					
Accord 8 (Agreement 8)	EUR	3,00%	2 019	117	117
Subtotal				117	117

Reassigned debt

In MMRU	Currency	Interest rate	Maturity	31/12/2022	31/12/2021
European Economic Maturity (Sysmin 1)	EUR	0,50%	2 028	324	333
FED/03/EUR	EUR	Var.		581	1 396
Subtotal				905	1 729

Total loans	2 117	3 451
Loans maturing in less than one year	755	935
Long and mid-term loans	1 362	2 516

In MMRU	31/12/2021	Cash movements	FX	Other	31/12/2022
Long and mid-term loans	2 516	(439)	40	(755)	1 362
Loans maturing in less than one year	935	(935)	-	755	755
Other loans maturing in less than one year	0	189	-	-	189
Total Financial debts (portions at less than 1 year)	935	(746)	-	755	943
TOTAL financial debts	3 451	(1 185)	40	-	2 306

1.9 Retirement benefit obligation

In MMRU	31.12.2021	Allowance	Reversals	31.12.2022
Provisions for retirement indemnities	921	1 478*	-	2 399
Provisions for complementary retirement	2 495	287	(168)	2 614
TOTAL	3 416	1 765	(168)	5 013

Financial cover :

Financial cover	31/12/2021	31/12/2022
Financial cover	893	2 399
Provisions (Pension liabilities)	893	2 399

Actuarial cost for the year :

Financial cover	31/12/2021	31/12/2022
Current service cost	30	40
Interest on debt	37	46
Expected return on assets	-	-
Amortization of actuarial gains & losses	-	-
Amortization of past service costs	-	-
Impacts of plan reductions/liquidations	-	-
Charges (Incomes)	67	86

1.10 Provisions

Trade payables are detailed as follows:

En MMRU	31/12/2021	Dotations	Reprises	31/12/2022
Contingency provisions	738	337	(268)	807
TOTAL	738	337	(268)	807

1.11 Trade payables

Trade payables are detailed as follows :

In MMRU	31/12/2022	31/12/2021
Trade payables	3 938	5 451
Accrued payables	719	834
TOTAL	4 656	6 285

1.12 State and other public taxes

State and other public taxes are detailed as follows :

In MMRU	31/12/2022	31/12/2021
SNIM Unique Tax	1 222	1 920
Taxes on wages and salaries	567	440
Other taxes	128	44
TOTAL	1 917	2 403

1.13 Other payables

Other payables are detailed as follows :

En MMRU	31/12/2022	31/12/2021
Payroll expenses and related costs	298	241
Dividends payable	17	10
Sundry payables and pre-payments	4 331	2 753
TOTAL	4 646	3 004

Sundry payables are detailed as follows :

In MMRU	31/12/2022	31/12/2021
Credit customers	595	511
Accrued expenses	2 537	970
Investment of subsidiaries	276	276
Accrued expenses on borrowings	32	406
Remaining payment on the capital increase	543	172
Marking taxes	28	7
Social security contributions	24	114
Accruals and deferred income	297	298
TOTAL	4 331	2 753

2- ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT**2.1 Revenue from ancillary business activities**

Other revenue from ancillary business activities is detailed as follows :

In MMRU	2022	2021
Rents, material disposal, telecom	511	582
Rental of buildings and equipment	10	5
Other services	28	14
Supply of personnel	56	151
Disposals	6	2
TOTAL	611	754

2.2 Raw materials and consumables

Raw materials and consumables are detailed as follows :

In MMRU	2022	2021
Consumables used	13 999	10 532
Maintenance products	23	30
Supplies	86	80
Water and electricity	50	63
Materials & supplies	15	28
TOTAL	14 172	10 732

2.3 Other operating income

Other operating income are detailed as follows :

In MMRU	2022	2021
Discounts, rebated and refunds obtained	14	0
Products and Profits	286	1 100
Profits / disposal	0	3
TOTAL	300	1 103

2.4 Personnel expenses

The personnel expenses heading is as follows :

In MMRU	2022	2021
Wages	5 472	4 575
Social charges	452	470
Provision for retirement indemnities	150	0
Complementary pension schemes	118	106
TOTAL	6 192	5 152

2.5 Depreciation, amortization and provisions

Depreciation, amortization and provisions are detailed as follows :

In MMRU	2022	2021
Depreciation of property, plant and equipment	5 448	4 913
Amortization of intangible assets	16	39
Depreciation of financial assets	100	523
Depreciation of inventories	1 042	1 107
Depreciation and accrual for accounts receivable	157	116
Other depreciation	311	237
Reversals / provisions	(460)	(67)
TOTAL	6 616	6 867

