MANAGEM

AFRICAN GROWTH UNDERWAY

ANNUAL REPORT 2019

MANAGEM

MANAGEM IS AN AFRICAN MINING OPERATOR WITH A BALANCED PORTFOLIO OF ASSETS AND METALS. THE GROUP PROVIDES NATURAL RESOURCES OF STRATEGIC IMPORTANCE FOR THE GLOBAL ECONOMY AND CONTRIBUTES TO MEETING THE WORLDWIDE DEMAND FOR RAW MATERIALS DRIVEN BY AN INTERNATIONAL MARKET THAT IS EXPANDING FAST TECHNOLOGICALLY AND ECONOMICALLY.

SUMMARY

THE VISION OF CHIEF EXECUTIVE OFFICER

Imad Toumi
Chief Executive Officer
Managem

For Managem, 2019 was undoubtedly the year of great progress in our development projects. The strategic orientations that have guided our development over the last three years have resulted in the strengthening of our portfolio of mining assets, particularly in high value-added metals. We have also affirmed our responsible and committed corporate culture on several occasions and in our various countries of presence.

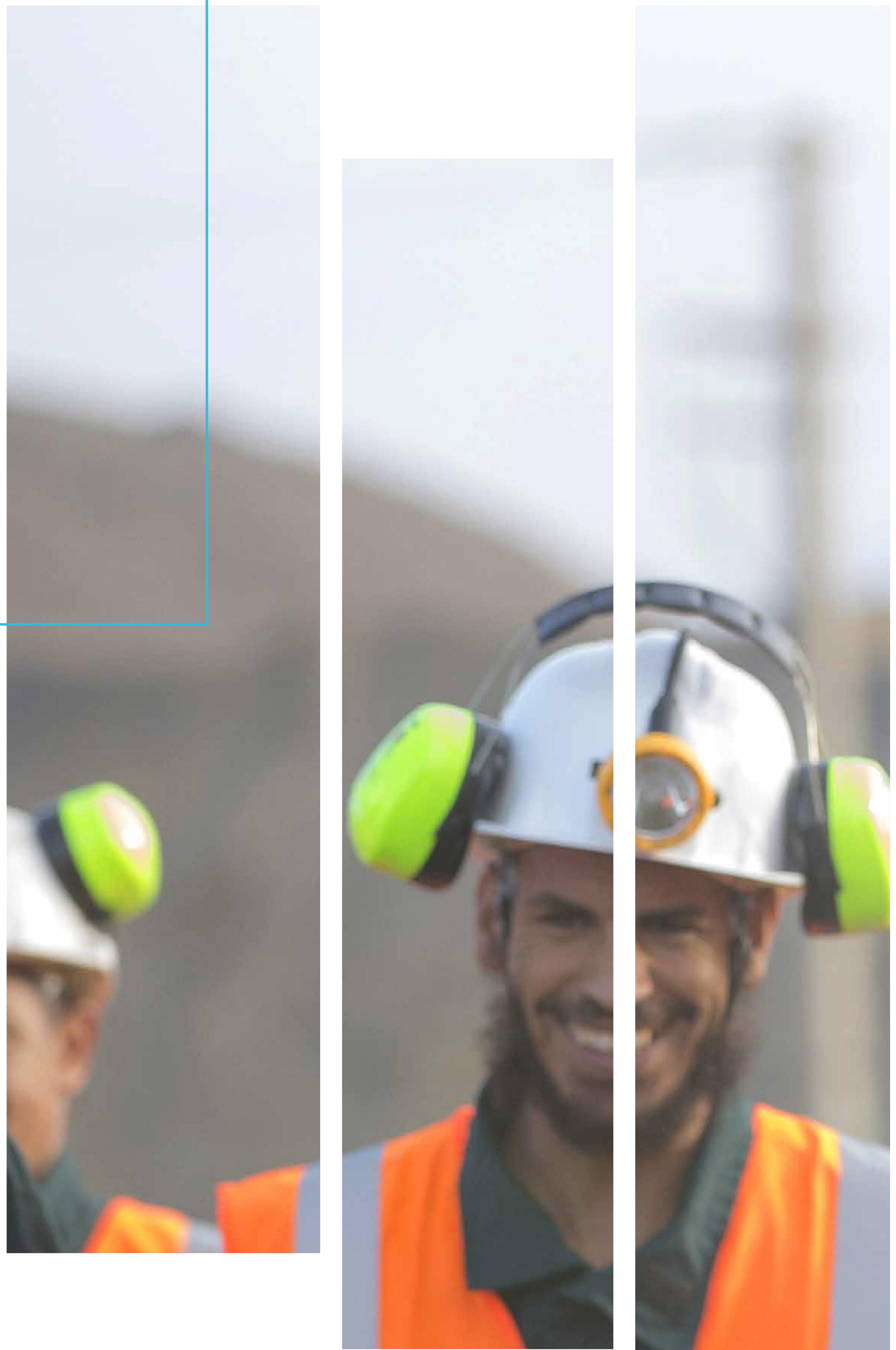
In 2019, Managem met the challenge of successfully starting gold mining and production at its Gabgaba mine in Sudan, and revealed the potential of the Tri-k project in Guinea following targeted exploration work. With these world-class mining assets, Managem Group is realising its ambition and is now positioned as one of Africa's largest mid-size gold producers. Our culture as an innovative mining group, which places R&D at the heart of its development approach, allows us to give new dimensions to our activities, as evidenced by the recovery of mining waste from the Imiter dam with the production of 19 MT of silver during the year, offsetting the decline in grade observed at the mine. A new impetus was given to our base metals business with the start of construction of Pumpi project mining complex in the DRC, in partnership with the Chinese group Wanbao Mining, targeting the production of 45,000 T of copper and 5,000 T of cobalt. Our projects, both in Morocco and in Sub-Saharan Africa, are a perfect illustration of our more than 90 years of expertise in exploration and development.

The Group's efforts during the year helped to counter a sluggish global economic environment, particularly for base metals. Continued weak economic growth worldwide and increased commercial and geopolitical tensions have had a negative impact on the prices of industrial metals (copper, cobalt and zinc & lead), for which demand continues to decline, particularly in emerging countries. This same context contributed to the rise in precious metal prices during the year, +10% for gold and +3% for silver.

> **“OUR SOCIAL, SOCIETAL AND ENVIRONMENTAL COMMITMENT IS ONE OF OUR STRATEGIC PILLARS.”**

Our status as a leading national mining group and a reference in the mining industry in Sub-Saharan Africa is incumbent upon us to actively contribute to the development of our areas of activity and to share the fruits of our success with our various stakeholders. This is why our social, societal and environmental commitment is one of our strategic pillars and is now materialised through our sustainable development charter, adopted in 2016 and renewed in 2018. In 2019, this subsequently inspired the adoption of a formal approach to Occupational Safety, with the adoption of the Occupational Health and Safety Charter, signed by the members of the Management Committee and the Operations Directors. This charter has also received the support and commitment of all the Group's employees in Morocco and Africa.

Driven by values shared by all the links in its organisation, Managem deploys its "Beyond Mining" vision to achieve its ambition of a diversified regional leader with sustainable and responsible growth.



PROFILE

Managem Group is an African mining player whose vocation is the development and enhancement of mining assets on the continent. Its expertise of more than 90 years gives it a special position in the sector and total control of the mining value chain.

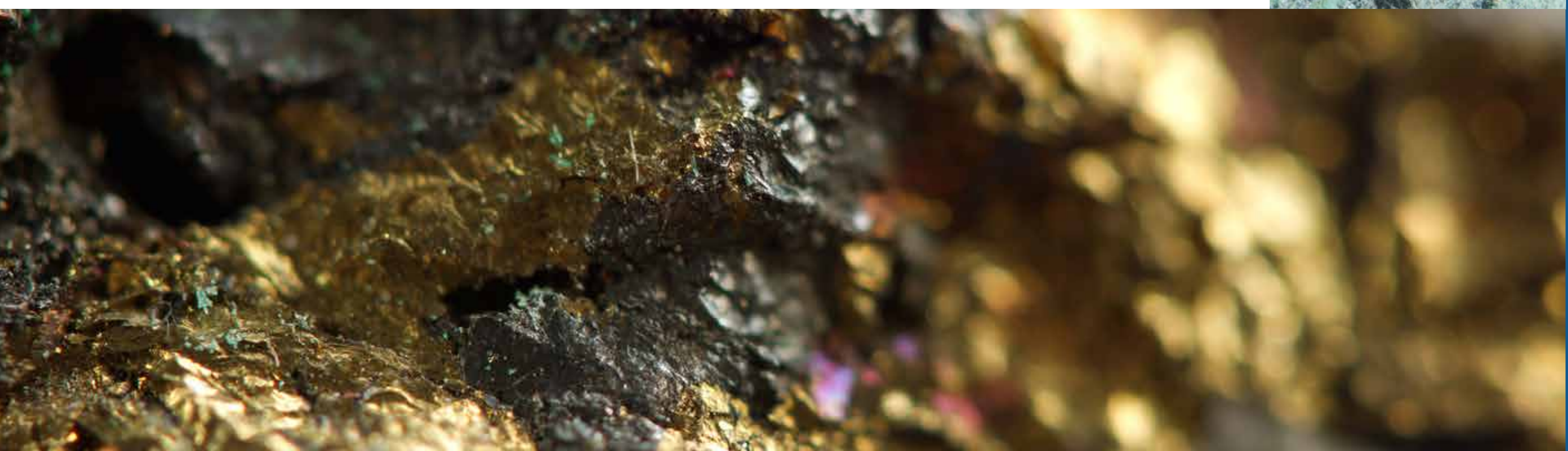
1 - MANAGEM IN BRIEF

Managem is an African mining group whose first mining activities date back to 1928 in Morocco. Since then, the Group has continued to develop by diversifying its portfolio of mining assets and modernising its activities to establish itself as a key player in the mining industry in Africa.

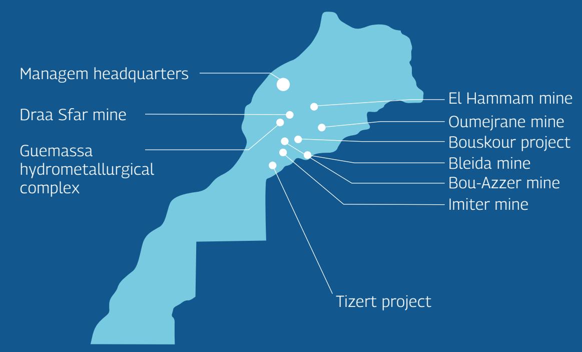
Today, Managem Group is present in 9 countries, holds mining assets with strong growth potential and has recognised expertise in research and development.

As an integrated mining operator, Managem prospects, extracts, develops and markets the products from its mining assets, whether they are precious metals (gold and silver), base metals (copper, zinc and lead) or special metals and useful substances (cobalt and fluorite).

Convinced of the need for its activities to be sustainable, Managem Group has forged its status as a responsible company that cares about its economic, social and environmental footprint. This vocation is supported by a CSR charter and a Safety charter commensurate with its activities, both nationally and continentally.



GEOGRAPHIC PRESENCE



Managem pursues its growth through 13 operational mines and major mining projects launched in the continent. The Group develops a diversified, balanced and high growth potential portfolio.

2 - KEY FIGURES

90 YEARS
IN BUSINESS

9
COUNTRIES

SALES REVENUE
4,553
MMAD

EBIDTA
1,123
MMAD

6,000
COLLABORATORS

13
MINES

21
INDUSTRIAL UNITS

14
DERIVED PRODUCTS

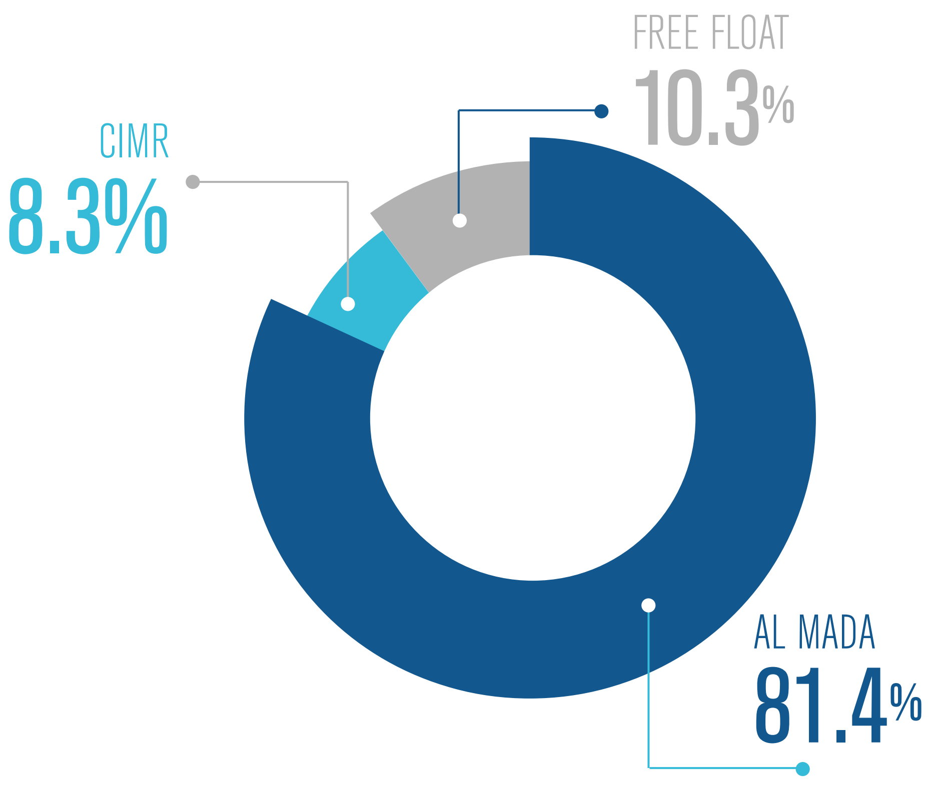
NET CASH FLOW FROM OPERATIONS
1,038
MMAD

INVESTMENTS
1,884
MMAD

3 - SHAREHOLDERS

Listed on the Casablanca Stock Exchange since 2000, the Managem Group enjoys a stable shareholding structure that brings together first-rate investors.

Shareholding structure on December 31st 2019



AL MADA-POSITIVE IMPACT, REFERENCE SHAREHOLDER

AL MADA is an investment fund containing a diversified portfolio of leading companies in several sectors of the Moroccan and African economy: financial services, building materials, telecommunications, distribution, mining, real estate, tourism, environment and energy.
One of the main characteristics of Al Mada's identity is its choice to invest in the long term in structuring activity sectors, favouring the emergence of a modern economy as well as the improvement of the living conditions of the territories and populations in which it operates.

CIMR (CAISSE INTERPROFESSIONNELLE MAROCAINE DE RETRAITE)

The CIMR is a pension fund with the status of a mutual pension company, governed by Law 64-12 creating the Insurance and Social Security Supervisory Authority (ACAPS), promulgated by Dahir no. 1-14-10 of 6 March 2014. It is managed by a Board of Directors whose members are elected by the General Meeting of members, which meets annually in order to decide on the report of the Fund's management during the fiscal year and to elect directors.

4 - GOVERNANCE ARRANGEMENT

With more than 90 years of expertise, Managem Group has developed a solid and responsible governance, attentive to its environment and attentive to its stakeholders. This is based on a dual structure combining the expertise of the Executive Committee, supported by several cross-functional committees and the critical eye of the Board of Directors through its various specialised committees.

This system is continually being developed to take into account the Group's development challenges and support its growth strategy. For its part, the Board of Directors remains very attentive to geopolitical issues and the international economic situation, the topics of which are discussed regularly.

THE BOARD OF DIRECTORS IN FIGURES

4
MEETINGS HELD IN 2019

72.5%
AVERAGE ATTENDANCE RATE

25%
PARITY

COMPOSITION AND MEMBERS OF THE BOARD OF DIRECTORS

- Mr. **Imad TOUMI** | Chairman of the Board of Directors
- Mr. **Bassim JAI HOKIMI** | Director
- Mr. **Hassan OURIAGLI** | Director
- Mr. **Frédéric TONA** | Independent Director
- Ms. **Noufissa KESSAR** | Director
- Ms. **Amina BENKHADRA** | Director representing ONHYM
- Mr. **Karim KHETTOUCH** | Director representing SIGER

In order to support the Board of Directors in the pursuit of its missions, Managem has set up specialised committees that bring together the skills of the members of the Board of Directors and the expertise of certain Group executives. These committees provide a forum for exchanging views and discussing key issues for the Group.

3 SPECIALISED COMMITTEES

Risks and Accounts Committee	Strategy Committee	Remuneration Committee
Periodicity semi-annual	**Periodicity** semi-annual	**Periodicity** at least once a year
Composition 5 members including 4 administrators	**Composition** 5 members administrators	**Composition** 5 members including 2 administrators
Missions control and validation of financial and accounting information and assessment of internal control, risk management mecanisms and governance and deontology rules.	**Missions** definition of the Group strategic orientations and validation of investment or disinvestment operations	**Missions** Situation examination of directors and key people of the Group and entities, examination of succession plan and definition of profit-sharing system.

EXECUTIVE COMMITTEE

Chief Executive Officer

Finance & Strategy department	Exploration department
Development & International activities department	
Human Resources, Communication and Sustainable development department	
Marketing & Sales department	Procurement, Supply and Logistics department

The regular monitoring of the Group's activities and the review of operational, financial and extra-financial performance are ensured by 9 dedicated committees. These committees are responsible for the ongoing monitoring of the deployment of the Group's strategic orientations and their application in the various aspects of each activity.

9 CROSS-FUNCTIONAL COMMITTEES

Management committee	Exploration committee
Ressources & Reserves committee	Project management committee
Safety committee	People & Organisation committee
Reputation, risks and CSR committee	Environment committee
Innovation committee	

5 - COMPLIANCE & RISK MANAGEMENT

Faced with the growing challenges of the mining industry, and in order to provide the Group with the appropriate measures to protect its activity, its resources (human, tangible, intangible and financial) and its stakeholders against the various types of risks, a risk management dynamic has been deployed over the last few years. This dynamic has been steadily improved in light of the emergence of new risks.

Risk mapping and control procedures

In 2019, Managem Group strengthened its compliance and risk management policy by adopting a Code of Ethics and Business Conduct. This code formalises several principles and standards, making them a component of its organisational identity. Through its Code of Ethics and Business Conduct, the Group's driving forces have a reference framework for exemplary behaviour in order to have a positive and lasting impact on all stakeholders.

In addition, 2019 was devoted to the theme of Health and Safety at Work. From a risk management perspective, this theme was addressed through the implementation of a Global Health and Safety Program for teams working in a foreign country and a travel tracker tool for their location.

DEPLOYMENT OF MANALERT, A WHISTLEBLOWING TOOL

Managem has set up a "MANALERT" ethics and compliance alert system. It enables employees, Group partners and third parties to report any concerns regarding:

- Serious violations of human rights and fundamental freedoms, human health and safety and the environment resulting from the Group's activities
- A felony or misdemeanour
- A violation of a law or regulation
- A threat or serious prejudice to the general interest
- A breach of the rules of the Code of Ethics and Business Conduct.

6 - GROUP MANAGEMENT

Mr IMAD **TOUMI**

Chief Executive Officer

Mr Imad TOUMI, a graduate of the École Polytechnique (X 82), holds a PhD from the University of Paris 6, and an MBA from the École des Hautes Etudes Commerciales de Paris (MBA HEC 2000). He has more than 20 years of experience in industrial project management in the energy and mining sectors. After starting his career with the French Atomic Energy Commission (CEA), he joined AREVA in 2002, where he held several positions, including CEO of AREVA South Africa, then AREVA Niger. He has also been a member of the AREVA Mining Branch Management Committee and a director of several mining companies in Africa and Canada.

Mr ZAKARIA **RBII**

Executive Director, Human Resources, Communication and Sustainable Development

Mr RBII is an engineer by training; he began his career in the multinational company ST Microelectronics in the Human Resources division and evolved essentially in an international environment as Human Resources Director in various sectors (consumer goods, automotive) and several countries (Algeria, Tunisia, China). Mr RBII joined Managem in 2018 and is also President of the National Association of Human Resources Managers and Trainers (AGEF).

Mr YOUSSEF **EL HAJJAM**

Managing Director of Base Metals Operations

A graduate of the École Polytechnique in 1993 and the École des Mines de Paris in 1995, Mr EL HAJJAM joined Managem the same year as an engineer in charge of processing at CTT Guemassa. He then held several positions of responsibility and management before being appointed General Manager of the Precious Metals Branch in 2008, then General Manager of the Precious Metals & Fluorite branch in 2011. Since July 2019, Mr EL HAJJAM has been Managing Director of Base Metals Operations.

Mr LHOU **MAACHA**

Executive Director, Exploration

Mr MAACHA holds a State Doctorate in Geophysics and Metallogeny (2013), a Diploma of Advanced Studies from Cadi Ayyad University (1994), and a Diploma of State Engineering (1989). His field of expertise covers several types of mineralisation and commodities including precious metals, base metals, cobalt and magmatic mineralisation. He has over 29 years of experience in exploration, project generation and development both in Morocco and internationally. Mr MAACHA is a director of several subsidiaries of the Group and Vice-President of the Moroccan Association of Earth Sciences in Morocco.

Ms NAOUAL **ZINE**

Managing Director Reminex & Projects

Ms ZINE is a graduate of École Mohammedia des Ingénieurs in 1998. She joined Managem the same year to take charge of the management of the SMI mine plant extension project, and then moved on to management control and investment management functions for the Group's mining activity. She was appointed Director in charge of Corporate Control in 2005 and served as Director of Finance and Corporate Management Control from 2009 until 2017, when she was appointed Deputy Managing Director Strategy & Finance.

Since July 2019, Ms ZINE is Managing Director of Reminex & Projects.