The increase in depreciation and provisions is explained by the new commissioning of fixed assets

2.6 Taxes

Taxes are detailed as follows :

In MMRU	2022	2021
Tax on benefit	8	8
Other taxes	39	34
TOTAL	47	42

2.7 Other operating expenses

The other operating expenses are detailed as follows :

In MMRU	2022	2021
Expenses related to investment	1 358	1 392
Expenses related to operations	307	248
Other charges	755	432
TOTAL	2 420	2 073

2.8 Financial income

Financial incomes are detailed as follows :

In MMRU	2022	2021
Interest and related income	791	154
Income on financial instruments	128	67
Foreign exchange gains	-	1 063
Other financial income	6	12
TOTAL	925	1 297

Financial exchange gains are detailed as follows :

In MMRU	2022	2021
Unrealized exchange gains	-	292
Other exchange gains	-	772
TOTAL	-	1 063

2.9 Financial expenses

In MMRU	2022	2021
Interest and related charges	109	336
Foreign exchange losses	-	1 043
Charges on financial instruments	1	38
TOTAL	110	1 418

Exchange losses are detailed as follows :

In MMRU	2022	2021
Unrealized exchange losses	-	686
Other exchange losses	-	357
TOTAL	-	1 043

2.10 Earnings per share

Earnings per share are presented as follows :

In MMRU	2022	2021
Net income (in MMRU)	15 537	31 627
Total number of shares	18 270 000	18 270 000
Earnings per share in MRU	850	1 731

3-ADDITIONAL INFORMATION RELATED TO THE STATEMENT OF CASH FLOWS

3.1 Restatement of amortization and provisions

In MMRU	2022	2021
Amortization of property, plant and equipment	5 448	4 913
Amortization of intangible assets	16	39
Amortization of financial assets	100	523
Allocation to provisions (risks & charges + pension) *	1 815	459
Losses of fixed assets	90	-
TOTAL	7 469	5 933

* Of which 1392 MMRU corresponding to the increase in the commitment of the retirement indemnity mainly linked to the variation in the rate of salaries increase.

3.2 Changes in working capital

In MMRU	2022	2021
Decrease (increase) in inventories	(2 738)	(455)
Decrease (increase) in trade receivables	(2 509)	5 772
Decrease (increase) in other receivables	1 374	(143)
Increase (Decrease) in trade payables	(1 017)	1 003
Increase (Decrease) State and other local authorities	211	173
Increase (Decrease) in other payables	1 829	(333)
CHANGES IN WORKING CAPITAL	(2 850)	6 017

3.3 Expenditures on fixed assets

In MMRU	2022	2021
Acquisition of property, plant & equipment	(5 762)	(4 112)
Acquisition of intangible assets	-	-
Acquisition of financial assets	(1 077)	(1 567)
TOTAL ACQUISITIONS	(6 839)	(5 678)

3.4 Reversal of depreciations and provisions

In MMRU	2022	2021
Capitalized production	(403)	(331)
Reprise sur amortissements & provisions	(268)	(67)
TOTAL	(671)	(398)

3.5 Foreign exchange gains and losses

In MMRU	2022	2021
FX gains / loss on loans	40	(254)
Other comprehensive income	(699)	(118)
TOTAL	(659)	(372)

3.6 Net Cash

In MMRU	2022	2021
Cash equivalents	39 044	40 636
Cash	4 340	10 372
NET CASH	43 384	51 008

4- OTHER COMMITMENTS AND LIABILITIES

Off-balance sheet commitments are detailed as follows :

In MMRU	31/12/2022	31/12/2021
Documentary credits in progress	1 638	765
Commitments on contracts	58	
Sub-Total Commitments given	1 696	765
Guarantees received from contractors	244	373
Balance of undisbursed funds	3 616	3 618
Sub-Total Commitments received	3 860	3 991
Total	5 557	4 756

The logo graphic for Snim consists of three light blue, trapezoidal shapes arranged in a stylized 'S' or 'V' pattern. The top shape is on the left, the middle one is on the right, and the bottom one is on the left, creating a sense of movement and balance.

Snim

A decorative graphic element on the right side of the page, consisting of several overlapping, wavy, light blue lines that create a sense of depth and movement, resembling a stylized wave or a series of parallel paths.

ANNEX
SNIM's medium and long-term debt



Snim

SNIM's medium and long-term debt

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

Within the context of the Development and Modernization Project (PDM in its French Acronym), SNIM signed financing agreements with commercial financial institutions and institutional lenders. Among these agreements, two loans were 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 Aktiengesellschaft et Kfw as regards the financing Guelb II project, and

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

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
- Ratio de liquidité (Actif Courant/Passif Courant) : >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 Onshore 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 150 million, SNIM agrees to have an analysis conducted by a third party of its forecasts and the measures taken to restore the cash level.