Mr MOHAMED AMINE **AFSAHI**

Executive Director Marketing & Sales

Mr AFSAHI is a graduate of the École Spéciale des Travaux Publics de Paris (1992) and holds an MBA from the École des Ponts et Chaussées (2005). He joined Managem in 1993 as Methods Manager of the CMG subsidiary and held several management positions related to the water, environment and sanitation businesses from 1997 to 2004. Subsequently, Mr ASFAHI was in charge of Risk Management and Corporate Management Control at Managem before being appointed, in 2005, Director of Purchasing and Logistics, then, in 2008, Managing Director of Support Activities, which includes Reminex. After holding the position of Director of Development Projects in 2011, Mr ASFAHI was appointed Executive Vice President Marketing & Sales in June 2016.

Mr OMAR **NAIMI**

Purchasing, Procurement & Logistics Director; Project Manager to the CEO

Mr NAIMI graduated from École Mohammedia des Ingénieurs in 1997, he joined Managem the same year as maintenance engineer at the Bou Azzer mine (CTT), before being appointed Maintenance and Support Activities Manager at the Kiniera mine in Guinea. During the 2003-2005 period, Mr NAIMI worked in the Purchasing Department, as Investment, PDR & Specific Consumables Purchasing Manager and in charge of purchasing for the international subsidiaries. Subsequently, Mr NAIMI took charge of operations at the Akka mine, where he was Director of Operations in 2007 before taking over the management of the Techsub subsidiary in 2008, a position he held in parallel with the International Operations Department from 2016.

Since February 2017, Mr NAIMI has been Director of Purchasing, Supply & Logistics, reporting to the Chairman and CEO.

MANAGEM: A MODEL OF VALUE CREATION ON THE SCALE OF THE AFRICAN CONTINENT

As a major player in the continent's mining industry and a driving force behind the economic development of the countries in which it operates, MANAGEM Group is illustrated by a business model combining geographical diversification and balanced exposure to high added-value metals and expertise throughout the mining industry value chain. The scale of its operations also makes it a key player in social and human development with its various stakeholders.

1 - A PLATFORM FOR SHARED VALUE AT THE SERVICE OF THE CONTINENT

RESSOURCES

Human capital
6 000 employees
22 nationalities

Financial ressources
4 866 M MAD Equity capital
1 038 M MAD Cash flow
1 884 M MAD Investment

Intangible assets
8 Invention patents

Natural ressources
46 258 km² Mining Estate

TRADES AND SUBSIDIARIES

R&D
REMINEX
Drilling-Exploration-Engineering
SAGAX Maghreb (Morocco)
TECHSUB (Morocco)

Operations
Morocco
Akka Gold Mining
Compagnie Minière de Guemassa
Compagnie de Tifnout Tighanimine
SAMINE
Société Métallurgique d'Imiter
SOMIFER
SAGHRO
Compagnie minière d'Oumejrane
Compagnie Minière de Dades

DRC
LAMIKAL
Luambo Mining
Tanganyika Mining Company
LAMILU

Sudan
MANUB

Guinea
Compagnie Minière Beyl

Gabon
Managem Gabon
REG

Congo
COMISA

Mali
MALIMA

Burkina Faso
BUNKEA Mining

ACTIVITIES

Precious metals
Au — **Gold** Sudan - Guinea - Gabon
Ag — **Silver** Morocco

Base metals
Co — **Cobalt** Morocco - DRC
Cu — **Copper** Morocco - DRC
Zn — **Zinc** Morocco
Pb — **Lead** Morocco

Other products
CaF_2 — **Fluorite** Morocco

STRATEGIC PRIOTITIES

1. Ensure Organic growth
2. Achieve new acquisitions and conclude partnerships
3. Strengthen reserves
4. Maintain Social and environmental leadership

PRODUCTS

Ingots
Au Gold
Ag Silver

Concentrate
CaF_2 Fluorite
Cu Copper
Zn Zinc
Pb Lead

Cathode
Co Cobalt

End markets
Construction
Cement factories Refiney
Railway
Ceramics
Cosmetics
Jewellery
Electric vehicles
Battery
Phones / Computer
Aluminium Plants

VALUE CREATION

Employees
18 000 Training days
277 Themes

Finance community
Market capitalisation
9,2 billion MAD

Communities and territories
Local employment rate
60% to 75%





2 - AN INTEGRATED MINING GROUP

With over 90 years of expertise in the exploration, processing and development of mining assets in Africa, MANAGEM Group has built up real expertise in each component of the mining industry value chain. Its mastery of the different aspects of mining activity and its culture of operational excellence make it a reference on a continental level and guarantee sustainable value creation.

RESEARCH & DEVELOPMENT

Thanks to the efforts of its various research entities (subsidiaries, centres), the Group holds several industrial processes and patents, the results of many years of sustained development.

With its R&D approach, the Group develops new processes to improve yields and new products through technical and scientific support to operations. R&D work also enables the Group to respond to mine treatment and recovery issues and supports its sustainable development ambitions, in particular through circular economy solutions.

EXPLORATION

The highlighting of deposits and the definition of their mineralisation geometries and mineral occurrences is the result of a series of prospecting and reconnaissance work involving skills in geology, geochemistry and geophysics.

The development of MANAGEM's own expertise in the field of exploration enables the company to capitalise on its knowledge of the geological properties of the various areas of activity, both in Morocco and in sub-Saharan Africa.

POLLING & WORK

Aware of the importance of drilling in optimising investments in mining work, the Group has acquired the necessary expertise and skills to conduct mineralisation reconnaissance in the targeted regions.

While relying on the support of world-renowned partners, the Group regularly invests in advanced technologies to improve the efficiency of its survey process.

ENGINEERING

Through its subsidiaries in charge of engineering, the Group has several industrial processes and extraction and processing techniques at its disposal, the results of many years of sustained development.

MANAGEM's expertise in "Engineering" covers the performance of studies prior to operation as well as project management and technical assistance services. It also contributes to efforts to extend the life of mines.

OPERATION & PROCESSING

The MANAGEM Group stands out for its mastery of the various operating techniques due to its in-depth knowledge of the different geological environments.

In addition, the Group is recognised for its expertise in the exploitation of polymetallic deposits thanks to sustained R&D efforts. MANAGEM is also renowned for its industrial process in hydrometallurgy.

TRADING & MARKETING

With a presence in the world's commodity trading hubs (Switzerland, UAE), the Group is positioned at the centre of world metals trading and remains attentive to the parameters that influence the world price of its products.

3

A RESPONSIBLE PLAYER WITH SOLID COMMITMENTS

Aware of the challenges of sustainability and inclusive development specific to its activity as a pan-African mining group, Managem has been multiplying sustainable development initiatives and citizen commitments for more than 20 years. Its determination to make sustainable development a strategic pillar of its development was illustrated by the adoption of a sustainable development charter in 2016 and its renewal in 2018.

The inclusive approach that characterises the Group helps build mutual trust with its various stakeholders, supported by ongoing dialogue and high-impact initiatives.

1 - CSR AS A STRATEGIC PRIORITY

With a new roadmap, the Group's CSR dynamic is taking on a significant scale to consider current issues in terms of sustainability and the environmental, economic, social and societal impact, and to keep pace with the development of its activities.

Through a strategy dedicated to improving its environmental performance, Managem Group deploys solutions that reduce the environmental impact of its activities and improve its operational efficiency.

The new CSR Charter also addresses the new issues of solidarity economy and social entrepreneurship. Through a series of initiatives, the Group proposes and implements solutions to generate income and jobs for people living in surrounding communities. Its presence in underserved areas and landlocked regions calls for a significant contribution to reducing the vulnerability of inhabitants and improving their living conditions.

This new approach is the culmination of more than 20 years of commitment to the populations of neighbouring communities. This achievement is now reflected in the alignment of the Group's approach to responsibility with the main sustainable development objectives of the UN Global Compact.

- 4 QUALITY EDUCATION
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION & PRODUCTION

AN ACKNOWLEDGED AND **REGULARLY AWARDED COMMITMENT**

Managem Group is part of the ESG 10 index of the Casablanca Stock Exchange, composed of Moroccan companies complying with 38 criteria and meeting more than 330 environmental, social and societal responsibility indicators and Vigeo Eiris governance rules.

Since 2016, Managem has been included in the Vigeo Eiris "Best Emerging Market Performers" list of more than 800 listed companies in 31 emerging or developing countries.

Managem maintains its position in the "Top performers" ranking, which recognises the efforts made to integrate social responsibility practices into corporate strategy.

In 2011, the CGEM (General Confederation of Moroccan Businesses) awarded CTT, a subsidiary of Managem Group, the CSR label. Since then, this recognition has been regularly renewed and in 2019, eight Group entities received the label (Managem, AGM, CMG, CTT, Reminex, Samine, SMI and Techsub).

Managem and nine of its subsidiaries are certified according to the ISO 26000 standard.

11 subsidiaries of Managem Group are ISO 14001 certified, attesting to compliance with the requirements relating to environmental management systems.

10 of the Group's subsidiaries are ISO 18001 certified in recognition of their commitment to health and safety management in the workplace.

7 Group subsidiaries comply with ISO 9001 standards relating to quality management commitments.

SOCIAL, SOCIETAL AND ENVIRONMENTAL CONCERNS **OF MANAGEM GROUP**

Employees

- Objectivity and attractivity of remuneration system
- Responsible recourse to atypical or precarious contracts
- Sustainable restructuration management
- Right to joing union and collective bargaining
- Quality of Social security
- Respect of fundamental rights
- Training and employability
- Carreer management
- Non-discrimination
- Labor relations

Governance - Partners

- Board of directors
- Audit and internal control
- Clients satisfaction
- Sustainable procurement
- Business ethics
- Innovation
- Shareholders

Environment

- Disturbance reduction
- Biodiversity protection
- Energy efficiency and climate change
- Preservation of water resources
- Environmental management

Territory

- Contribution to general interest causes
- Societal communities dialogue
- Promotion of local employment

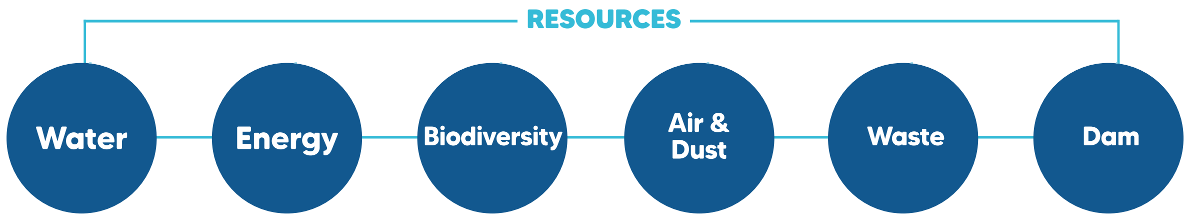
MANAGEM **VALUES**

Commitment
Audacity
Welfare
Integrity

2 - PROTECTION OF THE ENVIRONMENT AND RESOURCES

Thanks to the maturity of its activities, Managem Group has an overview of the impact of each component of its value chain on the environment. The Group has institutionalised its assets and has a systemic approach to its mining operations, thanks to the direct involvement of entities dedicated to the environment and the protection of resources at different levels of organisation and governance (Environmental Steering Committee, Reputation, Risks and CSR Committee).

Commitment to the environment is implemented in the daily operations of Managem's teams. With the regular support of experts and technical managers, the production units ensure strict compliance with the approach defined by the Group, both through the optimisation of production processes and the deployment of resource-saving solutions.



Each year, the Group takes up the challenge of protecting the environment and resources relating to one aspect of its business.

After significantly improving its energy mix and the success of its recycling actions to save water resources, Managem focused on the management and operation of the tailings dams from Imiter site. This recent measure has significantly improved the ecological footprint of the Group's activities.

In 2019, the Group also continued its actions to protect biodiversity, notably by strengthening the reforestation program at Bakoudou mine sites in Gabon, with the aim of fully rehabilitating the mine by 2020. In parallel with the site rehabilitation initiatives, the Group is helping set up a drinking water distribution system for neighbouring villages and is supporting several agricultural cooperatives in the creation of income-generating activities.

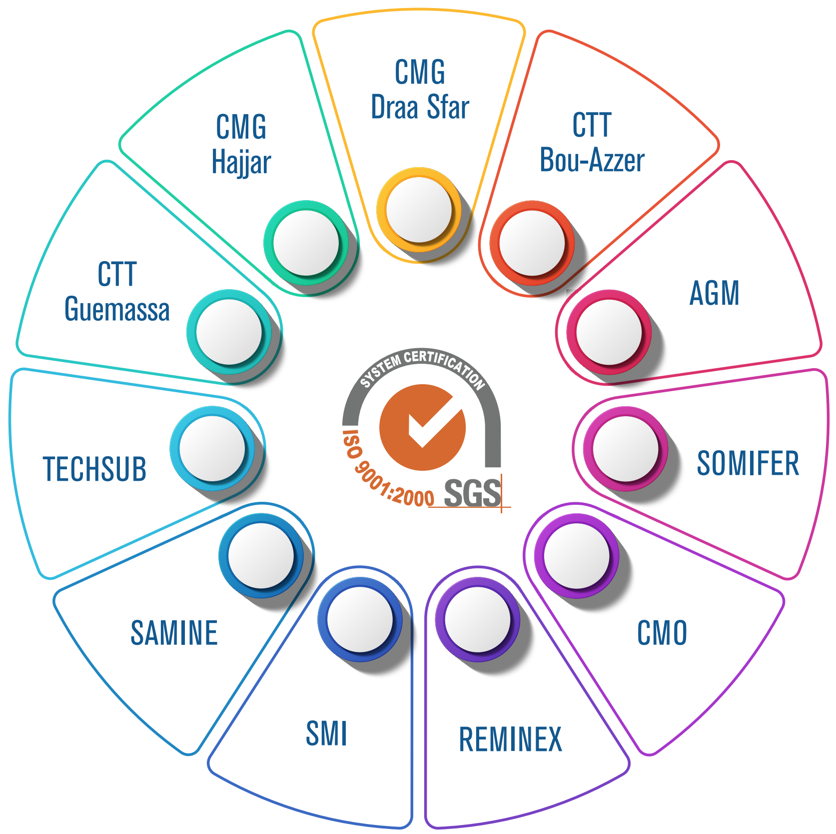
These initiatives, implemented under the guidance of the government authorities, have also had the full satisfaction of stakeholders at the Bakoudou site.

SHARE OF CLEAN RESOURCES IN ENERGY CONSUMPTION
57%

WATER RECYCLING RATE
60%

ANNUAL PRODUCTION OF SILVER FROM IMITER DAM
30 TM

TOTAL AREA REHABILITATED AT BAKOUDOU MINE (GABON)
32.5 Ha



3 - PRESERVATION OF HUMAN CAPITAL AND SKILLS DEVELOPMENT

Building an Occupational Health and Safety Culture

With the adoption in 2019 of a new Occupational Health & Safety Charter, Managem Group reaffirms its determination to preserve the Health and Safety of its teams and to ensure a healthy work environment. This new charter places safety rules at the heart of the Group's priorities and makes them a component of its corporate culture.

Signed by the members of the Executive Committee and the site Operations Directors, this new charter has received the full support of the Group's key players.

Through strong commitments and the empowerment of each component of human capital, Managem has taken the initiative to initiate a profound change in the culture of vigilance and prevention. Over the past two years, this ambition has been translated into a sustained effort to provide specific training on mining risks and coaching for the teams at each site, in order to apply safety standards to the various aspects of their day-to-day operations.

Occupational Health & Safety issues have also been introduced into the governance of the Group and its activities, with the creation of the Safety Committee. The Safety Committee defines the strategic plan for the OHS approach and manages operational risks by monitoring OHS Committees at the subsidiary level.

Managem's ecosystem also took part in the adoption of its new OHS approach. Subcontractors are also called upon to align themselves with the reference system in place and to commit to respecting the established rules.

SÉCURITÉ = RESPECT

De soi - Des autres - Des règles

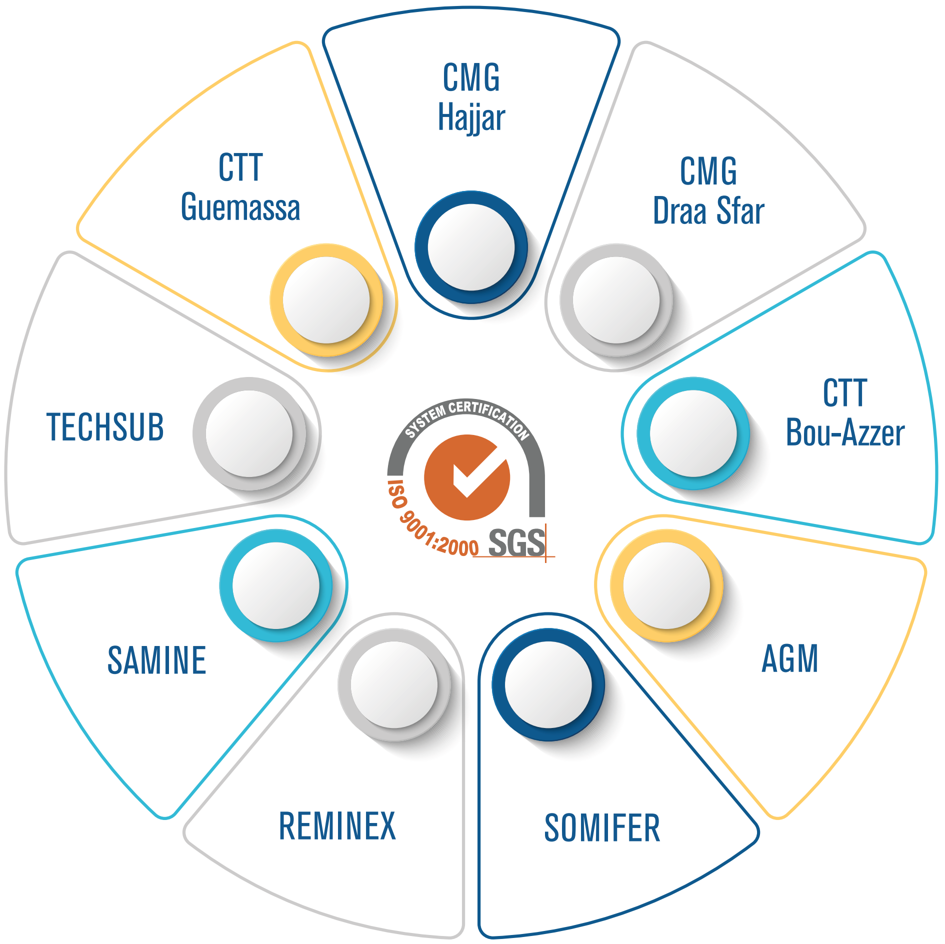
OCCUPATIONAL HEALTH & SAFETY TRAINING

6,600 HOURS

FOCUS

CTT Bou-Azzer Awareness Day

Under the theme **"Safety is everyone's responsibility"**, the Group organised an awareness day, bringing together more than 2,400 people at the Bou-Azzer mine, the hydrometallurgy units and the research centre. The teams were made aware of the challenges of Occupational Health & Safety through training workshops, simulations and real-life case studies. The day was also an opportunity to strengthen team cohesion, the first link in a culture of effective vigilance.



Developing the expertise of our human capital

Skills development and team training are of paramount importance in the mining industry and in particular for an integrated player such as Managem Group. The technological evolution that is profoundly transforming the industry calls for regular upgrading of techniques and skills.

The Group has therefore adopted a training policy aimed in particular at ensuring the transfer of expertise and training in new industry technologies and occupational health and safety requirements.

Skills development dynamic is driven by Managem Academy, which opens the doors for training to all Group teams through modularised courses, qualifying courses and continuing education. The Group has built an ecosystem of leading national training institutions.

TRAINING BUDGET
2.5%
PAYROLL

FOCUS

Managem Graduate Program

Attracting new talent
The Group has set up this training cycle for new recruits. It consists of 16 modules over a period of 6 months with 4 training days per month for a total of 1,500 hours. During this year, 16 new recruits benefited from the program and received 1,500 hours of training led by Group experts.

FOCUS

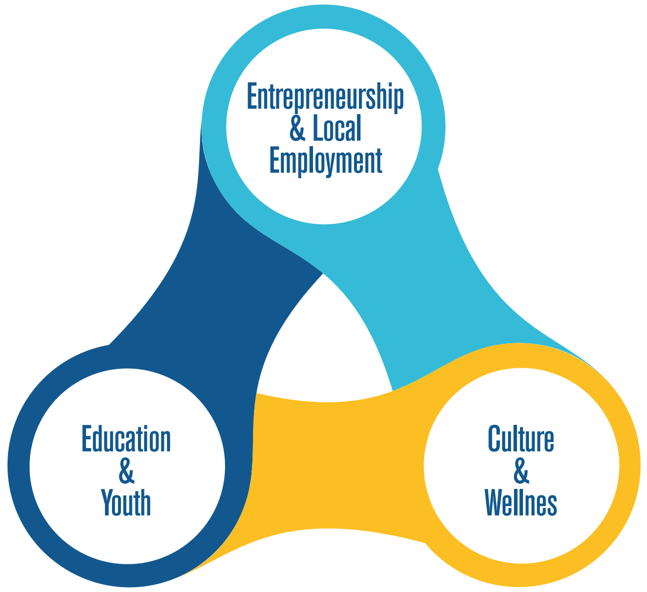
Campus Managem

Developing Soft Skills and Team Leadership
Launched in 2019, the first edition of Campus Managem focused on the development of technical skills and the acquisition of Soft Skills.

4 - SOCIO-ECONOMIC IMPACT AND HUMAN DEVELOPMENT

Aware of its role as an economic driver in its regions of activity, Managem Group has adopted a genuine human development policy with a positive socio-economic impact. Through a participative approach, the Group instils development dynamics in the neighbouring communities by targeting three strategic axes, aimed at developing local potential, creating widespread positive externalities, encouraging the inclusion of surrounding communities and reducing the dependency and vulnerability of individuals.

Strategic areas of socio-economic impact and human development in Managem's regions of activity



1

Entrepreneurship & Local Employment

Determined to create positive externalities in its areas of activity, the Group has implemented a strategy aimed at integrating local companies into its ecosystem of subcontractors and has set up a recruitment policy among the local population. Managem also participates in the emergence of social entrepreneurship initiatives, such as the Taznakht carpet weaving cooperative around Bou Azzer mine.