Bank loans for the Guelb II project and for the New Mineral Port Project are fully repaid on December31,2022 and all the ratios provided for by the terms of the contracts described below above have been respected.

Other debts

Loans outside the scope of the trustee agreement

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

In MMRU	Currency	Interest Rate	Maturity	31/12/2022	31/12/2021
Deposit			2	2	2
AFESD	KWD		048	236	236
Sub-total				238	238

Rescheduled Debts

In the context of the 8th club in Paris which met in 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 canceled for the benefit of the Mauritanian Islamic Republic, within the framework of PPTTE initiative. Rescheduled debt of SNIM concerning these concessions, was reorganized by an agreement signed between the Ministry of Finance and SNIM dated August 21, 2003. This protocol defines the payment terms to the Mauritanian

state of the debt initially due by SNIM to the Bank of France and Coface.

The total amount of this treaty (Agreement 8) is EUR 15,235,989.75, which represents interest accumulated from June 30, 2002 to June 30,2019 for agreements III, IV, V and VI, including EUR 12,763,021.30 of principal amount (corresponding to the non-repaid amount on these agreements) and EUR 2,472,968,44 of interest.

The outstanding balance for this agreement amounts to 117 MMRU as at December 31st, 2022 and as for December 31st, 2021.

In MMRU	Currency	Interest Rate	Maturity	31/12/2022	31/12/2021
Rescheduled maturities on French debt					
Accord 8 (Agreement 8)	EUR	3,00%	2 019	117	117
Sub-total				117	117

Reassigned debt

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

In this same program, the European Union also granted the Mauritanian State a subsidy of 45 million Euros under the agreement

n. 6589/MAU (SYSMIN III) dated February 7, 2003. The agreement stipulates the grant's retrocession to SNIM in the form of a loan for the renewal of the mineral port in Nouadhibou. SNIM utilized 34.14 million euros for this purpose. As part of this loan reassignment, a tripartite agreement between the European Union, the Mauritanian Government, and SNIM outlining the terms of the loan reimbursement was signed on March 14, 2022.

In the contracts for most of the aforementioned loans, the company had committed to adhering to certain conditions, including the timely payment of the amounts due at their respective maturity dates.

In MMRU	Currency	Interest rate	Maturity	31/12/2022	31/12/2021
European Economic Community (Sysmin 1)	EUR	0,50%	2 028	324	333
FED/03/EUR	EUR	Var.		581	1 396
Sub-total				905	1 729
Total loans				2 117	3 451
Loans maturing in less than one year				755	935
Long and mid-term loans				1 362	2 516

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

The table of changes in financial debts between December 31st , 2021 and December 31st, 2022 is as follows :

In MMRU	31/12/2021	Cash movements	FX	Other	31/12/2022
Long and mid-term loans	2 516	(439)	40	(755)	1 362
Loans maturing in less than one year	935	(935)	-	755	755
Other loans maturing in less than one year	0	189	-	-	189
Total financial debts (portions at less than 1 year)	935	(746)	-	755	943
TOTAL financial debts	3 451	(1 185)	40	-	2 306

The logo for Snim, consisting of three light blue geometric shapes: a downward-pointing triangle on the left, a horizontal rectangle in the middle, and an upward-pointing triangle on the right, all arranged to form a stylized 'S' shape.

Snim

ANNEX

**Financial Risks: Voluntarist strategies
for management and prevention**

Financial Risks: Voluntarist strategies for management and prevention

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 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.

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

The company has formalized its risk management policy and its tolerance level for these risks.

Procedures for measuring the Company's exposure to currency risk (actual and forecast) have been established. These procedures have been approved by Executive Management and are reviewed annually. The company undertakes to treat its hedging transaction with leading banks (Société Générale, BNP Paribas...).

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 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 de of EURO	Impact on profit and loss before tax	Impact on equity
2022	10%	815 906	8 137 591
	(10%)	(1 155 913)	(3 999 625)

Dollar = 37,82 ouguiyas

Raw material price risk :

The company is exposed to the raw material price risk on firm and estimated operational transactions.

SNIM's policy is to hedge against exposure to these risks. In order to reach its hedging objectives, the company resorts to purchase and selling contracts on raw material options or on swap contracts. Some selling contracts are part of a global hedging strategy. Management of this risk is spread over less than 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 swap) gives a reasonable variation of the raw materials exchange rate, as all other variable remain stable.

As of December 31st, 2022, 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 variables rates (libor). Therefore, the company is exposed to a financial risk related to the increase of interest rates.