NUMBER OF PERMANENT LOCAL SUBCONTRACTORS FOR THE SMI SUBSIDIARY
10

LOCAL EMPLOYMENT RATE
60% - 75%

2

Education & Youth

In partnership with INJAZ AL MAGHRIB, Managem Group has developed a series of programs designed to raise awareness of entrepreneurship among high school students (**IT'S MY BUSINESS**), strengthen the entrepreneurial capacities of communities (**COOPER UP**) and introduce primary school students to the workings of local economy (**Jamaati**).

In parallel with these initiatives, Managem actively contributes to the development of educational infrastructures in its areas of activity and to limiting wastage in schools.

INJAZ Al-Maghrib
A Member of JA Worldwide

BENEFICIARIES OF INJAZ AL MAGHRIB PROGRAMS
+900 / 22
STUDENTS / COOPERATIVES

BENEFICIARIES OF SCHOOL TRANSPORT OPERATIONS
2,000
STUDENTS

3

Culture & Wellness

Managem Group works to improve the basic infrastructure deficiencies in its regions of activity, thus contributing to the well-being of its populations. During the year, Managem continued its efforts to bring health care services closer to remote areas, through medical caravans and health care campaigns. The rehabilitation of roads and the opening up of villages remains an imperative for the Group. In partnership with local authorities, Managem has rehabilitated more than 60 km of tracks and roads, allowing the passage of people and goods and access to essential services (schools, health centres, weekly markets).

MEDICAL CARAVANS
16

BENEFICIARY MUNICIPALITIES
20

FOCUS

Cooper Up

An initiative to develop the skills of

Launched in 2019, in partnership with Injaz Al Maghrib, the Cooper-Up programme aims to consolidate the foundations of the rural and solidarity economy in the Imiter region.
During this year, the initiative benefited 22 cooperatives and associations totalling more than 900 individuals in the regions of Draa Tafilalet and Marrakech-Safiet, and trained 16 volunteer counsellors. The various structures supported now have the basics of business management, whose activity should benefit their members and create sustainable added value for their community.

cooperup

TESTIMONIAL

Fatiha EL GHADARI

President of the "Tasmoumte El-Fellahia" cooperative and of the "UNION DE BLEIDA" GIE.

After the creation of the cooperative "Tasmoumte El-Fellahia" on 08/08/2018, she benefited from several training workshops supervised by Managem Group and the association Injaz Al Maghrib within the framework of the Cooper'Up program.

Thanks to this programme, the cooperative has been able to gain extensive experience on various organisational, legal and financial aspects, through quality follow-up by Managem's volunteer employees. This accompaniment has also enabled us to progress with the creation of a group of cooperatives "L'Union de BLEIDA" and to be a player in the social and solidarity economy of the region.

FOCUS

Ouaklim

Equipping drinking water wells with a solar pumping system

In partnership with the INDH, Managem has equipped 10 villages in the commune of Ouaklim with solar energy pumping systems.
Carried out in consultation with local drinking water management associations, this project has made it possible to disseminate the use of renewable energies among the populations and to ensure their drinking water supply at a lower cost.

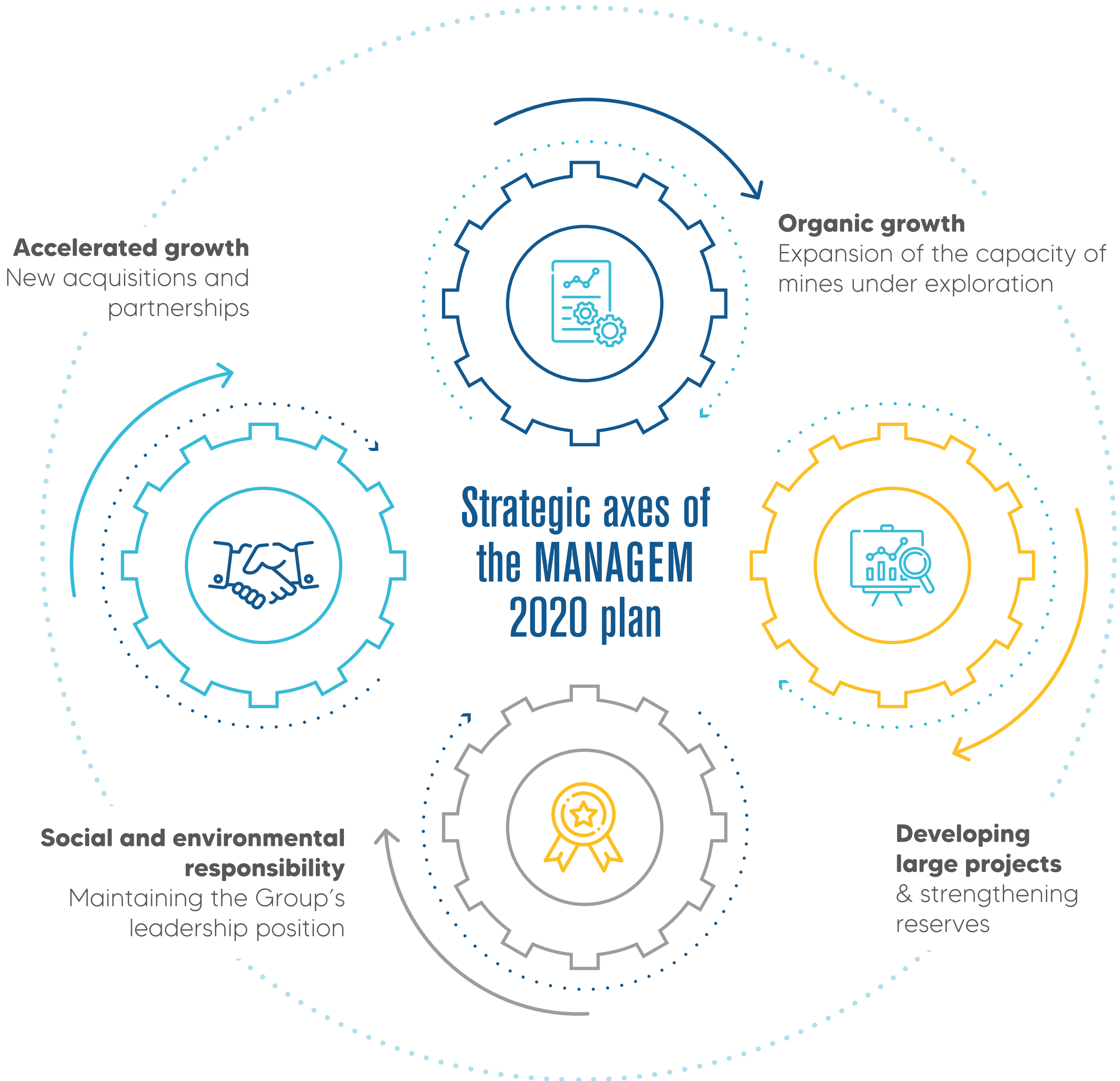
A BALANCED STRATEGY FOR SUSTAINABLE GROWTH

Throughout its 90 years of activity, Managem Group has evolved according to a carefully thought-out strategic approach aimed at ensuring the balance of its business portfolio and the sustainability of the value created. In 2016, the Group adopted the MANAGEM 2020 plan, which takes into account the future challenges of the mining industry and its positioning in the African mining landscape.

1 - MANAGEM 2020, FOR SUSTAINABLE AND RESPONSIBLE DEVELOPMENT

Initiated in 2016, the MANAGEM 2020 plan aimed to give new impetus to the various activities, to give the asset portfolio a more balanced configuration between the different metals and above all, to position the Group as a key player in high value-added metals in Africa. This plan is also the culmination of a desire firmly rooted in the Group's values, that of contributing to the economic, social and human development of its regions of activity.

In fact, the MANAGEM 2020 plan has been built and deployed through 4 strategic axes, it capitalises on the expertise developed by the Group in Morocco for more than 90 years and in Sub-Saharan Africa for more than 20 years. It also aims to consolidate the trust capital it has at its disposal by strengthening its leadership in terms of social and environmental responsibility.

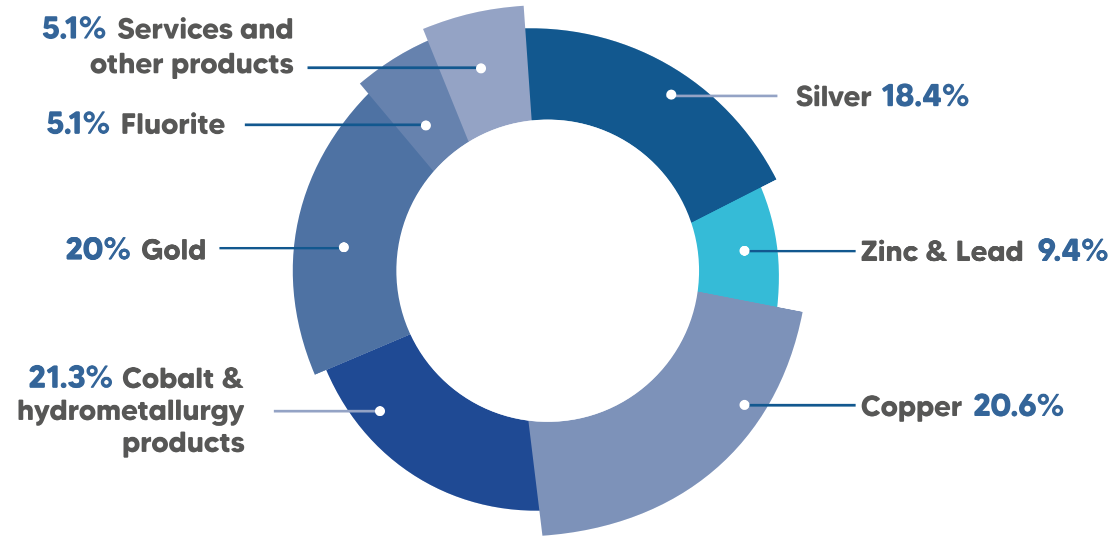


In parallel with its development strategy and given the dynamics that have marked the mining industry in general and mining activity in Sub-Saharan Africa, Managem has established the objective of operational excellence to protect itself against price volatility. To this end, the deployment of its growth strategy has relied on new technologies in drilling and exploration work. The Research & Development dynamic has also been strengthened by the increasing use of the latest technologies such as DNN artificial intelligence and Machine Learning to increase the probability of discovering new deposits.

2 - A PORTFOLIO OF DIVERSIFIED AND HIGH VALUE-ADDED ACTIVITIES

Morocco	Operations and projects under development
Sudan	Operations and projects under development
Guinea	Projects under development
Gabon	Projects under development
DRC	Projects under development
Mali	Exploration
Burkina Faso	Exploration
Ivory Coast	Exploration
Ethiopia	Exploration

Breakdown of 2019 sales by metal



Activities	Stage	Mineral resources (Measured & Indicated)	Mineral Reserves* (Proved & Probable)
Gold			
Sudan - Gabgaba	Operating / Exploration	2,903 Koz	1,581 Koz
Guinea - Tri-k	Exploration / Construction	2,044 Koz	1,143 Koz
Gabon - Eteké	Exploration	458 Koz	
Silver			
Morocco - Imiter	Operating	5,974 MT	4,743 MT
Morocco - Guemassa	Operating	539 MT	326 MT
Morocco - Tizert	Operating	1,684 MT	
Cobalt			
Morocco - Bou Azzer	Operating	16,000 MT	13,779 MT
RDC - Pumpi	Exploration / Construction	95,000 MT	-
Fluorine			
Morocco - EL Hammam	Operating	342,000 MT	205,000 MT
Copper			
Morocco - Akka	Operating	119,000 MT	45,914 MT
Morocco - Oumejrane	Operating	85,000 MT	32,924 MT
Morocco - Tizert	Exploration	731,000 MT	
Morocco - Bleida	Exploration	97,000 MT	60,700 MT
Morocco - Guemassa	Exploration	93,000 MT	59,000 MT
Morocco - Bouskour	Exploration	237,000 MT	144,900 MT
RDC - Pumpi	Exploration / Construction	640,000 MT	-
Lead			
Morocco - Guemmassa	Operating	232,000 MT	136,000 MT
Zinc			
Morocco - Guemmassa	Operating	599,000 MT	413,000 MT

* Reserves are included in resources

2019, A KEY YEAR IN THE DEPLOYMENT OF STRATEGIC PROJECTS

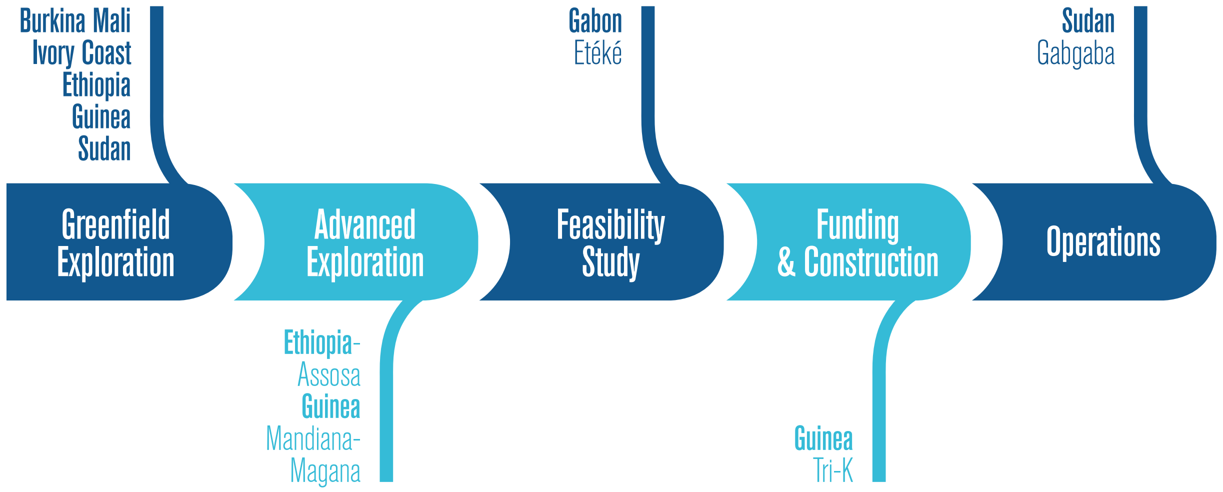
With a portfolio that is diversified in terms of metals produced and balanced in terms of stage of completion and maturity, Managem Group has several levers that enable it to achieve its medium-term strategic ambitions. In 2019, the Group made major advances despite the lacklustre global context and the difficult economic conditions in certain areas of activity. This approach allows both an optimal allocation of material, human and financial resources and a regular renewal of reserves.

1 - THE RISE OF GOLD ACTIVITY

Determined to position itself as one of the continent's largest mid-size gold producers, Managem Group has given new impulsion to its gold activity in recent years. The ambitions set out in the Managem 2020 Plan have resulted in the deployment of a strategy combining greenfield exploration and the acquisition of advanced exploration projects.

In 2019, Managem Group's approach materialised in a ramp-up of gold activity, thanks to the completion of work on its project in Sudan and the discovery of significant reserves in Guinea. Managem has also strengthened its portfolio of permits in several regions with an adequate geological environment and proven gold mineralisation.

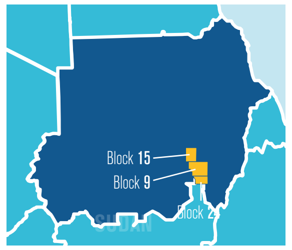
GOLD PROJECTS



Successful start-up of the gold business in Sudan

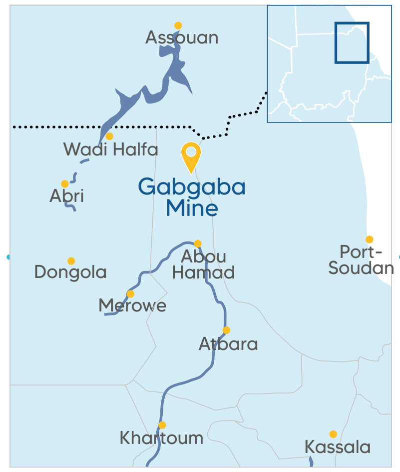
In Sudan, the Group has three blocks, Blocks 9, 24 and 15, with a total area of 14,479 Km2. Exploration work carried out in 2019 led to the discovery of 10 deposits in Block 15 and the exploitation of the Gabgaba deposit in this block. This work also revealed 40 advanced exploration targets distributed between the different blocks.

Exploration of Block 15 has identified Measured and Indicated Mineral Resources of 2.9 million oz grading 1.46 g/t and Inferred Mineral Resources of 1.64 million Gold grading 1.33 g/t.



Strengthened by the significant resources in its exploration areas, Managem increased the ore processing capacity of its production unit in Block 15 during the year, increasing it to 2,400 T/day for a production capacity of 65,000 oz per year.

These efforts resulted in a significant increase in gold production in Sudan (1,907 Kg in 2019 vs 596 kg in 2018), despite the operational and administrative complexities and the geopolitical context that marked Sudan during the year 2019.



Gabgaga mine sheet

Type of deposit: Orogenic Gold Deposit
Total resources: 2,903 Koz
Total reserves: 1,581 Koz
Production capacity: 65,000 oz/year
Exploitation: stripping of waste rock and opening of access roads followed by extraction of mineralised layers
Processing: CIL leaching process

Tri-K, a large-scale mining heritage

Located in north-eastern Guinea, in the Mandiana prefecture, the Tri-K project consists of two deposits with a geological and structural context identical to that of recognised world-class deposits in the region. The exploration work carried out by independent experts and complemented by the exploration work undertaken by Managem's teams has highlighted the project's gold potential. It stands at 2.044 M oz of measured and indicated mineral resources grading 1.64 g/t gold.

Confident in the region's significant gold potential, Managem has considerably increased its portfolio of permits, completing the acquisition of an advanced project near the Tri-K with a production plant under construction. The Group now has 2 mining licenses, 12 exploration permits and also holds an operating permit, through its subsidiary SMM (Société des Mines de Mandiana), jointly with SOGUIPAMI (Société Guinéenne du Patrimoine Minier).

Managem's mining assets in Guinea now amount to 984 Km^2. Its positioning in a promising region, the Birrimian basin of Siguiri and the encouraging prospects of this heritage have encouraged the launch of a brownfield and greenfield exploration program and the deployment of new exploration technologies (deeping radar, ion geochemistry) and the introduction of machine learning processing.

In 2019, Managem Group finalised the takeover of the Tri-K project JV and put in place financing for the operation of the project with an estimated budget of USD 176 million, which will allow the annual production of 120,000 oz (3.5 tonnes).

Tri-K mine sheet

Nature of deposit: Orogenic Gold Deposit and Related Intrusion Gold Deposit
Total resources: 2,044 Koz
Total reserves: 1,143 Koz
Production capacity: 120,000 oz/year
Exploitation: stripping of waste rock and opening of access roads followed by extraction of mineralised layers
Processing: By CIL

2 - A NEW DIMENSION FOR THE SILVER BUSINESS

After more than 50 years of operation, the Imiter mine has experienced a decline in silver grade in recent years. The development of the mine waste stored in the dams presented a real opportunity to compensate for the lower grade by increasing the volumes processed. This strategic choice also opens the door for MANAGEM to implement its responsible development strategy by reducing its ecological footprint.

The Research & Development effort made throughout the Group's value chain contributed to the completion of a dam treatment project with a production capacity of approximately 30 MT/year of silver. In 2019, the dam project has enabled the production of 19 MT, a level of production that will support exploration, greenfield and brownfield efforts as well as the discovery of new deposits, in line with the Group's strategic orientations.

3 - CONSOLIDATION OF THE BASE METALS BUSINESS

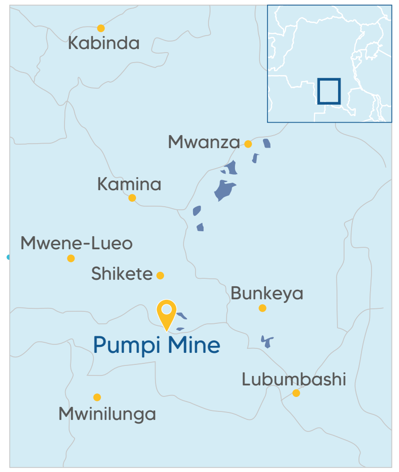
Managem now holds two world-class deposits for copper and cobalt in Morocco and the DRC. The promising prospects of the exploration work carried out in Morocco at Tizert have highlighted the significant potential for copper mineralisation in the region.
In addition, Managem Group's know-how in hydrometallurgy and its expertise in the development of polymetallic mining projects contributed during the year to strengthening its positions in base metals.

Deployment of the construction phase of the Pumpi project

In an area known to host one of the world's largest copper reserves, Managem Group has started the construction of a mining complex in partnership with the Chinese group Wanbao Mining. This large-scale project consists of 32 operating permits covering a mining heritage of 25.6 km². The region's geological properties promise significant potential to extend the mine life.

As a result of the feasibility study and the exploration work carried out, the five main deposits of the project revealed a mineral resource of 640,000 metal tonnes of copper at a grade of 2.35% with associated mineral resources of 95,000 metal tonnes of cobalt at a grade of 0.39%. In terms of inferred resources, the Pumpi project has 36,600 metal tonnes of copper at a grade of 1.86% and 6,200 metal tonnes of cobalt at a grade of 0.33%.