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

To reach its hedging objectives, the company resorts to interest-rate derivative instruments,

signs interest swaps and conditional financial instruments (caps, floors and collars).

To limit the effect of the dollar rate increase on its financial instruments, SNIM decided to implement a hedging policy, aimed at guaranteeing a maximum income rate.

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

In USD	Variation in rate	Impact on profit and loss before tax	Impact on equity
2022	5%		148 910
	(5%)		149 674

Credit risk :

SNIM maintains commercial relations exclusively with reliable third parties.

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

Regarding the credit risk on the 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 potential failure of the third party with the maximum exposure not exceeding the accounting value of those instruments.

☛ Liquidity risk :

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

To further reduce the risk of liquidity, 40% of loans contracted by SNIM are placed under trustees. The trustee system consists of deducting an

amount from monthly sales until maturity is set three months in advance and can only be used for the repayment of these loans. As of December 31st, 2022, 36% of SNIM's debts are due in less than one year, compared with 27% in 2021.

☛ Maturity :

The table below shows the maturity of the financial liabilities as of December 31st, 2022, based on contractual payments not discounted. The principal considers only the debt draw by the company as of December 31st, 2022. Similarly, interest expenses reflect the

interests of the company totally drawn as of December 31st, 2022.

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

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

Year	2023	2024	2025	2026	2027	2028	2029
Principal	755	366	281	116	116	103	91
Interests	97	62	48	37	30	23	17
TOTAL	852	428	329	153	146	127	107
Year	2 030	2 031	2 032	2 033	2 034	2 035	2 036
Principal	70	50	10	10	10	10	10
Interests	10	6	3	3	3	3	3
TOTAL	80	56	13	13	13	13	12
Year	2 037	2 038	2 039	2 040	2 041	2 042	2 043
Principal	10	10	10	10	10	10	10
Interests	2	2	2	2	2	1	1
TOTAL	12	12	12	12	11	11	11
Year	2 044	2 045	2 046	2 047	2 048		
Principal	9,83	9,83	9,83	9,83	9,83		
Interests	1	1	1	0	0		
TOTAL	11	11	10	9	10		
TOTAL GEN							
Principal	2 115						
Interests	360						
TOTAL	2 474						

Derivative financial instruments

The company uses financial instruments such as forward contracts, swaps on raw material, fair value hedges on operating flows, options or interest rate swaps.

☛ Foreign currency risk :

As of December 31st, 2022, financial instruments on exchange rates available at closing date are detailed below :

Hedging accounting	2022				2021			
	Fair value in MMRU	Fair value in KUSD	Nominal in thousands of EURO		Fair value in MMRU	Fair value in KUSD	Nominal in thousands of EURO	
			Bought	Sold			Bought	Sold
Foreign currency risk								
a) Cash flow hedging (CFH)								
Forward contracts in foreign currency								
Euro	31,9	872	29 500	-	(12)	(323)	28 000	-
Options on currency								
Euro	1	1 118	34 500	34 500	(3)	(84)	27 000	27 000
b) Fair value hedging (FVH)								
Forward contracts in foreign currency								
Euro	-	13	3 000		-	9	25 000	-
Options on currency								
Euro	0	2	2 000	2 000	-	-	-	-
c) other operations								
Options on currency								
Euro	(4)	(117)	-	23 500	(7)	(191)	-	14 500
Total change	69	1 890	69 000	60 000	(21)	(589)	80 000	41 500

☛ Raw Material price risk :

DAs part of management of financial products, SNIM may be required to negotiate products commodities (Gas Oil & Fuel Oil). As of December 31st, 2022, considering the market prices recorded in December 2022, the

quantities to be hedged and the impossibility for SNIM to implement hedging due to the absence counterparty, no raw material derivatives were in the portfolio at the closing date.

Interest risk rate :

As of December 31st, 2022, financial instruments related to interest rate risk at the balance sheet date are as follows :

Hedging accounting	2022				2021			
	Fair value in MMRU	Fair value in KUSD	Nominal in thousands of USD		Fair value in MMRU	Fair value in KUSD	Nominal en milliers de USD	
			Bought	Sold			Bought	Sold
Interest risk rate								
a) cash flow hedging (CFH)								
<i>Swaps on interest rate</i>								
EUR								
<i>Options on interest rate</i>								
Euro	6	154	22 500	-	-	5	42 500	-
b) other operations								
EUR								
Total interest rate	6	154	22 500	-	-	5	42 500	-
Total	75	2 044	91 500	60 000	(21)	(585)	122 500	41 500

Non qualifying derivative hedging in USD	Unrealized gains and losses record-ed in profit or loss
Foreign currency hedging	203 658
Interest rate hedging	-
Raw Material hedging	-