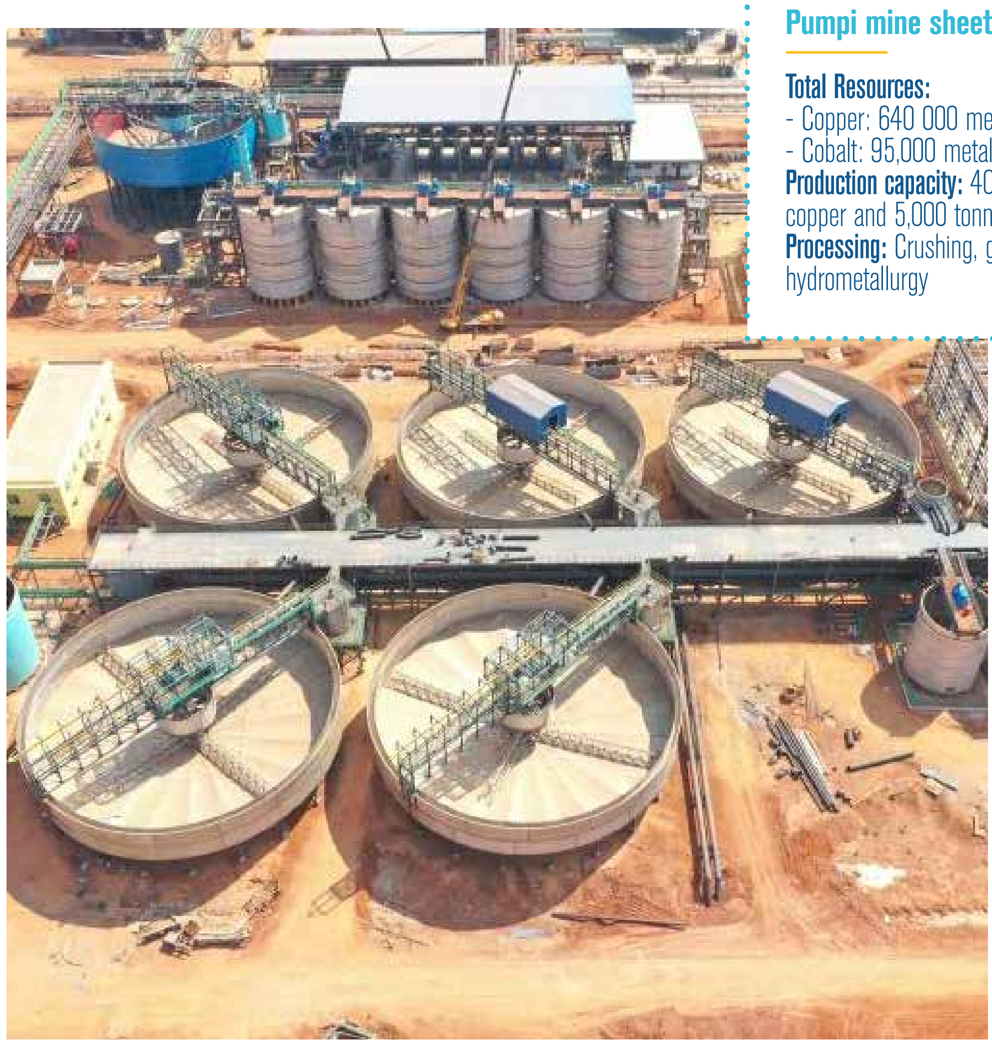
The successful deployment of the construction of the mining complex during this year will enable the Group to increase its production from 2020, with a target annual capacity of 45,000 tonnes for Copper and 5,000 tonnes for Cobalt.



Pumpi mine sheet

Total Resources:
- Copper: 640 000 metal tonnes
- Cobalt: 95,000 metal tonnes

Production capacity: 40,000 tonnes of copper and 5,000 tonnes of cobalt per year.
Processing: Crushing, grinding and hydrometallurgy



Significant progress on the Tizert copper project

Located in an area favourable for copper mineralisation, the Tizert project consists of 4 mining permits covering an area of 16 km2 for each permit. The various preliminary exploration and drilling works initiated since 2011 have highlighted significant resources, 731,000 metal tonnes contained in copper with a grade of 0.90%. Following the pre-feasibility study carried out in 2018 and defining the optimal mining method, Managem launched the feasibility study in 2019. EDF delivery is scheduled for last trimester of 2020. With the start of construction of the processing unit scheduled for 2021 and the start of production in 2023, Managem Group will be in a position to keep pace with the growing demand for this strategic ore for several industries.

Tizert project sheet

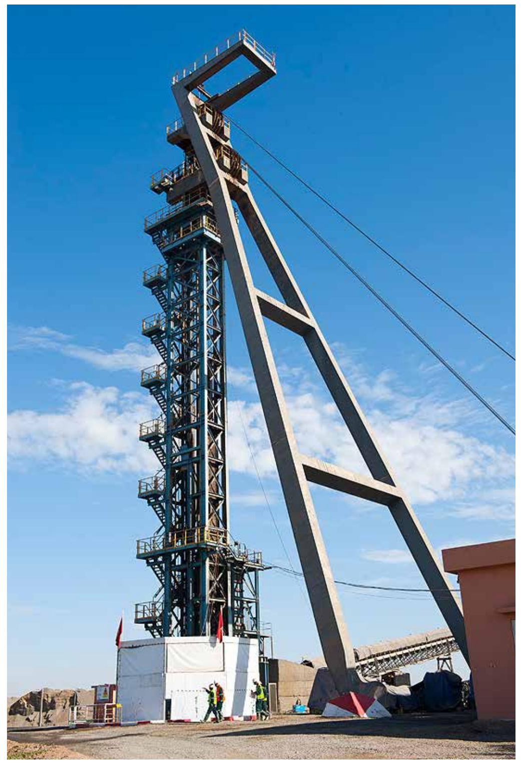
Nature of deposit: sediment hosted stratiform copper deposit
Total Resources:
- Copper: 731,000 MT metal tonnes

Production capacity: 120,000t/year of copper concentrate
Processing: By CIL

Reinforcement of CMG polymetallic reserves

Through its subsidiary CMG, Managem has a large domain in the metallogenic provinces of Jebilet-Haouz and Guemassa for the production of zinc and lead. A multi-disciplinary exploration program carried out during the year concluded that there is a natural continuity of the deposits, making it possible to extend the life of the deposits.

During the year, the Group deployed an ambitious Greenfield exploration program for the Jebilet region, combining airborne geophysical methods, Remote Sensing technology, ground geophysics and artificial intelligence processing. At Draa Sfar, the exploration program focused on drill holes, while at Koudiat Aicha deposit, the Group undertook certification core drilling and airborne geophysics.



PERFORMANCE AND ACHIEVEMENTS IN 2019

In a global context marked by strong geopolitical mistrust and economic uncertainty, the market for raw materials and metals in particular experienced high volatility during 2019. With economic growth not exceeding 3%, demand for base metals fell sharply, leading to a decline in the prices of several metals over the year as a whole.

This same context positively benefited the precious metals business, whose prices of the main products (gold and silver) rose significantly compared to the previous year. Faced with this environment, Managem Group continued to deploy its strategic priorities while calibrating its operations to the sector's economic conditions.

1 - REVIEW OF ACTIVITIES

Managem's diversified portfolio of mining assets enabled it to record a positive performance for the year as a whole, despite the economic conditions that affected the prices of the main metals produced by the Group.

GOLD

Average price 2019	Average price 2018	Evolution 2019/2018
1,392 USD/Oz	1,269 USD/Oz	+10%

BACKGROUND

The gold price in 2019 evolved in an economic context of weak global growth against a backdrop of geopolitical tension in the Middle East and Libya, a trade war between China and the United States, and tensions linked to Brexit. At the same time, gold prices were strongly influenced by central banks' decisions to strengthen their gold reserves and by the consecutive cuts in the Fed's key rate.

Structural elements also contributed to the rise in the price of gold during 2019, notably the shortfall in gold supply estimated at 232 tonnes due to the 11% drop in world production.

HIGHLIGHTS & ACHIEVEMENTS

In Sudan:

- Reinforcement of the processing capacity of our industrial unit in block 15, increasing it to 2400 T/day with a production capacity of 65,000 oz per year. These efforts resulted in a significant increase in gold production at Gabgaba site (1907 Kg in 2019 vs. 596 kg in 2018), despite the operational complexities and the geopolitical context in Sudan in 2019.
- Production of 1907 Kg of gold up from 2018, thanks to the commissioning of the new plant in February 2019 and a successful ramp-up, allowing the processing of more than 1,073,000 tonnes of ore at a grade of 2 g/t.
- Increase of the mining and extraction subcontracting capacity by 8,036,550 tonnes, including 6,687,684 tons of waste rock.

In Guinea :

- Acquisition of additional shares (30%) of the Tri-K project in Guinea from partner Avocet MininManagem Group now owns 85% of the Tri-K gold project and is targeting an annual production of 3.5 tonnes in the long term.
- Deployment of the construction works of the Tri-K project for a total investment of 176 MUSD.

ACTIVITY INDICATORS

	Production (Kg)	**Mineral resources (Measured & Indicated)** (Koz)	**Mineral Reserves (Proved & Probable)** (Koz)
Morocco*	221	-	-
Sudan**	1,907	2,903	1,581
Guinea	-	2,044	1,143
Gabon	-	458	
Total	**2,128**	**5,405**	**2,724**

** Gold production in Morocco is associated with cobalt mines operations.*

SILVER

Average price 2019	Average price 2018	Evolution 2019/2018
1,618 USD/Oz	1,570 USD/Oz	+3%

BACKGROUND

The price of silver has evolved in the wake of the global context that has marked the evolution of gold. However, industrial demand, which accounts for more than 60% of global demand, also contributed to the rise in the price. On the supply side, the quantities produced remained stable compared to 2018.

HIGHLIGHTS & ACHIEVEMENTS

- Start-up of the new treatment plant for mine tailings at the Imiter mine. This new plant has an annual production capacity of 30 MT and has already produced 19 MT since its launch in July 2019.
- Increase of +40% in the processing capacity of the second grinding line at the former Imiter plant.
- Discovery of new high-grade mineralised structures (base grade improved by +10%) as a result of the proximal exploration program initiated in 2019.
- With a view to optimising processes and improving operational performance, our subsidiary SMI proceeded to digitise the entire geological database with the launch of a project to digitise lithological data and computerise mine planning.
- Use of the Model Block for the estimation of Silver Resources and Reserves.

ACTIVITY INDICATORS

	Production (Kg)	**Mineral resources (Measured & Indicated)** (metal tonnes)	**Mineral Reserves (Proved & Probable)** (metal tonnes)
Morocco*	176,504	8,197	5,069

** Silver production is provided by the SMI mine and also comes from other mines as a by-product.*

COPPER

Average price 2019	Average price 2018	Evolution 2019/2018
6,003 USD/t	6,526 USD/t	-8%

BACKGROUND

The global economic context also weighed on the copper business environment. Weak industry dynamics in the advanced economies and emerging countries had a strong impact on demand for copper.

Copper supply was significantly disrupted, mainly due to strikes by mine workers in Chile, local tensions in Peru and difficult weather conditions. Other factors impacted production levels in 2019 and contributed to the decline in supply.

GROUP HIGHLIGHTS & ACHIEVEMENTS

- Launch of the feasibility study for the Tizert copper project in Morocco based on external international engineering. Completion is scheduled for the second half of 2020. Thanks to the Tizert project, the Group plans to double its copper production by 2023.
- Launch of new development projects to ensure business continuity
  AGM: launch of new projects Tiferki quarries to replace the exhausted Tazalakht deposit and launch of the project to develop the tailings at the Ouanssimi site.
  SOMIFER: extension of the capacity of the Nzourk project.
  CMO: finalisation of the new underground project at the western end of the site.
- Significant drop in copper prices in 2019, which impacted copper production by -11%.

ACTIVITY INDICATORS

	Production (tonnes)*	**Mineral resources (Measured & Indicated)** (metal tonnes)	**Mineral Reserves (Proved & Probable)** (metal tonnes)
Morocco*	101,623	1,362,000	343,438
DRC	-	640,000	846,400
Total	**101,623**	**2,133,677**	**1,189,838**

** Copper concentrate*

COBALT

Average price 2019	Average price 2018	Evolution 2019/2018
15.95 USD/t	35.95 USD/t	-55%

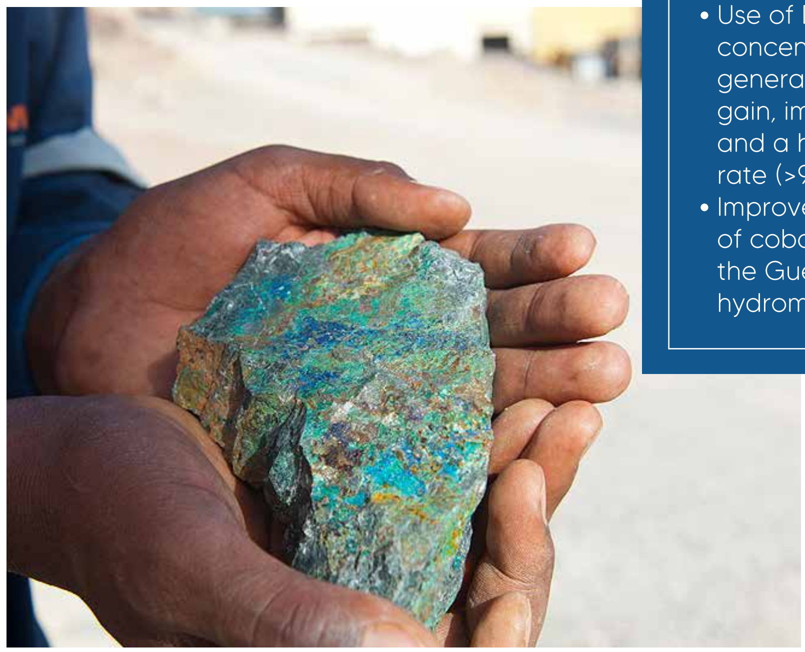
BACKGROUND

In 2019, Cobalt evolved in a context marked by weak demand growth, only 2.5%, and a strong increase in production (+12.5%). This situation obviously reflects the specific economic situation of the main cobalt-consuming sectors (notably the automotive industry), but also the reconfiguration of their demand in favour of less expensive substitutes.

During the year, the cobalt market continued to shift in favour of cobalt powder and cobalt salts and away from cathodes. In the manufacture of batteries, the market also saw an increasing use of cobalt hydroxides. In addition, the use of lithium-phosphate and manganese-lithium oxide batteries, which do not use cobalt, continued to grow, reducing the weight of cobalt in this industry.

GROUP HIGHLIGHTS & ACHIEVEMENTS

- Start of construction work on Pumpi project in the Democratic Republic of Congo, developed in partnership with Wanbao Mining. This mining complex will enable Managem Group to increase its cobalt production from 2020, with a target annual production of 5,000 tonnes of cobalt.
- Expansion of the hydrometallurgical units of Guemassa industrial complex, bringing the production capacity to 2,800 MT of cobalt per year.
- Successful completion of the RMI (Responsible Mining Initiative) audit as part of Managem Group's commitment to a responsible cobalt supply chain.
- Use of DMS technology for the concentration of Bouazzer ore generating a significant productivity gain, improved yield (85% vs 81%) and a higher capacity utilisation rate (>90%).
- Improvement of the quality of cobalt concentrates at the Guemassa site from the hydrometallurgical process.



ACTIVITY INDICATORS

	Production (Kg)	**Mineral resources (Measured & Indicated)** (metal tonnes)	**Mineral Reserves (Proved & Probable)** (metal tonnes)
Morocco	2,397	16,000	13,779
DRC	-	95,000	123,600
Total	**2,397**	**111,000**	**137,379**

ZINC & LEAD

Average price 2019	Average price 2018	Evolution 2019/2018
Zinc 2,549 USD/t	Zinc 2,926 USD/t	Zinc -13%
Lead 1,997 USD/t	Lead 2,242 USD/t	Lead +11%

BACKGROUND

In 2019, the zinc market showed a supply deficit estimated at 152 Mt at the end of 2019. This particular configuration is the result of declining global demand, particularly from the automotive, infrastructure and construction sectors, and is also explained by the shift in demand towards substitute products with a lower environmental impact. Zinc supply will also decline in 2019 despite the opening of new mines (Canada, China, Kazakhstan etc.).

Lead prices changed during 2019, reflecting a global inventory deficit in the first few months of the year and a surplus in the last few months. This particular situation led to market distortions, resulting in an 11% decline in the price, despite a significant increase in global demand for lead

GROUP HIGHLIGHTS & ACHIEVEMENTS

- Decrease in the production of zinc concentrate by -19% and of zinc metal by -11%. These evolutions are attributed to the decrease in the treated tonnage by -20% coming from the dam, in order to improve the quality of the zinc concentrate produced, as well as the shutdown of some peripheral sites. The objective is to give priority to high profitability yards. These efforts have led to a significant improvement in concentrate quality of more than 3 points.
- Progress in the Aval Draa Sfar project at 1400m to ensure future production.
- Completion of a multidisciplinary exploration programme concluding that the deposits are naturally continuous, thereby strengthening CMG's polymetallic reserves and extending the life of its mines.

ACTIVITY INDICATORS

	Production (tonnes)*	**Mineral resources (Measured & Indicated)** (metal tonnes)	**Mineral Reserves (Proved & Probable)** (metal tonnes)
Morocco - Zinc	61,763	599,000	413,000
Morocco - Lead	11,364	232,000	136,000

** Concentrated*

2 - OPERATIONAL AND FINANCIAL PERFORMANCE

In 2019, Managem Group continued its development plan aimed at achieving its strategic projects. This determination enabled the Group to face a sector context that was not very promising. Strong growth in production volumes, particularly in the base metals and cobalt business, also helped to offset the significant drop in base metal prices.

Consolidated indicators in MDH	2018	2019	Change (%)
Revenue	4,357	4,553	+5%
Gross Operating Surplus	1,323	1,123	-15%
Operating income	669	-345	-
Financial result	-230	-112	+51%
Net income	**370**	**-427**	**-**

The evolution of precious and base metal prices reflects the climate and the known economic and geopolitical uncertainties in 2019. Indeed, global growth did not exceed 3%. These factors have a negative impact on the health of average raw material prices (Cobalt -55%, Copper -8% and Zinc -13%) but benefit precious metal prices (Gold +10% and Silver +3%) compared to 2018.

Despite the sharp drop in sales prices in 2019, Managem achieved 5% growth in sales. This increase is the result of the ramp-up of gold production, thanks to the start-up of the unit in Sudan, and is also explained by the sharp increase in silver production with the start-up of the dam treatment plant. Cobalt production also contributed to the increase in sales, following the expansion of the hydro-metallurgical units' production capacities.

The evolution of the operating result during the year 2019 highlights the impact of the drop in prices whose effect is estimated at -615 MDH. The persistence of an unfavourable context of base metal prices combined with the operating difficulty in Morocco for some metals (copper and fluorite) required the recognition of provisions for asset depreciation for -426 MAD.

Consolidated indicators in MDH	2018	2019	Change (%)
Shareholders' equity	5,683	4,866	-14%
Investment	1,703	1,884	+11%
Net indebtedness	2,792	4,164	+49%

At the end of 2019, Managem posted consolidated shareholders' equity of around MAD 4,866 million, down compared to the previous year. This decline is primarily due to the negative consolidated net income for the year. The decline in shareholders' equity is also due to the payment of dividends for the previous year (2018) and the acquisition of additional shares in Manacet (Tri-k Project). Market-to-Market variations and those of the translation differences of the accounts of foreign subsidiaries resulted in a positive impact of 14.9 MAD.

During the year, the Group maintained its investment momentum in line with the roadmap of its MANAGEM 2020 plan, with a significant package for the development of new projects. Managem's net debt increased by 49% as a result of the investments made, the reduction in working capital requirements and the purchase of additional Tri-K shares.

2019 ANNUAL FINANCIAL STATEMENTS

PERIOD FROM 01 JANUARY TO 31 DECEMBER 2019

2019 ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(In millions of Dirhams)	31-dec-19	31-dec-18
Revenue	4 553.3	4 356.5
Other operating revenue	89.1	57.4
Revenue from ordinary activities	4 642.3	4 413.9
Purchases	-2 351.6	-1 998.2
Other external charges	-1 037.2	-930.9
Personnel costs	-1 108.3	-1 102.1
Taxes and duties	-62.5	-68.9
Depreciation and operating provisions	-1 103.1	-929.3
Other operating income and expenses	1 086.2	1 076.9
Current operating expenses	-4 576.4	-3 952.5
Current operating revenue	65.9	461.4
Disposal of assets	0.1	0.3
Restructuring charges	-	-
Disposals of subsidiaries and shareholdings		182.8
Negative goodwill		8.7
Results on financial instruments	-5.3	-
Other non-current operating income and expenses	-405.3	16.1
Other operating income and expenses	-410.5	208.0
Result of operational activities	-344.6	669.4
Interest income	17.9	26.8
Interest charges	-182.8	-213.6
Other financial income and expenses	52.9	-43.6
Financial result	-111.9	-230.3
Pre-tax profit of integrated companies	-456.5	439.1
Income taxes	-59.0	-98.2
Deferred taxes	125.7	4.3
Net income from continuing operations	-389.8	345.3
Share of net profit of associates		
Net income from continuing operations	-389.8	345.3
CONSOLIDATED RESULT	-389.8	345.3
Minority interests	37.0	-24.5
NET INCOME - GROUP SHARE	-426.8	369.8

STATEMENT OF OTHER COMPREHENSIVE CONSOLIDATED INCOME

(In millions of Dirhams)	31-dec-19	31-dec-18
Result for the fiscal year	**-389.8**	**345.3**
Other comprehensive income (deferred tax assets)		
Currency translation of foreign operations	5.1	48.9
Losses and profits relating to the revaluation of financial assets available for sale		
Effective portion of income or losses on cash flow hedging instruments	28.6	71.2
Change in the revaluation reserve for fixed assets		
Actuarial gains and losses on defined benefit plans	-12.1	-1.7
Income tax on other comprehensive income	-6.0	-19.9
Quote Share of other comprehensive income in associates		
Other elements of comprehensive income	-187.3	
Subsidiary capital increase costs		
Other comprehensive income (net of tax)	**-171.7**	**98.5**
TOTAL OVERALL RESULT FOR THE YEAR	**-561.6**	**443.7**
Minority interests	25.1	-22.1
NET OVERALL INCOME - GROUP SHARE	**-586.6**	**465.9**

2019 ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (In millions of Dirhams)	31-dec-19	31-dec-18
Goodwill	305.4	305.4
Net intangible assets	2 162.1	2 194.8
Net tangible assets	4 920.4	4 682.7
Fixed assets under right of use	293.9	
Net investment property	8.9	8.9
Investments in associated companies	140.2	139.8
Other financial assets	291.0	272.6
- Hedging derivative instruments	14.7	7.8
- Net loans and receivables	15.2	6.6
- Financial assets available for sale	261.1	258.1
Tax receivables and taxes		
Deferred tax assets	193.7	123.1
Other non-current accounts receivable, net		
Non-current assets	8 315.6	7 727.1
Other financial assets		
- Derivative financial instruments		
- Net loans and receivables and investments		
Net inventories and work in progress	927.4	892.4
Net trade receivables	1 080.7	759.0
Other current accounts receivable, net	1 288.5	1 134.3
Cash and cash equivalents	838.1	731.6
Current assets	4 134.7	3 517.2
TOTAL ASSETS	12 450.3	11 244.3

LIABILITIES (In millions of Dirhams)	31-dec-19	31-dec-18
Capital	999.1	999.1
Issue and merger premiums	1 657.3	1 657.3
Reserves	2 082.6	2 132.6
Exchange differential	158.7	153.5
Net income, Group share	-426.8	369.8
Equity attributable to ordinary shareholders of the parent company	4 470.9	5 312.3
Minority interests	395.1	370.4
Equity of the consolidated group	4 866.1	5 682.8
Provisions	87.9	58.5
Employee benefits	230.5	197.0
Non-current financial debts	2 590.0	1 565.0
- Derivative financial instruments		
Debts to credit institutions	1 325.5	290.2
Debts represented by a security	1 120.0	1 250.0
Debts related to finance leases		24.9
- Debts related to right-of-use contracts	144.5	
Corporate tax debts		
Deferred tax liabilities	31.9	35.6
Other non-current payables	1.4	2.7
Non-current liabilities	2 941.8	1 858.8
Provisions		
Current financial debts	2 703.0	1 849.8
- Derivative financial instruments	10.3	26.8
- Debts to credit institutions	2 692.7	1 823.0
- Debts represented by a security	-	-
Current trade payables	902.1	998.9
Other current payables	1 037.3	854.0
Current liabilities	4 642.4	3 702.7
TOTAL LIABILITIES	7 584.2	5 561.5
TOTAL EQUITY AND LIABILITIES	12 450.3	11 244.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Dirhams)	Capital	Reserves	Translation	Net income Group	Total Group	Minority interest	Total
ON 01 JANUARY 2018	**999.1**	**3 196.6**	**105.9**	**879.0**	**5 180.5**	**453.9**	**5 634.6**
Net income for the period				369.8	369.8	-24.5	345.3
Cash flow hedge results		70.2			70.2	1.0	71.2
Conversion losses and profits			47.7		47.7	1.2	48.9
Profits and losses of reassessment of AFS							
Actuarial gains / losses		-2.2			-2.2	0.5	-1.7
Taxes relating to other elements of comprehensive income		-19.6			-19.6	-0.3	-19.9
Other comprehensive income							
Total comprehensive income for the year		**48.4**	**47.7**	**369.8**	**465.9**	**-22.1**	**443.7**
Dividends distributed		-229.8			-229.8	-40.1	-269.9
Increase in capital							
Elimination of treasury shares							
Other transactions with shareholders		-104.5			-104.5	-21.3	-125.8
Transfer to retained earnings		879.1		-879.1			
Total transactions with shareholders		**544.8**		**-879.1**	**-334.3**	**-61.4**	**-395.7**
ON 31 DÉCEMBER 2018	**999.1**	**3 789.7**	**153.6**	**369.7**	**5 312.1**	**370.4**	**5 682.7**
ON 01 JANUARY 2019	**999.1**	**3 789.7**	**153.6**	**369.7**	**5 312.1**	**370.4**	**5 682.7**
Net income for the period				-426.8	-426.8	37.0	-389.8
Cash flow hedge result		28.4			28.4	0.2	28.6
Conversion losses and profits			5.2		5.2	-0.1	5.1
Profits and losses from reassessment of AFS					-		-
Actuarial gains / losses		-12.3			-12.3	0.2	-12.1
Taxes relating to other comprehensive income items		-5.9			-5.9	-0.1	-6.0
Other comprehensive income		-175.2			-175.2	-12.1	-187.3
Total comprehensive income for the year		**-165.0**	**5.2**	**-426.8**	**-586.6**	**25.1**	**-561.5**
Dividends distributed		-149.9			-149.9		-149.9
Increase in capital							
Elimination of treasury shares							
Other transactions with shareholders		-105.0			-105.0	-0.3	-105.3
Transfer to retained earnings		369.8		-369.8	0.0		0.0
Total transactions with shareholders		**115.0**		**-369.8**	**-254.8**	**-0.3**	**-255.1**
TO 31 DECEMBER 2019	**999.1**	**3 739.7**	**158.8**	**-426.9**	**4 470.7**	**395.2**	**4 866.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of Dirhams)	31-dec-19	31-dec-18
Net income of the consolidated group	**(389.8)**	**345.3**
Adjustments for		
Depreciation and provisions, impairment losses	1 539.5	922.9
Revaluation profit / loss (fair value)	5.3	182.8
Disposal results and dilution gains and losses	(0.1)	(0.3)
Dividend income	0.0	0.0
Elimination of JV profits and losses share in the equity method	0.0	(182.8)
Self-financing capacity after cost of net financial debt and tax	**1 154.9**	**1 267.8**
Elimination of the tax expense (income)	(66.7)	93.9
Elimination of the cost of net financial debt	182.8	213.6
Self-financing capacity after cost of net financial debt and tax	**1 271.0**	**1 575.2**
Impact of the change in working capital	(188.6)	188.4
Deferred taxes	15.0	(0.3)
Taxes paid	(59.0)	(98.2)
Net cash flow from operating activities	**1 038.40**	**1 665.2**
Impact of changes in scope	0.0	(3.0)
Acquisition of tangible and intangible assets	(1 884.8)	(1 702.9)
Acquisition of financial assets	(0.1)	0.0
Change in other financial assets	(11.3)	(0.9)
Investment grants received		
Disposals of tangible and intangible assets	0.1	0.6
Disposals of financial assets	0.0	0.0
Dividends received		
Financial interest paid	(182.8)	(213.6)
Net cash flow from investing activities	**(2 079.0)**	**(1 919.8)**
Increase in capital		(1.6)
Transactions between shareholders (acquisitions)	(105.9)	(121.4)
Transactions between shareholders (disposals)	0.0	0.0
Issue of new loans	1 470.0	350.0
Reassessment of AFS loans	(492.5)	(1 065.1)
Change in receivables and payables resulting from finance leases		
Reimbursement of the finance lease	19.6	(68.5)
Other flows related to financing transactions		
Dividends paid to shareholders of the parent company	(149.9)	(229.8)
Dividends paid to minority shareholders		(40.1)
Change in associated current accounts	(393.1)	95.5
Net cash flow from financing activities	**348.2**	**(1 080.9)**
Impact of exchange rate variation	1.4	16.1
Impact of exchange in accounting methods and principles		
CHANGE IN CASH AND CASH EQUIVALENTS	**(691.0)**	**(1 319.3)**
Opening cash and cash equivalents *	(885.0)	433.1
Closing cash and cash equivalents **	(1 576.0)	(885.0)
CHANGE IN CASH AND CASH EQUIVALENTS	**(691.0)**	**(1 319.3)**

NOTE 1: ACTIVITY DESCRITION

The Managem Group is a benchmark operator in the mining sector in Morocco and the region, with two major businesses: mining and hydrometallurgy.

The Group's activities include the exploration, extraction, upgrading and marketing of mineral substances.

Along with these activities, the Group is also involved in research & development and engineering aimed at the development of new methods and procedures for exploiting mineral deposits.

The Group's operations are mainly conducted in Morocco with a presence in certain African countries, through projects under construction in Gabon and DRC as well as exploration projects in Sudan.

The Group's main products are: Cobalt, Silver, Zinc, Copper, Cobalt Oxide, Zinc Oxide, Fluorite, Gold and Lead.

NOTE 2: SIGNIFICANT EVENTS OCCURRED DURING THE PERIOD

At the end of the 12 months in 2019, the Managem Group posted increasing production volumes:

- Strong rebound in gold production of + 100%, thanks in particular to the start-up of the new factory in Sudan (production capacity of 2 tonnes of gold per year)
- Increase in Silver production of + 23%
- 33% increase in Cobalt production due to the significant drop in metal prices in 2019 (-55% for Cobalt, -13% for Zinc, -8% for Copper)
- Consolidated turnover limits its growth to + 4.5% compared to 2018.
- Continuation of the Group's development plan in order to materialise strategic projects
- Start of the Sudan 2400T / D extension in February 2019 after 15 months of construction
- Start-up of the SMI Dam treatment plant after finalisation of the tests in the 1st half of the year
- EDF launch of the Tizert copper project: Completion in 2020
- Launch in October 2019 of construction work on the TRIK Gold project in Guinea after acquisition of the additional 30% of the JV shares from the partner Avocet Mining
- Completed the extension of the Cobalt activity to reach a capacity of 2800 MT of Cob / year

The persistence of an unfavourable international price environment, during 2019, required the revaluation of certain mining assets through provisions for depreciation. These non-recurring items generated a negative impact of around MAD 350 million on the Group's consolidated net income.

NOTE 3: ACCOUNTING RULES AND METHODS

3.1. Accounting standards

In application of opinion no. 5 of the National Accounting Council (CNC) of 05/26/2005 and in accordance with the provisions of article 6, paragraph 6.2 of circular no. 07/09 of the Council for the Ethics of Securities (CDVM) of 26 June 2009, the consolidated financial statements of the Managem Group are prepared in accordance with international accounting standards adopted within the European Union on December 31, 2019 and as published on the same date.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their SIC and IFRIC (Standards Interpretations Committee and International Financial Reporting Interpretations Committee) interpretations.

The Group's accounting principles and methods are described below and have been applied for the 2018 fiscal year as well as for the comparative periods presented.

3.2. New standards and interpretations

Standards or amendments applicable from 1 January 2019 and adopted by the EU.

- IFRS 16: Leases
- IFRIC 23: Uncertainty relating to tax treatments
- Amendments to IFRS 9 - Prepayment clause providing for negative compensation
- Amendments limited to IAS 19 entitled "Modification, reduction or liquidation of a plan"
- Annual improvements (2015-2017) to IFRS.

Texts applied in advance in 2019

None.

Texts not applied in advance in 2019

- Amendments to IAS 1 and IAS 8, relating to the definition of the concept of materiality
- Amendment to IFRS 3, relating to the definition of an activity ("business")
- Amendments to IAS 1 relating to the current and non-current classification of liabilities
- Amendments to references to the conceptual framework in IFRS standards
- Amendments to IFRS 9 and IFRS 7
- Amendments to IAS 1 and IAS 8, relating to the definition of the concept of materiality
- Amendment to IFRS 3, relating to the definition of an activity ("business")
- Amendments to IAS 1 relating to the current and non-current classification of liabilities
- Amendments to references to the conceptual framework in IFRS standards
- Amendments to IFRS 9 and IFRS 7

Texts not yet adopted by the European Union (not applicable in advance)

- IFRS 14: Regulatory deferral accounts
- IFRS 17: Insurance contracts

- Impacts related to the first application of the new standards and interpretations

IFRS 16 Leases has a significant impact on the Group's financial statements as of 01 January 2019.

IFRIC 23 Interpretation: Uncertainty relating to the treatment of income taxes, as well as other standards, amendments and interpretations adopted by the European Union have no significant impact on the group's financial statements as of 01 January 2019.

IFRS 16: leases

IFRS 16 "Leases" replaces IAS 17 "Leases" and the interpretations relating to the recognition of such contracts. Adopted by the European Commission on October 31, 2017, it has been applicable since January 1, 2019.

The principles for the treatment of leases according to IFRS 16 are described in paragraph 3.13.

The application of IFRS 16 had the impact of increasing financing debts and fixed assets by MAD 168 billion as of January 1, 2019.

In addition, IFRIC IC made a decision in December 2019 on the application of IFRS 16 regarding the assessment of the duration of leases.

This new decision changes the way of determining the duration of a rental contract.

The IFRIC IC thus considers that a rental contract remains enforceable as long as the lessee, or the lessor, would have to suffer a more than insignificant loss in the event of termination of the contract.

Given the date of its publication, the consequences of this decision will be analysed and implemented by the Managem Group for the closing of its 2020 accounts.

Thus, the Group intends to re-examine:

- The rental period of certain contracts (contracts being renewed for a period less than or equal to 12 months);
- The consistency between the residual period of depreciation of irremovable arrangements and that of the related rental contracts.

IFRIC 23: Uncertainty over the treatment of income taxes

IFRIC 23 clarifies the rules for recognition and measurement when there is uncertainty about the treatment of income tax.

The principles for dealing with tax uncertainties are described in paragraph 3.22.2

The application of the IFRIC 23 interpretation did not have a significant impact on the Group's equity as of 01 January 2019.

To assess when and how a tax uncertainty affects the determination of taxable profit (tax loss), tax bases, tax loss carryforwards, unused tax credits and tax rates, an entity should start from the assumption that the tax administration will control all the amounts that it has the right to control and that it will carry out these controls with full knowledge of all related information.

In the event that it is probable that the tax administration does not accept the tax treatment adopted, IFRIC 23 indicates that the amount of uncertainty to be reflected in the financial statements must be estimated using the method that will provide the best forecast of the resolution of uncertainty.

3.3. Basis of assessment

The consolidated financial statements are presented in millions of dirhams (MDH), rounded to the nearest million. They are established according to the historical cost convention with the exception of certain categories of assets and liabilities in accordance with the principles laid down by IFRS. The categories concerned are mentioned in the summary of the notes below.

3.4. Use of estimates and assumptions

The preparation of the consolidated financial statements, in accordance with the international accounting standards in force, has led the Group to make estimates and formulate assumptions having an impact on the financial statements and the accompanying notes.

a) Depreciation of inventories

Industrial production inventories and work in progress are valued at the lower of their cost price and their net realisable value. The inventory depreciation calculation is based on an analysis of foreseeable changes in demand, technology or the market to determine obsolete or excess inventory.

Depreciation is recognised as part of current operating expenses or as restructuring costs, where applicable, depending on the nature of the amounts concerned.

b) Depreciation of trade receivables and loans

A depreciation of trade receivables and loans is recognised if the present value of future receipts is less than the face value. The amount of depreciation takes into account the debtor's ability to honour its debt and the age of the debt. A rate of collectability lower than estimated or the default of our main customers may have a negative impact on our future results.

c) Capitalized development costs, goodwill, intangible assets and property, plant and equipment

The Group activates mining exploration and research expenses in accordance with the accounting principles set out below.

Activated exploration expenses are reviewed for impairment in the event of any indication of impairment and are written down if the book value of these assets exceeds their recoverable value.

The conditions for capitalising development costs are set out below. Once capitalised, these costs are amortised over the estimated useful life of the products concerned.

The Group must therefore assess the commercial and technical feasibility of these projects and estimate the lifespans of the resulting products. If it turns out that a product was not able to meet initial expectations, the Group could be obliged to depreciate in the future, all or part of the capitalised costs or to modify the initial amortisation plan.

The Group also has intangible assets to its assets acquired in cash or through business consolidation, as well as the resulting goodwill.

In addition to the annual impairment tests relating to goodwill, one-off tests are carried out in the event of an indication of impairment of intangible assets held. Any depreciation results from a calculation of discounted future cash flows and / or market values of the assets concerned. A change in market conditions or initially estimated cash flows may therefore lead to a review and modification of the depreciation recorded previously.

Regarding depreciation tests on intangible and tangible fixed assets, IAS 36 "Depreciation of assets" specifies that when events or changes market environment indicate a risk of depreciation of these fixed assets, they are subject to a detailed review to determine whether their net book value is lower than their recoverable value (the higher of the value in use and the fair value less costs to sell) which may lead to the recognition of a depreciation loss. Value in use is estimated by calculating the present value of future cash flows. The fair value is based on the available information deemed to be the most reliable (market data, recent transactions etc.).

The planned closure of certain sites, additional staff reductions as well as the downward revision of the market outlook may, in certain cases, be considered as signs of depreciation.

Assumptions and estimates are taken into account in determining the recoverable value of property, plant and equipment, including market prospects, obsolescence and realisable value in the event of disposal or liquidation. Any change in these assumptions can have a significant effect on the amount of the recoverable value and could lead to a review of the amount of depreciation losses recognised.

d) Provisions

The amount of provisions recognized by the Group is based on the best estimate of the outflow of future economic benefits on the date the Group recognized this obligation. The amount of provisions is adjusted at each closing date taking into account any changes in the estimate of the expected outflow of future benefits.

When the time effect is significant on the valuation of an obligation to exit from future benefits, the provisions are discounted, the discounting effect being subsequently recognized in financial expenses.

e) Deferred taxes

The deferred tax assets recognised mainly result from tax losses carried forward and deductible temporary differences between the book and tax values of assets and liabilities. Assets relating to tax loss carried forward are recognised if it is likely that the Group will have future taxable profits against which these tax losses can be charged.

Estimates of future profits are made from budgets and forecasts of accounting results, adjusted for tax adjustments. These estimates are made on the basis of market assumptions which may not be confirmed in the future.

Deferred tax assets and liabilities, regardless of their maturity, must be offset when they are levied by the same tax authority and relate to the same tax entity which has the right to offset current tax assets and liabilities. Thus, each Group entity proceeded to offset these deferred tax assets and liabilities.

f) Provision for retirement and other post-employment benefits

The Group participates in defined contribution pension plans. In addition, certain other post-employment benefits such as medical coverage, retirement benefits and long service awards are subject to provisions.

All of these commitments are calculated on the basis of actuarial calculations based on assumptions such as the discount rate, the medical inflation rate, future salary increases, the staff turnover rate and mortality tables. These assumptions are generally updated annually.

g) Revenue accounting

Income is recognised at the fair value of the consideration received or receivable when the company has transferred control of the good or service to the purchaser.

h) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group selects the methods and retains the assumptions which it deems the most appropriate, based mainly on the market conditions existing at the date of each closing.

3.5. Principles of consolidation

3.5.1. Subsidiaries

Companies in which the Group exercises exclusive de facto or de jure control are consolidated using the full consolidation method. Control is understood as the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities. The financial statements of controlled companies are consolidated as soon as control becomes effective and until such control ceases.

Control is presumed to exist when the parent holds, directly or indirectly through subsidiaries, more than half of the voting rights of an entity, unless in exceptional circumstances where it can be clearly demonstrated that this holding does not allow not control.

To determine whether one group entity exercises control over another, account is also taken of the existence and effect of potential voting rights that may be exercised on the date the accounts are closed. However, the split between the group's percentage interest and minority interests is determined on the basis of the current percentage interest.

The share of net income and equity is presented on the "minority shareholders' interests" line.

3.5.2. Investments in associates and joint ventures

Companies in which the Group exercises significant influence over management and financial policy are consolidated using the equity method; significant influence being presumed when more than 20% of the voting rights are held.

Under the equity method, equity securities are recorded at cost, adjusted for post-acquisition changes in the investor's share in the entity held, and any impairment of the net investment.

Any excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associated company at the date of acquisition is recognized as goodwill and included in the carrying amount. of the equity-accounted investment. An impairment test is then performed for the total book value of the investment (including goodwill). Any excess of the Group's share in the net fair value of the entity's identifiable assets, liabilities and contingent liabilities over the acquisition cost is immediately recognized in profit or loss.

For entities under joint control, the Group had chosen to consolidate them using the proportional integration method, as authorised by IAS 31.

For fiscal years beginning on or after 01 January 2013, the Group complies with the provisions of revised IAS 28, which requires entities under joint control to be consolidated using the equity method, like associates.

Investments in entities over which the Group has ceased to exercise joint control or significant influence are no longer consolidated from that date and are valued in accordance with the provisions of IAS 39.

Investments in subsidiaries, joint ventures and associates which are classified as held for sale (or included in a Group held for sale which is classified as held for sale under IFRS 5 are recognized in accordance with the provisions of this standard.

Currently, the Group does not have any joint venture within its scope of consolidation.

3.5.3. Exclusions from the scope of consolidation

In accordance with the provisions of IFRS, there is no exemption from the Group's scope of consolidation. Non-significant holdings are treated as AFS securities.

3.5.4. Consolidation restatements

All intragroup transactions, as well as significant reciprocal assets and liabilities between fully consolidated or proportionally consolidated companies are eliminated. The same is true for internal Group results (dividends, capital gains etc.).

The results of internal disposals made with companies accounted for by the equity method are eliminated up to the limit of the Group's percentage interest in these companies.

3.5.5. Closing Date

All Group companies are consolidated from the annual accounts closed on 31 December 2019.

3.6. Conversion of financial statements and transactions in foreign currencies

The functional currency of MANAGEM is the dirham, which is also the presentation currency of the Group's consolidated accounts.

3.6.1. Conversion of financial statements of foreign companies

The accounts of autonomous foreign subsidiaries, whose functional currency is different from the dirham, are converted into dirham as follows:

- With the exception of shareholders' equity for which historical prices are applied, the balance sheet accounts are converted on the basis of the exchange rates in force on the closing date,
- The income statements and cash flow statements are converted on the basis of the average exchange rates for the period,
- The resulting conversion difference is entered under "Translation differences" included in shareholders' equity.

Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are considered as assets and liabilities of the foreign entity and are expressed in the functional currency of the entity acquired and are converted into dirham at the closing rate.

The accounts of non-autonomous foreign entities, whose functional currency is different from the dirham and whose activity is an extension of the parent company, are converted into dirham using the historical rate method.

3.6.2. Conversion of transactions in foreign currencies

Transactions in foreign currencies (that is, in a currency other than the functional currency of the entity) are translated at the exchange rate in effect on the date of the transaction.

Assets and liabilities denominated in foreign currencies are valued at the rate in effect on the closing date or at the rate of the hedge allocated to them, if applicable.

The corresponding exchange differences are recorded in the income statement, changes in the fair value of hedging instruments are recorded in accordance with the treatment described in note 3.17.3 "410 derivative instruments below".

3.7. Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The acquisition cost corresponds to the consideration transferred to obtain control and includes, at the date of the combination, the following items:

- The fair value, at the date of exchange, of the assets delivered, the liabilities incurred or assumed;
- Any equity instruments issued by the Group in exchange for control of the acquired entity.

Other costs that may be directly attributable to the business combination are recognized as expenses in the year in which they were incurred.

The identifiable assets, liabilities and contingent liabilities of the acquired entity that meet the recognition criteria set out in revised IFRS 3 are recognized at fair value with the exception of assets (or group of assets), meeting the provisions of IFRS 5 for the qualification of non-current assets held for sale, then recognised and valued at fair value less the costs necessary to sell.

In the case of a first consolidation of an entity, the Group proceeds within a period not exceeding one year from the acquisition date to the valuation of all assets, liabilities and contingent liabilities at their fair value. .

When taking control of a target, in which the Group held a stake that does not confer control, this stake is valued at fair value through profit or loss.

Goodwill is the difference between the sum of the acquisition cost and the recognised amount of non-controlling interest and the net fair value of the identifiable assets, liabilities and contingent liabilities. It follows the principles defined in paragraph "3.7 Goodwill".

3.8. Goodwill

Goodwill is measured in the functional currency of the acquired entity. It is recognized as an asset on the balance sheet. It is not amortized and is subject to annual test or impairment tests or as soon as signs appear that could call into question the value recorded in the balance sheet. Losses in value recorded cannot be reversed at a later date.

Goodwill is determined once and for all on the date control is taken; thus, it is not possible to adjust it beyond the evaluation period.

When the share of the fair value of assets, liabilities and contingent liabilities acquired exceeds the acquisition cost, negative goodwill is immediately recognized in profit or loss.

When the exclusive control of a subsidiary is lost, the amount of goodwill attributable to the subsidiary is included in the calculation of the income from the sale.

Minority interests can be measured at their fair value (full goodwill method).

3.9. Intangible assets

The items recognised as intangible assets are mainly mining exploration and research costs, patents and software.

a. Mineral exploration and research expenses

In accordance with IFRS 6: "Exploration and evaluation of mineral resources", the Group maintains its accounting principles relating to the evaluation and recognition of mining exploration expenses. These expenses mainly include costs directly related to the following:

- General geological studies to assess the potential of an area or a permit;
- Detailed geology and geochemistry work;
- Geophysical work;
- Survey work;
- Mining work;
- Sampling;
- Treatment trials.

Exploration expenditures also include costs incurred to obtain or acquire the rights to explore "mining exploration permits".

Prospecting expenses are accounted for:

- As an asset if these expenses identify new deposits; or
- Expenses for the period during which they are incurred, if they have not allowed the identification of new mining reserves.

Activated exploration expenses are amortised over the term of the reserves identified and reviewed for impairment in the event of any indication of impairment.

b. Other intangible assets

Intangible assets are recorded at the initial acquisition cost less accumulated depreciation and any impairment losses.

Identifiable intangible assets acquired with a defined useful life are amortised according to their own useful life as soon as they are put into service.

Identifiable intangible assets acquired with an indefinite useful life are not amortised but are subject to impairment tests every year or as soon as signs appear that may call the recorded value into question. on the balance sheet. Where applicable, an impairment loss is recorded.

Intangible assets with a finite useful life are amortised over the following periods:

This depreciation method faithfully reflects the rate of consumption of economic benefits.

3.10. Tangible fixed assets

In accordance with IAS 16, property, plant and equipment are recognized at the historical acquisition or initial manufacturing cost, less accumulated depreciation and, where applicable, accumulated impairment losses.

The financial interest of the capital used to finance the investments, during the period preceding their entry into operation, is an integral part of the historical cost.

Current maintenance costs are expensed for the period with the exception of those which extend the useful life or increase the value of the asset concerned, which are then capitalised.

Depreciation is applied based on the useful lives of the tangible fixed assets or their components, within the limit of the life of the deposit for equipment and other mining assets.

The depreciation method used by the Group is the straight-line method. All the provisions concerning tangible fixed assets are also applied to tangible assets held through a finance lease.

The amortisation periods for these fixed assets are provided below:

Intangible assets:

Types of intangible assets	Depreciation method	Depreciation period
Mining infrastructure	Linear	Projected operating life of the deposit
Technical installations	Linear	5 to 10 years
Machinery and equipment	Linear	5 to 10 years

3.11. Investment property

Investment property is real estate held for the purpose of earning rental income and / or capital appreciation, rather than using it in the production and supply of goods and services or for administrative purposes or selling it in the part of ordinary activity.

In accordance with the option offered by IAS 40, investment properties are recorded at cost less accumulated depreciation and any impairment losses.

3.12. Biological assets

In accordance with IAS 41, from 01 January 2009, the Group recognises biological assets, related agricultural products at the time of harvest and public subsidies.

Biological assets are valued upon initial recognition and at each closing date at their fair value less costs to sell. Also, is measured at its fair value less costs to sell, agricultural production harvested from biological assets.

Under IAS 41, fair value is assimilated to the market price of a biological asset or agricultural product in its current situation and condition.

For the first application of IAS 41, biological assets are valued at their costs corresponding to both their market values and their acquisition values.

3.13. Lease contracts

Under IFRS 16, all leases are recognised in the balance sheet in the form of a right of use among fixed assets, and a rental liability.

This liability is measured on the effective date of the lease at the present value of future payments over the term of the lease.

These payments include fixed or substantially fixed rents, variable rents based on an index or a rate chosen on the basis of the last index or rate in force, any residual value guarantees as well as, if applicable, any sum to be paid to the lessor. in respect of options the exercise of which is reasonably certain.

The right of use is recognised as an asset on the effective date of the lease for a value equal to the amount of the rental liability at that date, adjusted for payments made to

lessor before or on that date and thus not taken into account in the valuation of rental liabilities, less the incentives received.

The right of use is amortised on a straight-line basis and the rental liability actuarially over the term of the rental contract, using the group's marginal borrowing rate as the discount rate.

The rental period corresponds to the non-cancellable period during which the lessee has the right to use the underlying asset to which are added, if applicable, the periods covered by extension options which the lessee considers to be exercised reasonably. certain and the periods covered by termination options which the policyholder is reasonably certain not to exercise.

3.14. Impairment test and impairment of assets

In accordance with the provisions of IAS 36, the Group examines at least once a year the book values of tangible and intangible assets with a finite useful life in order to assess whether there is any indication that these assets may have lost value.

If such an indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

Goodwill and intangible assets with indefinite useful lives are subject to an annual impairment test. An additional impairment test is performed each time an indication of loss of value has been identified.

The Group has determined that the smallest level at which assets can be tested for impairment is the various mines operated by the Group.

When the recoverable amount of a Cash Generating Unit (CGU) is less than its book value, an impairment loss is then recognized in profit or loss. This impairment is first allocated to the balance sheet value of the goodwill. The remainder is allocated to the rest of the assets included in the CGU in proportion to their book values.

The recoverable amount of the CGUs is determined on the basis of updated projections of future operating cash flows, over a period of three years extrapolated within the limit of the term of the deposit. The discount rate used for these calculations and the weighted average cost of capital differ according to the CGUs and the business sectors in which they operate. These rates vary between 5 and 10%.

For a listed subsidiary, the recoverable amount of the Cash Generating Unit (CGU) used is its market capitalisation unless this is less than the net book value, in which case, an estimate of the value in use is made.

3.15. Non-current assets held for sale and discontinued operations

Assets or groups of assets held for sale meet the criteria for such a classification if their carrying amount will be primarily recovered through a sale transaction rather than through their continued use. This condition is considered to be fulfilled when the sale is highly probable and the asset (or group of assets held for sale) is available for immediate sale in its current state. Management must be committed to a sales plan, and the sale of which is expected to be completed within twelve months of the date the asset or group of assets was qualified as non-current asset intended for sale.

The Group assesses at each closing date whether it is engaged in an asset or activity disposal process and presents these, where applicable, as "assets held for sale".

These assets held for sale are presented separately from other assets on the balance sheet. Any debts related to these assets held for sale are also presented on a separate line under liabilities on the balance sheet.

Assets held for sale and groups of assets held for sale are valued at the lower of their carrying amount and their fair value less costs of disposal. From the date of such classification, the asset ceases to be depreciated.

A discontinued activity represents a significant activity or geographic area for the Group that is either the subject of a sale or of a classification as assets held for sale. The results of discontinued operations are presented in the income statement separately from the result of continuing operations.

3.16. Inventories

Inventories are valued at the lower of their cost price or their net realizable value.

Cost is the cost of acquisition or production costs incurred to bring inventory to its condition and location. These include, on the basis of a normal level of activity, direct and indirect production costs.

Production costs are generally calculated using the weighted average cost method.

The net realisable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs to complete the products and the estimated costs necessary to make the sale.

3.17. Treasury shares and own shares

Treasury shares and treasury shares held by the Group are recorded as a reduction of consolidated equity at their acquisition cost. Subsequent disposals are charged directly to equity and do not give rise to the recording of any result.

3.18. Financial assets

Financial assets should be classified into the following four categories:

- Assets measured at fair value in profit or loss: fair value with changes in fair value in profit or loss;
- Assets held to maturity: amortised cost, provisions for possible depreciation are recognised in profit or loss. This category is not used by the Group;
- Loans and receivables: amortised cost, provisions for possible depreciation are recognized in profit or loss;
- Assets available for sale: fair value with changes in fair value in equity, or in profit or loss to provide for objective depreciation that is lasting (six months) or significant (decrease of more than 20%) and in this case any subsequent decrease will be recorded in result while any subsequent increase will be recognised in equity.

3.18.1. Valuation of trade receivables and non-current financial assets

Trade receivables, loans and other non-current financial assets are considered as assets issued by the company and are recognized using the amortized cost method. They may, moreover, be the subject of a provision for depreciation if there is an objective indication of loss of value.

A provision for impairment of receivables is made when there is an objective indicator of the Group's inability to recover all the amounts due under the conditions initially provided for during the transaction. Significant financial difficulties encountered by the debtor, the likelihood of bankruptcy or financial restructuring of the debtor or default are indicators of a debt's impairment. The amount of the provision represents the difference between the carrying amount of the asset and the value of the estimated future cash flows discounted where applicable. The amount of the loss is recognised in depreciation of receivables accounts and counterpart of an allowance for depreciation of current assets.

3.18.2. Equity securities of non-consolidated companies and other fixed securities

Equity securities in unconsolidated companies and other fixed assets are classified as available-for-sale (AFS) assets and appear on the balance sheet at their fair value. Unrealised gains and losses are recorded in a separate component of equity. For listed securities, the fair value corresponds to the market price. For other securities, if the fair value cannot be reliably estimated, it corresponds to the acquisition cost net of any impairment.

Depreciation is recorded in the event of objective signs of depreciation of assets other than those classified as transactions. With some exceptions, the Group considers that a significant or lasting decline is presumed when the equity instrument has lost at least 20% of its value over a period of 6 consecutive months.

This criterion of a significant or lasting decline in the value of the security is a necessary but not sufficient condition to justify the recording of a provision. The latter is only constituted to the extent that the depreciation will result in a probable loss of all or part of the amount invested. The reversal of this loss in value through the income statement can only occur at the time of the sale of the securities, any previous reversal being recognised in equity.

3.18.3. Derivative instruments

Derivative instruments are recognised in the balance sheet at their fair value on the derivative instrument lines under current or non-current financial assets or current or non-current financial liabilities. The accounting impact of changes in the fair value of these derivative instruments can be summarized as follows:

Application of hedge accounting:

- For fair value hedges of assets or liabilities existing on the balance sheet, the hedged portion of these items is valued at fair value. The variation in this fair value is recorded in profit or loss and offset for the effective portion by symmetrical variations in the fair value of derivative instruments;
- For future cash flow hedges, the effective portion of the change in fair value of derivative instruments is recorded directly in other items of comprehensive income and the ineffective portion impacts other financial income and expenses;
- For net foreign investment hedging, the gain or loss resulting from the hedge will be deferred in other comprehensive income until the total or partial disposal of the investment.

In the event that hedge accounting is not applied, the change in the fair value of derivative instruments is recorded in profit or loss.

3.19. Investment securities

In accordance with IAS 39 "Financial instruments: recognition and measurement", marketable securities are valued at their fair value. No investment is analysed as being held to maturity. For investments considered as held for trading, changes in fair value are systematically recognised as income (in other financial income and expenses). For investments available for sale, changes in fair value are recognised directly in other comprehensive income or in profit or loss (in other financial income and expenses) in the event of an objective indication of a more than temporary depreciation in value for movable property or in the event of transfer.

3.20. Cash and cash equivalents

In accordance with IAS 7 "Cash flow statement", cash and cash equivalents appearing in the balance sheet include cash (cash on hand and demand deposits) as well as cash equivalents (short-term, highly liquid investments which are easily convertible into a known amount of cash and which are subject to negligible risk of change in value). Investments in listed shares, investments whose initial maturity is short or medium term without the possibility of early exit as well as bank accounts subject to restrictions (blocked accounts) other than those linked to regulations specific to certain countries or sectors with activities (exchange control etc.) are excluded from cash and cash equivalents in the cash flow statement.

Bank overdrafts related to financing transactions are also excluded from cash and cash equivalents.

3.21. Non-recognition of financial assets

A financial asset as defined by standard IAS 32 "Financial instruments: information to be provided and presentation" is written off in whole or in part when the Group no longer expects future cash flows from it and transfers almost all of the risks and advantages attached to it.

3.22. Income taxes

3.22.1. Deferred taxes

The Group recognises deferred taxes for all of the existing temporary differences between the tax and book values of assets and liabilities on the balance sheet with the exception of:

- The initial recognition of goodwill; or
- The initial recognition of an asset or a liability in a transaction that:
- is not a group of companies; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The tax rates used are those voted or almost adopted on the closing date of the financial year depending on the tax jurisdictions.

The amount of deferred taxes is determined for each tax entity.

Tax assets relating to temporary differences and tax loss carryforwards are only recognised to the extent that it is probable that a future taxable profit determined with sufficient precision will be generated at the level of the tax entity.

Current and / or deferred taxes are recognised in the income statement for the period unless they are generated by a transaction or an event recognised directly in equity.

A Group entity must offset current tax assets and liabilities if, and only if, this entity:

(a) has a legally enforceable right to offset the amounts recognised; and

(b) intends to either settle the net amount or realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities, regardless of their maturity, must be offset when they are levied by the same tax authority and relate to the same tax entity which has the right to offset current tax assets and liabilities. Thus, each entity of the Group proceeded to offset its deferred tax assets and liabilities.

3.22.2. Uncertainties relating to the treatment of income taxes

To assess when and how a tax uncertainty affects the determination of taxable profit (tax loss), tax bases, tax loss carryforwards, unused tax credits and tax rates, an entity should start from the assumption that the tax administration will control all the amounts that it has the right to control and that it will carry out these controls with full knowledge of all related information.

In the event that it is probable that the tax administration does not accept the tax treatment adopted, IFRIC 23 indicates that the amount of uncertainty to be reflected in the financial statements must be estimated using the method which will provide the best forecast of the resolution of uncertainty.

3.23. Employee benefits

The Group's commitments under defined benefit health coverage plans and end-of-career indemnities are determined, in accordance with IAS 19, on the basis of the projected unit credit method, taking into account specific economic conditions. to each country (mainly Morocco for the Group). The commitments are covered by provisions recorded in the balance sheet as and when the rights are acquired by the employees. Provisions are determined according to the actuarial method known as the projected unit credit method, which stipulates that each period of service gives rise to the establishment of a unit of entitlement to benefit and separately assesses each of these units to obtain the final obligation. These calculations incorporate assumptions of mortality, staff turnover and future salary projections etc.

The bonuses paid on the occasion of the presentation of long service medals during the entire period of work of employees are subject to a provision. The latter is assessed taking into account the probabilities that employees will reach the required seniority for each level and is updated.

Retirement indemnities are also the subject of a provision. The latter is assessed taking into account the probability of the employees' presence in the Group on their retirement date. This provision is updated.

3.24. Provisions

The Group recognises a provision when there is a legal or implicit obligation towards a third party that will result in an outflow of resources, without expected consideration, necessary to settle this obligation and which can be reliably estimated. The amounts recognised as provisions take into account a disbursement schedule and are discounted when the effect of the passage of time is significant. This effect is recognised in financial income.

Provisions for restructuring are recognised as soon as the Group has established a formal and detailed plan, the announcement of which has been made to the parties concerned.

When a legal, contractual or implicit obligation makes it necessary to redevelop sites, a provision for restoration costs is recognised in other operating expenses. It is recognised over the operating time of the site depending on the level of production and the progress of the operation of said site.

Costs incurred to limit or prevent environmental risks and generate future economic benefits, such as extending the lifespan of fixed assets, increasing production capacity and improving the level of safety, are capitalised. When the Group considers that it has a legal or implicit obligation linked to an environmental risk, the extinction of which should result in an outflow of resources, a provision corresponding to estimated future costs is recognised without taking into account any insurance indemnities (only almost certain insurance indemnities are recognized on the assets side of the balance sheet). When the Group does not have a reliable repayment schedule or when the effect of the passage of time is insignificant, the change in these provisions is made on the basis of undiscounted costs. Other environmental costs are recognised as expenses in the period in which they are incurred.

The group also applies the IFRIC 21 interpretation “Accounting for taxes” for fiscal years beginning on or after 01 January 2015, as required by the European Regulation of June 13, 2014. This interpretation establishes the principle that the tax must be recognised on the date of the event giving rise to the payment of this tax.

The interpretation considers that the operative event may occur on a specified date as it may occur following the reaching of certain thresholds. This has impacts mainly at the level of the interim accounts.

Thus, the business tax, the tax on municipal services and the tax on undeveloped land due in full on the date of the interim accounts is fully recognised on that date.

In addition, the social solidarity contribution is only recognised in the interim accounts when the thresholds making it payable are reached on the closing date of these accounts.

The Group recognises a provision when there is a legal or implicit obligation towards a third party which will result in an outflow of resources, without expected consideration, necessary to settle this obligation and which can be reliably estimated. The amounts recognised as provisions take into account a disbursement schedule and are discounted when the effect of the passage of time is significant. This effect is recognised in financial income.

Provisions for restructuring are recognised as soon as the Group has established a formal and detailed plan, the announcement of which has been made to the parties concerned.

When a legal, contractual or implicit obligation makes the redevelopment of sites necessary, a provision for restoration costs is recognised in other operating expenses. It is recognised over the operating time of the site depending on the level of production and the progress of the operation of said site.

Costs incurred to limit or prevent environmental risks and which generate future economic benefits, such as extending the lifespan of fixed assets, increasing production capacity and improving the level of safety, are capitalised.

3.25. Capital increase costs

The costs of the capital increase are charged to share, merger or contribution premiums.

3.26. Financial liabilities

3.26.1. Financial debts

Borrowings and other interest bearing financial liabilities are valued using the amortised cost method using the effective interest rate of the loan. Issue fees and premiums impact the entry value and are spread over the life of the loan via the effective interest rate.

In the case of financial debts resulting from the recognition of finance leases, the financial debt recognised as a counterpart to the tangible fixed asset is initially recognised at the fair value of the leased asset or, if this is less, at the value update of minimum lease payments.

3.26.2. Other financial liabilities

Other financial liabilities mainly concern trade payables and other creditors. These financial liabilities are recorded at amortised cost.

3.27. Income from ordinary activities

The income from the Group’s ordinary activities consists mainly of the following types of turnover:

- Sales of goods and services produced;
- Construction contracts;
- Rental income.

Revenue from ordinary activities is recognised when goods or services promised to customers are provided and for an amount of consideration that the Group expects to be entitled to in exchange for these goods or services.

This fundamental principle is presented in the form of a five-step model:

- Identify contracts with customers,
- Identify the service obligations provided for in the contract,
- Determine the transaction price,
- Distribute the transaction price between the various service obligations provided for in the contract, and
- Recognise income from ordinary activities when the Group has fulfilled (or as it fulfils) a performance obligation.

Income from ordinary activities is measured at the fair value of the consideration received or to be received. Rental income is recognised on a straight-line basis over the firm terms of the leases. Consequently, the special provisions and advantages defined in the lease contracts (franchise, entry fee etc.) are spread over the firm term of the lease.

Commercial discounts or quantity discounts are recognised as a deduction from income with the exception of commercial actions in the form of the allocation of free products which are recognised in cost of sales and provisioned in accordance with the provisions of IAS 37 "Provisions, liabilities contingent and contingent assets".

Income from ordinary activities relating to the sale of goods and equipment is recognised when there is a formal agreement with the customer, delivery has taken place, the amount of income can be reliably measured and is probable that the economic benefits associated with this transaction will flow to the Group.

3.28. Other operating revenue

Other activity-related income includes non-recurring income or income not directly linked to the operations described in the "revenue" paragraph.

3.29. Cost of net debt

It includes interest income and expenses on bank loans, bond issues and other financial debts (including debts on finance leases).

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset.

3.30. Fair value valuation

i. Fair value hierarchy

All financial instruments for which fair value is recognized or mentioned in these financial statements are classified according to the hierarchy provided for in IFRS 13.

Indeed, this standard classifies the input data of the valuation techniques used to determine fair value according to three levels of importance:

Level 1:

Data at this level refers to quoted prices in active markets for identical assets or liabilities that the entity can access at the valuation date.

Level 2:

This Level 2 input is data, other than quoted prices included in the Level 1 input, that is observable for the asset or liability, either directly or indirectly.

Level 3:

Inputs at this level are input data for the asset or liability that are based on unobservable data.

ii. Assessment techniques

Listed securities are valued at the closing market price, except when the latter is deemed irrelevant in relation to the value of the securities concerned.

Unlisted securities are valued on the basis of their net book position. Derivatives are valued at their market value on the closing date.

3.31. Earnings per share

Basic earnings per share is calculated by dividing the net income Group share by the average number of shares in circulation during the year. The average number of shares outstanding for the period and previous years presented is calculated excluding treasury shares and shares held under stock option plans.

To date, the Group has not issued any financial instrument having a dilutive effect. Therefore, basic earnings per share is equivalent to diluted earnings per share.

CHANGES IN THE SCOPE OF CONSOLIDATION DURING THE PERIOD

3.32. Disposals

No disposals in 2019.

NOTE 4: SEGMENTED INFORMATION

4.1. Levels of segmented information

The primary segmentation of the Managem Group is based on business sectors, the secondary segmentation is based on geographic sectors.

Inter-sector transactions relate mainly to the sales of Gold Concentrate and Copper Sulphate which take place between CTT and certain subsidiaries in the mining sector, in particular AGM and CMG. These transactions are invoiced by CTT with reference to international market prices.

4.1.1. First level of segment information: business segments

Mining

This activity consists of exploiting several deposits by the Managem Group as well as producing concentrates as varied as zinc, copper, lead and fluorite concentrates. Production also includes precious metals such as gold and silver.

Hydrometallurgy

This activity focuses on the transformation and upgrading of ores to obtain products with high added value, in particular metal derivatives and chemical specialties, such as cobalt cathodes, cobalt oxide, nickel derivatives, copper sulphate, sodium sulphate, gold-bearing charcoal and arsenic trioxide. Hydrometallurgy uses specific techniques and technologies such as: liquid extraction, electrolysis, drying, calcination, roasting etc.

4.1.2. Second level of segment information: geographic segments

The geographical breakdown of the Group's activities is as follows:

- Morocco
- Europe
- Other

4.2 Information by business sector

	Mine	Hydro	Other	Total
External	4 379.0	160.8	13.5	4 553.3
Internal				
Total	4 379.0	160.8	13.5	4 553.3
Result of operational activities	-56.6	-322.0	34.0	-344.6
Financial result	-26.4	-93.8	8.3	-111.9
Taxes	-96.2	67.2	95.7	66.7
Profit from continuing operations	-179.2	-348.6	138.0	-389.8

On 31 December 2018

	Mine	Hydro	Other	Total
External	4 192.90	155.10	8.50	4 356.50
Internal				
Total revenue	4 192.90	155.10	8.50	4 356.50
Result of operational activities	4.80	444.00	220.50	669.30
Financial result	-74.40	-164.40	8.50	-230.30
Share in equity affiliates				
Corporation tax	-23.20	-59.80	-10.90	-93.90
Profit from continuing operations	-92.80	219.80	218.10	345.10

Miscellaneous revenue mainly corresponds to sales made by the operational service segment, in particular Reminex and Techsub.

The main elements of the balance sheet can be allocated to the different business sectors as follows:

31/12/2019	Mine	Hydro	Miscellaneous	total
Assets	8 334.1	3 304.5	811.7	12 450.3
Total consolidated assets	8 334.1	3 304.5	811.7	12 450.3
Investments	-1 287.5	-559.5	-37.8	-1 884.8
Total liabilities	6 212.8	2 430.8	-1 059.4	7 584.2

31/12/2018	Mine	Hydro	Miscellaneous	total
Assets	3 496.8	2 961.1	4 786.2	11 244.1
Total consolidated assets	3 496.8	2 961.1	4 786.2	11 244.1
Investments	-1 013.3	-544.7	-144.6	-1 702.6
Total liabilities	4 152.4	1 702.7	-293.6	5 561.5

4.3 Information by geographic sector

On 31 December 2019

In million MAD	Morocco	Europe	Other	Total
Revenue	223.70	4 089.70	239.90	4 553.30
Other products Total	72.10		17.00	89.10
Total	295.80	4 089.70	256.90	4 642.30
Investments	-1 331.20	-2.50	-551.10	-1 884.80

En millions de MAD	Morocco	Europe	Other	Total
Revenue	210.4	4 146.1	0.0	4 356.5
Other products (if applicable)	54.9		2.5	57.4
Total	265.3	4146.1	2.5	4 413.9
Investments	-1 190.3		-512.1	-1 702.3

NOTE 5: REVENUE

The revenue (income from ordinary activities) of the Managem Group consists of the following elements:

- Sales of goods and services produced;
- Construction contracts;
- Rental income.

The revenue is broken down as follows:

In Million MAD	December 2019	December 2018
Revenue (a)	4 553.3	4.356.5
Other business income (b)	89.1	57.4
Total income from business activities	4 642.4	4 413.9

(a) Including services.

(b) Other income from the activity mainly comprises the change in inventory of finished products and other operating products

Consolidated revenue limits its growth to +4.5% compared to 2018.

NOTE 6: PURCHASES AND OTHER EXTERNAL CHARGES

Purchases and external charges break down as follows:

In Million MAD	December 2019	December 2018
Purchases of goods	0.0	(22.2)
Purchases of materials and supplies	(2,351.6)	(1,975.9)
Purchases	(2,351.6)	(1,998.2)
Operational rents	(85.2)	(150.2)
Maintenance and repairs	(39.7)	(54.1)
Remuneration of staff outside the company	(31.5)	(63.4)
Various external charges	(880.8)	(663.3)
Other external charges	(1,037.2)	(930.9)
Total Purchases and Other external charges	(3,388.7)	(2,929.1)

(a) Purchasing items and other external charges recorded an increase of 460 Mdhs million dirhams compared to the previous year, following the combined effects of: mining works and sterile stripping in quarry operations

NOTE 7: STAFF AND STAFF COSTS

7.1 Staff costs

Staff costs for the year are detailed below by type of cost:

In Million MAD	December 2019	December 2018
Wages and salaries	(773.0)	(779.1)
Other social security charges	(313.9)	(305.7)
Net allocations to provisions for employee benefits	(21.4)	(17.2)
Employee participation	0.0	0.0
Total	(1,108.3)	(1,102.1)

Note 20 details the other information relating to employee benefits.

7.2 Remuneration of administrative and management bodies

The administrative and management bodies are composed of:

- Board of Directors whose members are remunerated by attendance fees
- Management committee whose members receive salary compensation

Note 26 details the other information relating to the remuneration of the administrative and management bodies.

NOTE 8: DEPRECIATION AND OPERATING PROVISIONS

The variations in depreciation and provisions having an impact on current operating income for the periods that ended 31 December 2019 and 31 December 2018 break down as follows:

Depreciation and operating provisions

In Million MAD	December 2019	December 2018
Net depreciation impacting current operating income		
Intangible assets	(237.1)	(236.3)
Tangible fixed assets	(798.5)	(761.3)
Fixed assets under right of use	(72.1)	
Fixed assets under finance leases		(22.7)
Biological assets	0.0	0.0
Mining activity assets	0.0	0.0
Investment property	0.0	0.0
Total	(1 107.6)	(1 020.3)
Provisions and net impairment losses impacting current operating income		
Fixed assets	45.5	68.3
Inventories	(0.8)	2.0
Receivables	(10.6)	(3.0)
Goodwill impairment loss	0.0	0.0
Provisions for risks and charges	(29.5)	23.6
Total	4.6	90.9
Total	**(1 103.1)**	**(929.4)**
Depreciation and provisions for discontinued operations	0.0	0.0
Depreciation and provisions for continuing operations	(1 103.1)	(929.4)

(a) A description of the changes in depreciation and impairment of fixed assets is included in note 14 to these financial statements.

(b) Details of changes in impairment losses relating to inventories and receivables are included in Notes 15 and 16 to these financial statements.

NOTE 9: OTHER INCOME AND OPERATING EXPENSES

Other operating income and expenses break down as follows:

In Million MAD	December 2019	December 2018
Disposal of assets	0.1	0.3
Disposal of subsidiaries and shareholdings	0.0	182.8
Latent JV gain on commodities-trading operations	0.0	0.0
Negative goodwill		8.7
Results on commodity derivatives - trading	(5.3)	0.0
Results on foreign exchange derivatives - trading	0.0	0.0
Other operating income and expenses *	680.9	1,093.0
Total operating income and expenses	675.7	1,284.8

Changes in value between the two periods are attributable to changes in the fair value of derivatives classified as Trading due to the following factors:

a) Metal hedging:

a. Material trading reflects the part of financial instruments not eligible for hedge accounting, thus corresponding to the asymmetric part of "Call" sales options,

b. Currency hedging: corresponds to the asymmetric part of the tunnels

9.1. Other non-current operating income and expenses

Other non-current operating income and expenses are detailed as follows:

In Million MAD	December 2019	December 2018
Other non-current products	31.3	34.9
Other non-current charges[(1)]	(436.6)	(18.8)
Other net operating income and expenses[(2)]	1,086.2	1,076.9
Total other operating income and expenses	680.9	1,093.0

[(1)] Provisions for impairment of IFRS assets

- For Fluorite assets: the book value of the assets is greater than their recoverable value (sum of discounted cash flow + terminal value), thus leading to an impairment loss before tax of MAD -126 million.
- For Copper assets: the book value of the assets is much higher than their recoverable value (sum of discounted cash flow + terminal value), thus generating an impairment loss before tax - MAD 300 million

However, it should be remembered that these depreciations are exceptional and reversible (provisional), in other words, they are not a final loss, but rather provisions that could be cancelled later if the conditions for their reversal are met, in particular due to a favourable evolution of copper and fluorite prices and / or the discovery of mineral resources and reserves.

Other operating income and expenses mainly record:

- the production of fixed assets itself.

NOTE 10: FINANCIAL RESULT

The financial result for 31 December 2019 and 2018 is as follows:

In Million MAD	December 2019	December 2018
Financial expenses		
Interest on loans	(182.8)	(213.6)
Other financial charges	(0.3)	(0.3)
Impairment of financial assets	(333.8)	0.0
Net allocations to provisions	333.8	0.0
Total financial charges	**(183.1)**	**(213.9)**
Financial income		
Interest and other financial income	17.8	26.8
Others income	63.8	47.8
Reversals of impairment losses on financial assets	0.0	0.0
Financial exchange gains and losses	(10.6)	(91.0)
Total financial income	**71.1**	**(16.4)**
Financial result	(111.9)	(230.3)

Increase in financial income of 118 million MAD mainly explained by:

- Non-recurrence of interest on factoring contracts fully recognised in 2018 for + 55 million MAD
- Change in exchange losses related to unwinding of exchange hedges +40 million MAD
- Positive foreign currency exchange result

This increase was mitigated by the increase in interest charges of Managem SA and the decrease in investment income.

10.1. Tax charge

Note Tax expenses recognised in the Income Statement

In Million MAD	December 2019	December 2018
Current tax expense		
Annual expenses	(59.0)	(98.2)
Adjustment of the tax charge from previous years	0.0	0.0
	(59.0)	(98.2)
(Charges) / deferred tax income		
Changes in temporary differences	0.5	(1.8)
Changes in tax rates	1.6	0.0
Change in previous tax deficits	123.6	6.1
	125.7	4.3
(Charge)/Total tax income	66.7	(93.9)

The tax charge for the years that ended 31 December 2019 and 2018 breaks down as follows:

- Lower corporate income tax payable is explained mainly by the decrease in CTT's result
- Non-recognition of IDAs from SAMINE, CMO and SMI following improved results for 2019
- Recognition of deferred tax assets on tax deficits and temporary differences resulting from exceptional depreciation at Managem and CTT, within the limit of recoverable IDAs provided for in the 2020-2022 budget
- The current tax charge corresponds to the amounts paid and / or remaining to be paid in the short term to tax administrations for the 2019 fiscal year according to the rules in force in the various countries and specific conventions.
- Deferred tax income results from the recognition of a deferred tax asset on tax losses resulting from indefinitely carryforward depreciation.

10.1.1. Deferred taxes recognised on other comprehensive income

Deferred taxes recognized on other comprehensive income break down as follows:

10.1.2. Deferred taxes recognised in equity

Deferred taxes recognized in equity break down as follows:

Net tax assets are limited to the ability of each tax entity to recover its assets in the near future.

10.1.3. Deferred taxes recognised in the balance sheet

	Assets		Liabilities		Net
In Million MAD	December 2019	December 2018	December 2019	December 2018	December 2019
Deferred taxes					
From temporary differences	(131.3)	(78.2)	31.9	35.6	(163.3)
From fiscal deficits	324.5	200.7	0.0	0.0	324.5
From tax credits	0.6	0.7	0.0	0.0	0.6
Total	193.7	123.1	31.9	35.6	161.8

10.1.4. Proof of tax

Tax proof (Reconciliation between the legal rate in Morocco and the effective tax rate of the Consolidated Income Statement)

In Million MAD	December 2019	December 2018
Net income of the consolidated group	-389.8	345.3
- Share of profit of associates	0.0	0.0
Net income of the consolidated group (excluding S.M.E)	-389.8	345.3
Income tax	(59.0)	(98.2)
Deferred taxes	125.7	4.3
Total tax charge for the period	66.7	(93.9)
Consolidated income before tax (excluding S.M.E)	-456.5	439.1
Effective tax rate (Total tax expense / Accounting result before tax	15%	21%
Tax on permanent differences	239.1	70.4
Tax on tax losses	0.0	0.0
Tax on the use of tax losses from previous years that did not give rise to ID	0.0	0.0
Adjustments to the tax charge from previous years	0.0	0.0
Minimum contribution not activated	0.0	15.1
Adjustment of IDs following the change in the IS rate	0.0	0.0
Parent / subsidiary rate difference amount	90.1	(102.5)
Morocco / foreign rate difference amount	0.0	0.0
Amount other differences*	(188.0)	(103.3)
Recalculated tax burden	141.0	(135.4)
Legal tax in Morocco (Recalculated tax burden / Accounting result before taxes)	-30.9%	-30.9%

NOTE 11: ASSETS HELD FOR SALE AND RELATED LIABILITIES

Currently, the Group does not have any assets or liabilities held for sale.

NOTE 12: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income Group share by the average number of shares in circulation during the year. The average number of shares outstanding for the period and previous years presented is calculated excluding treasury shares and shares held under stock option plans.

Years ended on 31 December	31-Dec.-19	31-Dec.-18
Weighted average number:		
- of ordinary shares issued	9 991 308	9 991 308
- of shares held under stock option plans		
- of treasury shares		
Number of shares used for the calculation of basic earnings per share	9 991 308	9 991 308
Number of dilutive instruments		
Number of shares used to calculate diluted earnings per share	9 991 308	9 991 308

To date, the Group has not issued any financial instrument having a dilutive effect. Therefore, basic earnings per share is equivalent to diluted earnings per share.

Fiscal years ended on 31 December	31-Dec.-19	31-Dec.-18
Net income for the year attributable to shareholders of the parent company	-426.8	369.8
Number of shares used to calculate earnings per share	9 991 308	9 991 308
Basic earnings per share	-23.4	27.0
of which part from discontinued operations		
Diluted earnings per share	-23.4	27.0
of which part from discontinued operations		

NOTE 13: GOODWILL

In Million MAD	December 2019	December 2018
On 01 January	305.1	305.4
Gross value	812.4	812.0
Cumulative impairment losses	(507.0)	(507.0)
Change in scope	0.0	(0.3)
Translation difference	0.0	0.3
Disposals	0.0	0.0
Loss of value	(0.0)	0.0
Other movements	0.0	0.0
At the end of the period	305.4	305.4
Gross value	812.4	812.4
Accumulated impairment losses	(507.0)	(507.0)

On the balance sheet, net Goodwill (Goodwill) relates to the following companies:

In Million MAD	December 2019	December 2018
IMITER	161.2	161.2
CMG	130.9	130.9
CTT	13.3	13.3
RGGG	0.0	0.0
Total	**305.4**	**305.4**

NOTE 14: INTANGIBLE ASSETS

Note Intangible Assets						
In Million MAD	Development Costs	Telecom Licenses and Software	Concessions, patents and similar rights	Concession	Other	Total
Gross value						
On 01 January 2018	4 360.7	1.1	198.6	0.0	521.8	5 082.2
Acquisitions	264.4	0.0	2.3	0.0	294.5	561.3
Changes in scope	(0.0)	0.0	0.0	0.0	(153.3)	(153.3)
Disposals and assets classified as assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	24.2	0.0	0.0	0.0	13.9	38.1
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
On 31 December 2018	4 649.3	1.1	201.1	0.0	677.0	5 528.4
On 01 January 2017	4 649.3	1.1	201.1	0.0	677.0	5 528.4
Acquisitions	180.3	1.6	2.1	0.0	83.6	267.6
Changes in scope	0.0	0.0	0.0	0.0	0.0	0.0
Disposals and assets classified as assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	2.7	(0.0)	0.0	0.0	1.8	4.5
Other movements	73.6	0.0	5.4	0.0	(104.0)	(24.9)
On 31 December 2017	4 905.9	2.7	208.6	0.0	1 266.2	6 383.4
Depreciation and impairment losses						
On 01 January 2016	(3 407.0)	(0.4)	(110.6)	0.0	(181.6)	(3 699.7)
Depreciation	(234.4)	(0.4)	(1.7)	0.0	0.2	(236.3)
Loss of value	0.0	0.0	0.0	0.0	0.0	0.0
Reversal of impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
Disposals and assets classified as assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	(5.5)	(0.0)	(0.0)	0.0	0.0	(5.6)
Change in scope	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
On 31 December 2016	(3 646.9)	(0.8)	(112.3)	0.0	(181.5)	(3 941.6)
On 01 January 2017	(3 646.9)	(0.8)	(112.3)	0.0	(181.5)	(3 941.6)
Depreciation	(236.1)	(0.2)	(0.6)	0.0	(0.2)	(237.1)
Loss of value	(42.1)	0.0	0.0	0.0	0.0	(42.1)
Reversal of impairment losses	0.0	0.0	0.0	0.0	0.0	0.0
Disposals and assets classified as assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
Translation differences	(0.6)	(0.0)	(0.0)	0.0	0.0	(0.6)
Change in scope	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0
On 31 December 2017	(3 925.6)	(1.0)	(112.9)	0.0	(181.7)	(4 221.2)
Net values						
On 31 December 2016	1 002.4	0.3	88.7	0.0	495.5	1 586.8
On 31 December 2017	980.3	1.7	95.6	0.0	1 084.5	2 162.1

Depreciation for the period is recognised in profit or loss under the item "depreciation and operating provisions"

The intangible fixed assets item mainly comprises expenses relating to exploration and mining research.

TANGIBLE FIXED ASSETS AND INVESTMENT PROPERTIES

The main variations are explained by:

	Research & development costs	Software	Concessions, patents & similar rights	Other intangible assets	Total
OPENING - 2018.12	4 361	1	199	522	5 082
Acquisitions	264	0	2	295	561
Change in scope	-0	0	0	-153	-153
Disposals and assets classified as assets held for sale	0	0	0	0	0
Real estate revaluation	0	0	0	0	0
Translation differences	24	0	0	14	38
Other movements	0	0	0	0	0
CLOTURE - 2018.12	4 649	1	201	1 285	6 136
OPENING - 2019.12	4 649	1	201	1 285	6 136
Acquisitions	180	2	2	84	268
Change in scope	0	0	0	0	0
Disposals and assets classified as assets held for sale	0	0	0	0	0
Real estate revaluation	0	0	0	0	0
Translation differences	3	-0	0	2	4
Other movements	74	0	5	-104	-25
CLOTURE - 2019.12	4 906	3	209	1 266	6 383
	Research & Development costs	Software	Concessions, patents and similar rights	Other	Total
OPENING - 2018.12	-3 407	-0	-111	-182	-3 700
Depreciation	-234	-0	-2	0	-236
Loss of value	0	0	0	0	0
Reversal of impairment	0	0	0	0	0
Disposals and assets classified as assets held for sale	0	0	0	0	0
Translation differences	-5	-0	-0	0	-5
Change in scope	0	0	0	0	0
Other movements	0	0	0	0	0
CLOSING - 2018.12	-3 647	-1	-112	-181	-3 941
OPENING - 2019.12	-3 647	-1	-112	-181	-3 941
Depreciation	-236	-0	-1	-0	-237
Loss of value	-42	0	0	0	-42
Reversal of impairment	0	0	0	0	0
Disposals and assets classified as assets held for sale	0	0	0	0	0
Translation differences	-1	-0	-0	0	-1
Change in scope	0	0	0	0	0
Other movements	0	0	0	0	0
CLOSING - 2019.12	-3 926	-1	-113	-182	-4 221
Net values					
on 31 December 2018	1 002	0	89	1 103	2 195
on 31 December 2019	980	2	96	1 085	2 162

Investment property

The Group did not revalue the fair value of investment properties at the end of December 2019, since almost all of these properties are recorded at market value as part of the lease back transactions carried out during the 2009 fiscal year.

14.1 Other financial assets

The Group's other financial assets break down into net value as follows:

In Million MAD	December 2019	December 2018
Non-current share		
- derivative financial instruments	14.7	7.8
- financial assets at fair value through profit or loss	0.0	0.0
- loans and receivables	15.2	6.6
- financial assets held to maturity	0.0	0.0
- financial assets available for sale (**)	261.1	258.1
Total	291.0	272.6
Current share		
- derivative financial instruments	0.0	0.0
- financial assets at fair value through profit or loss	0.0	0.0
- assets available for sale	0.0	0.0
- financial assets held to maturity	0.0	0.0
- loans and receivables	0.0	0.0
Total	0.0	0.0
Total other financial assets	291.0	272.6

(*) Derivative financial instruments: correspond to gains on metal hedging transactions

(**) The assets available for sale correspond mainly to treasury bills acquired in the context of the use of the regulated social fund provision (20% of the PRG), i.e. 247 MDH

14.2. Derivative financial instruments

14.2.1. Financial assets

Derivative financial instruments with a positive fair value are recognised as assets and break down as follows:

In Million MAD	31-Dec-19	31-Dec-18
	JV	JV
Financial assets at fair value through profit or loss	5.3	0.0
Total	7.8	0.0

Derivative instruments with a negative fair value are recognised as liabilities and break down as follows:

In million MAD	Notionnel	31-Dec-19	31-Dec-18
		JV	JV
Material instruments		-10.3	-26.7
Forward contract			
Other material instruments		-10.3	-26.7
Foreign exchange instruments			
Forward exchange			
Other foreign exchange instruments			
Other derivative instruments			
Interest rate derivatives			
Other derivatives			
Total		-10.3	-26.7

14.3 Available-for-sale financial assets or available-for-sale securities

Available-for-sale assets include non-consolidated equity investments, other fixed assets and securities and investment values not reclassified as cash equivalents.

All of these items are measured at fair value on the closing date.

Financial assets available for sale break down as follows on 31 December 2019 and 31 December 2018:

In Million MAD	Fair value	% interest	Equity	Result	Date of closure
On 31 December 2019 Other: non-consolidated securities Entity: Other (treasury bills)	261.1 13.8 247.3				31/12/2019
On 31 December 2018	258.1				31/12/2018

14.4 Loans and receivables

Loans and receivables on 31 December 2019 mainly consist of deposits and guarantees.

NOTE 15: INVENTORIES AND WORK IN PROGRESS

Inventories and work in progress break down as follows for the periods that ended 31 December 2019 and 31 December 2018:

In Million MAD	December 2019	December 2018
Inventories of goods	6.3	6.3
Inventories of consumable materials and supplies	635.9	679.9
In production	0.0	0.0
Inventories of intermediate finished products	309.4	229.5
Total inventories in gross value	951.6	915.7
Amount of impairment at the start of the period	(23.3)	(25.2)
Impairment loss observed over the period (*)	(20.8)	(19.5)
Reversal of impairment losses following disposals and removals	14.4	11.5
Reversal of impairment losses no longer applicable	5.6	10.0
Other movements	(0.0)	(0.1)
Amount of impairment loss at the end of the period	(24.2)	(23.3)
Net total Inventories	927.4	892.4

(*) Inventories of finished and intermediate products are valued at the lower of their cost price or their net realisable value.

Cost is the acquisition cost or production costs incurred to bring inventory to the condition and location it is in.

The net realisable value of inventories is the estimated selling price in the normal course of business less the estimated costs to complete the products and the estimated costs necessary to make the sale.

The excess of the cost price over the net realisable value is subject to depreciation

During the year 2019:

- The amount of provisions is -20.8 million dirhams;
- The amount of reversals amounts to 14.4 million MAD.

NOTE 16: RECEIVABLES FROM CUSTOMERS AND OTHER DEBTORS

The gross value and the realisable value of trade receivables on 31 December 2019 and 31 December 2018 are detailed in the table below:

In Million MAD	December 2019	December 2018
Customers and related accounts	1 093.0	760.7
Impairment of customers and related accounts	(12.3)	(1.7)
Total Trade receivables	1 080.7	759.0
Other debtors	16.4	65.3
Accruals account - Assets	102.4	92.7
Associates' accounts receivable	457.9	361.1
Receivables on asset disposals	0.0	0.0
Impairment of other debtors	0.0	0.0
Impairment of associates' accounts receivable	(162.7)	(162.2)
Impairment of trade payables and receivables - advance payments and deposits	0.0	0.0
Debtor personal impairment	0.0	0.0
Depreciation of receivables on asset disposals	0.0	0.0
Interest accrued on receivables on disposal of assets	0.0	0.0
Status - debtor	792.0	685.6
Debtor suppliers - Advances and down payments	65.7	74.6
Staff - debtor	16.7	17.2
Total other current receivables	1 288.5	1 134.3

Accruals account - Active: corresponds to the receipt of consumables and PDR en route

Increase in trade receivables of 322 MMAD correlated with the decrease in turnover Increase in other debtors of 154 MMAD explained mainly by

- Increase in claims on the State, mainly claims on export VAT credits
- Increase in current account advances from partners to non-consolidated subsidiaries

NOTE 17: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, bank balances and short-term investments in monetary instruments. These investments, with a maturity of less than twelve months, are easily convertible into a known amount of cash and are subject to a negligible risk of change in value.

In Million MAD	December 2019	December 2018
Securities and investment securities	0.0	0.0
Bank	829.2	724.9
Other cash accounts	8.8	6.7
Total	838.1	731.6

NOTE 18: EQUITY

18.1 Capital management policy

As part of the management of its capital, the Group's objective is to preserve its continuity of operations, in order to provide a return to shareholders, to provide benefits to other partners and to maintain an optimal capital structure likely to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can either:

- Adjust the amount of dividends paid to shareholders;
- Repay capital to shareholders;
- Issue new shares; or
- Sell assets to reduce the amount of debts.

The Group uses various indicators, including financial leverage (net debt / equity), which provides investors with a view of the Group's indebtedness compared to total equity. This equity includes in particular the reserve for changes in the value of cash flow hedges and the reserve for changes in the value of financial assets available for sale (AFS).

18.2 Change in equity, Group share

In million MAD	31-Dec-19	31-Dec-18
Consolidated shareholders' equity Group share at the start of the period	5 312.3	5 180.5
Dividends paid	-149.8	-229.8
Translation difference	5.1	47.7
Net change in JV of financial instruments	28.4	70.1
Other variations	-292.5	-106.2
Increase in capital	0.0	0.0
Net income (Group share) for the period	-426.8	369.8
Taxes relating to other comprehensive income	-5.9	-19.8
Consolidated equity Group share	4 470.9	5 312.3

18.3 Change in minority interests

In million MAD	31-Dec-19	31-Dec-18
Minority interests at the start of the fiscal year	370.4	453.9
Dividends paid	0.0	-40.1
Net change in JV of financial instruments	0.2	1.0
Conversion losses and profits	-0.1	1.2
Other variations	-0.1	-20.9
Increase in capital	0.0	0.0
Result for the fiscal year	37.0	-24.5
Taxes relating to other comprehensive income	-12.2	-0.3
Minority interests	395.1	370.4

NOTE 19: PROVISIONS

Current and non-current provisions break down as follows:

In Million MAD	December 2019	December 2018
Environmental provision	23.0	13.2
Restructuring	-	-
Litigations	-	-
Guarantees	-	-
Other risks	64.9	45.3
Total	87.9	58.5

In Million MAD	December 2018	Translation difference	Change of scope	Fiscal year endowment	Reversal of provisions used	Reversal of unused provisions	Reclassification	Other movements	December 2019
Environmental provision	13.2	0.0	0.0	11.6	(1.8)	0.0	0.0	0.0	23.0
Restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Litigations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Guarantees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other risks	45.3	0.0	0.0	63.9	(38.8)	(5.5)	0.0	0.0	64.9
Total	58.5	0.0	0.0	75.5	(40.5)	(5.5)	0.0	0.0	87.9
Of which									
- Non-current share	58.5	0.0	0.0	75.5	(40.5)	(5.5)	0.0	0.0	87.9
- Current share	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(a) The provisions established on 31 December 2019 mainly relate to risks related to occupational diseases not covered by the insurance company during the period 2003 to 2006.

(b) Provision for dismantling and restoration of sites (Rehabilitation)

NOTE 20: STAFF BENEFITS

The assumptions used on 01 January 2006. 31 December 2006 and 31 December 2019 are detailed as follows:

On 01 January 2006:

Economic assumptions:

- Assessment date:	01.01.2006
- Inflation rate:	1.50%
- Medical inflation rate:	4%
- Discount rate	
- Health costs	6.20% or 6.95% according to the entities
- End of career indemnity	6.20%
- Average rate of social security charges	15.00%
- Rate of compensation increase (inflation gross)	3.50%
- Rate of revaluation of lump sum indemnities	1.50%

Demographic assumptions:

- Mortality	TVF 88-90
- Disability	Not taken into account

- Mobility rate by age group

Age range	Executives	Non-executives
29 years and under	20.00%	10.00%
30 to 34 years	10.00%	5.00%
35 to 39 years	7.50%	3.75%
40 to 44 years	5.00%	2.50%
45 to 49 years	2.00%	1.00%
50 years and over	0.00%	0.00%

- Employment rate until retirement	0.00%
- Retirement age	
Non-mining staff:	60 years
Mining staff:	55 years

On 31 December 2014

- Assessment date:	31.12.2019
- Discount rate	
Health costs:	3.70%
End-of-career indemnity:	3.70%

The rest of the economic and demographic assumptions remained unchanged compared to 01 January 2006.

In accordance with revised IAS 19, the Group immediately recognises all actuarial gains and losses in other comprehensive income.

The Group considers that the actuarial assumptions used are appropriate and justified, but the changes that will be made in the future may however have a significant impact on the amount of commitments as well as on the Group's results. The sensitivity test to the discount rate is carried out on the annual closing date.

On 31 December 2019

Other long-term benefits

	Retirement and related		Post-employment benefits other allowances than pensions	
In MAD millions	31-Dec.-18	31-Dec.-19	31-Dec.-18	31-Dec.-19
Total commitment at the beginning of the financial year	70.8	72.7	107.3	120
Cost of services	6	9.1	11.4	12.0
Interest charges	2.6	2.6	4.3	4.9
Member contributions	0	0	0	0
Changes to plans (previous service costs)	0	0	0	0
Changes in scope of consolidation	0	0	0	0
Business combination (where significant)	0	0	0	0
Reduction	0	0	0	0
Liquidation of plans	0	0	0	0
Completed payments	-5	-4.3	-2.6	-3.5
Actuarial gains/losses	-1.7	-0.9	-0.4	12.5
Currency translation differences	0	0	0	0
Other: IFRS 5 reclassification (groups held for sale)	0	0	0	0
TOTAL COMMITMENT AT THE END OF THE FINANCIAL YEAR	72.7	79.2	120	145.9

	Retirement and related		Post-employment benefits other allowances than pensions	
In MAD millions	31-Dec.-18	31-Dec.-19	31-Dec.-18	31-Dec.-19
Market value of plan assets at the beginning of the financial year	0.0	0.0	0.0	0.0
Expected return on assets	0.0	0.0	0.0	0.0
Employer contributions	5.0	4.3	2.6	3.5
Member contributions	0.0	0.0	0.0	0.0
Changes in scope	0.0	0.0	0.0	0.0
Business combination (where significant)	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0
Liquidation of plans	0.0	0.0	0.0	0.0
Services paid	-5.0	-4.3	-2.6	-3.5
Actuarial gains/losse	0.0	0.0	0.0	0.0
Currency translation differences	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
MARKET VALUE OF PLAN ASSETS AT THE END OF THE FINANCIAL YEAR	0.0	0.0	0.0	0.0

	Retirement and related		Post-employment benefits other allowances than pensions	
In MAD millions	31-Dec.-18	31-Dec.-19	31-Dec.-18	31-Dec.-19
Cost of services	6.0	9.1	11.4	12.0
Interest charges	2.6	2.6	4.3	4.9
Expected return on assets	0.0	0.0	0.0	0.0
Effect of limiting surpluses	0.0	0.0	0.0	0.0
Amortisation of previous service costs	0.0	0.0	0.0	0.0
Amortisation of actuarial gains/losses	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0
Cancellation of liquidation	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
CHARGE FOR THE FINANCIAL YEAR	8.6	11.7	15.7	16.9

In MAD millions	Retirement and related 31-Dec.-18	Retirement and related 31-Dec.-19	Post-employment benefits other allowances than pensions 31-Dec.-18	Post-employment benefits other allowances than pensions 31-Dec.-19
Net commitment	72.7	79.2	120.0	145.9
Limitation of pension assets	0.0	0.0	0.0	0.0
Unrecognised past service costs	0.0	0.0	0.0	0.0
Unrecognised actuarial gains/losses	0.0	0.0	0.0	0.0
NET ASSETS/PROVISIONS SHOWN ON THE BALANCE SHEET	72.7	79.2	120.00	145.9

	31-Dec.-18	31-Dec.-19
Amount (Provisions) at the beginning of the financial year	-178.1	-192.7
Charges for the period/expenses for the period (including reversals of provisions)	-24.3	-28.6
Reversals for use/services paid	7.6	7.8
Change in scope	0.0	0.0
Business combination (where significant)	0.0	0.0
Currency translation differences	0.0	0.0
Previous service costs	0.0	0.0
OCI (First-time application of IAS 19 R)	2.1	-11.6
AMOUNT (PROVISIONS) AT THE END OF THE FINANCIAL YEAR	-192.7	-225.1

Sensitivity of the commitment to the discount rate

	31-Dec-19
Sensitivity of engagement	-8.4%
Sensitivity of the cost of services	-13.9%
Sensitivity of the interest charge (discount rate)	27.8%

Sensitivity of the commitment to the medical inflation rate

	31-Dec-19
Sensitivity of engagement	12.3%
Sensitivity of the cost of services	18.2%
Sensitivity of the interest charge (discount rate)	39.1%

NOTE 21: FINANCIAL DEBTS

The Group's current and non-current financial debts break down as follows:

In Million MAD	December 2019	December 2018
Bonds issued	1 120.0	1 250.0
Loans from credit institutions	1 325.5	290.2
Debts	144.9	24.9
Other financial debts	-	-
Derivative financial instruments	-	-
Total non-current financial debts	2 590.4	1 565.0
Bonds issued	-	-
Loans from credit institutions	2 692.7	1 823.0
Finance lease debts	-	-
Derivative financial instruments	10.3	26.8
Total current financial debts	2 703.0	1 849.8
Total	5 293.4	3 414.8

Non-current financial debts increased by 1025 million Dirhams explained by:

Loan repayment -182 Mdhs, new loans + 1217 Mdhs

Repayment of commercial paper worth 300 MMAD in January 2019

Repayment of the bond loan for an amount of MMAD 950 in August 2019. Issue of MMAD 1000 commercial paper issued to AWB.

New loans of 120 MMAD in December 2019

NOTE 22: TRADE AND OTHER PAYABLE DEBTS

By maturity in million MAD	- 1 year (*)	1 to 5 years	+ 5 years	Closing
Payables	902	-	-	902
Other creditors	1 037	2	-	1 037
On 31 December 2019	1 940	2	-	1 940
	0	0	0	0
On 31 December 2018	1 854	7	-	1 856

NOTE 23: FINANCIAL INSTRUMENTS

23.1 Fair value of financial assets

Due to their short-term nature, the book value of trade receivables, cash and current accounts is an estimate of their fair value.

The fair value of other financial instruments is determined by reference to the market price resulting from trading on a national stock exchange or over-the-counter market.

When no quoted market price is available, fair value is estimated using other valuation methods, such as the present value of cash flows. In any case, the estimation of market values is based on a certain interpretation of the market information necessary for the valuation. The use of different estimates, methods and assumptions can have a material effect on the estimated amounts of fair value. The methods used are as follows:

- Equity securities in non-consolidated companies:
- For the shares of listed companies, the fair value is determined on the basis of the market price published on the closing day in question.
- For shares in unlisted companies, when the fair value cannot be reliably determined, the securities are valued at the share of IFRS equity, or failing that at the share of equity established according to Moroccan rules. In the absence of information on IFRS or Maroc Gaap net position, securities are valued at their cost.
- Derivative instruments: the market value of interest rate, foreign exchange and material transactions is estimated from valuations from bank counterparties or from financial models commonly used on the financial markets, on the basis of market data at the date of closing of the fiscal year.

23.1 Fair value of financial liabilities

Due to their short-term nature, the carrying amount of current bank overdrafts, trade and other payables and short-term borrowings appears as an estimate of their fair value.

The fair value of other financial instruments is determined by reference to the market price resulting from trading on a national stock exchange or over-the-counter market.

When no quoted market price is available, fair value is estimated using other valuation methods, such as the present value of cash flows. In any case, the estimation of market values is based on a certain interpretation of the market information necessary for the valuation. The use of different estimates, methods and assumptions can have a material effect on the estimated amounts of fair value. The methods used are as follows:

- Financing debts: the fair value of financing debts (bond issues, debts to credit institutions, etc.) corresponds to their amortized cost (nominal value less loan issue costs if these represent at least 1% of this value).
- Derivative instruments: the market value of interest rate and foreign exchange transactions is estimated from valuations from bank counterparties or from financial models commonly used on the financial markets, on the basis of market data at the closing date of the fiscal year.

The table below details the book value and the fair value of financial liabilities recognized in the balance sheet for which these two values are identical:

In million MAD	31-Dec-19	31-Dec-18
	Book value <=> Fair value	
Bank overdrafts	2 692.7	1 823.0
Suppliers and other creditors	1 939.4	1 852.9
Bond issues	1 120.0	1 250.0
Finance lease debts	144.5	24.9
Other financial liabilities	10.3	26.8
Put options granted to minority shareholders		
Financial debts	1 325.5	290.2
Total	7 232.4	5 267.7

23.1 Risk management

The Group uses derivative financial instruments to manage its exposure to fluctuations in exchange rates and commodity prices.

Currency and commodity risks are the subject of decentralized management at the level of the subsidiaries which manage, in consultation with the holding company, their market risks.

23.2 Price risk covered:

Given the nature of its activities, the Managem Group is widely exposed to fluctuations in the prices of the raw materials it markets at the exchange rates with which its sales are denominated.

The hedging policy aims to protect the Managem Group from price risks likely to have a significant impact on its profitability in the short and medium term.

To manage these market risks, the use of derivative financial instruments (commodities and foreign exchange) is allowed for the exclusive purpose of hedging.

The derivative products used by the group are qualified as cash flow hedges or trading.

24.4.1.1 Metal price risks

Managem covers the risk attributable to variations in the selling price of metals, which are expressed in US dollars.

The hedging relationship corresponds to the hedge of future cash flows from future sales of raw materials (zinc, lead, copper, silver and gold) determined according to a production schedule.

Derivative instruments are intended to hedge a forecast budget, i.e. future cash flows. It's a cash-flow hedge-type relationship.

24.4.1.2 Currency risks

The exchange risk policy within the group aims to hedge highly probable budgetary exposures in currencies and / or firm commitments on import and export.

Future currency exposures are determined as part of a regularly updated budget procedure.

The current coverage horizon does not exceed one year on each closing date.

The currency hedging instruments are intended to cover a forecasted budget, i.e. future cash flow. It's a cash-flow hedge type relationship.

24.4.2 Accounting on 12/31/2019

24.4.2.1 Commodity risk

As of December 31. 2019, the recording in the balance sheet at fair value of derivative products related to the commodity risk hedging resulted in a gain of 4.4 MMAD recorded for 9.7

MMAD in cash flow hedge and -5. 3 MMAD in trading.

In million MAD	31-Dec-18 Total Mtm	31-Dec-19 Total Mtm
Cash flow hedge (a)	7.8	9.7
Silver	0.0	-2.1
Gold		0.4
Zinc	2.9	10.0
Lead	0.0	0.3
Copper	4.9	-4.1
Cobalt	0.0	5.1
Derivatives classified as trading (b)	0.0	-5.3
Total (a) + (b)	7.8	4.4

24.4.2.2 Currency risk:

On 31 December 2019. the market value of derivative products linked to currency risk hedging was 0.0 MMAD

In million MAD	31-Dec-18 Total Mtm	31-Dec-19 Total Mtm
Cash flow hedge	-26.7	0.0
Derivatives not qualified as hedges	0.0	0.0
Total	-26.7	0.0

24.4.3 Sensitivity analysis

24.4.3.1 Raw materials risk

The level of the fair value of the group's commodity derivatives as of 31 December 2019 is +3.8 MMAD.

In million MAD	MTM on 31/12/2019 (a)	Mtm +10% variation (b)	Total variation of MTM (b-a)	Impact on the result	Impact on equity
+10% underlying	3.8	-100.0	-103.9	-3.3	-96.7
Silver	-5.2	-35.2	-29.9	-2.0	-33.2
Gold	5.0	-8.4	-13.4	-	-8.4
Zinc	7.9	-8.0	-15.9	-1.3	-6.7
Lead	0.3	-0.2	-0.5	-	-0.2
Copper	-4.1	-48.2	-44.1	-	-48.2

The scenario corresponds to metal price variations of + 10% maximizing the risk on the Group's raw materials, namely a + 10% increase in the prices of Silver, Gold, Zinc, Lead and Copper compared to the closing spot prices would result in a loss of -100.0 MMAD recorded in equity for an amount of -96.7 Mdhs and -3.3 in profit or loss, i.e. a variation of -103.9 MMAD.

In million MAD	MTM on 31/12/2019 (a)	Mtm -10% variation (b)	Total variation of MTM (b-a)	Impact on the result	Impact on equity
-10% underlying	6.8	106.3	99.5	-10.9	117.2
Silver	-0.3	29.6	29.9	-5	34.3
Gold	-0.0	10.8	10.9	-	10.8
Zinc	3.8	26.8	22.9	-3	29.8
Lead	-	0.9	0.9	-3	4.0
Copper	3.4	38.3	34.9	-	38.3

The scenario corresponding to variations in metal prices of -10% minimizing the risk on the Group's raw materials, namely a -10% fall in the prices of Silver, Gold, Zinc, Lead and Copper compared to the closing spot prices would result in a gain of 106.3 MMAD recorded in equity for 117.2 Mdhs and -10.9 in profit or loss, i.e. a variation of +99.5 MMAD.

24.4.3.2 Currency risk

The level of the fair value of the group's foreign exchange derivatives as of 31 December 2019 is 0.0 MMAD.

In million MAD	MTM on 31/12/2019 (a)	Mtm +10% variation (b)	Total variation of MTM (b-a)	Impact on the result	Impact on equity
+ 10% underlying	-	-	-	-	-
Managem	-	-	-	-	-

In million MAD	MTM on 31/12/2019 (a)	Mtm -10% variation (b)	Total variation of MTM (b-a)	Impact on the result	Impact on equity
- 10% underlying	-	-	-	-	-
Managem	-	-	-	-	-

As of 31 December 2019, the contractual flows (principal and interest) not discounted on the outstanding financial liabilities by maturity date are as follows:

In Million MAD	December 2019	December 2018
Bonds issued	1 120	1 250
Loans from credit institutions	1 325	290
Finance lease debts	144	25
Other financial debts	-	-
Derivative financial instruments	-	-
Total non-current financial debts	2 590	1 565
Bonds issued	-	-
Loans from credit institutions	2 693	1 823
Finance lease debts	-	-
Derivative financial instruments	10	27
Total current financial debts	2 703	1.850
Total	5 293	3 415

NOTE 24: OTHER COMMITMENTS

Commitments given

In Million MAD	December 2019	December 2018
Endorsements. deposits and guarantees given	96.9	85.6
Debts secured by pledged or mortgaged assets	-	-
Other commitments given	0.0	3.8
Total	96.9	89.4

Commitments received

In Million MAD	December 2019	December 2018
Endorsements. deposits and guarantees received	11.3	11.3
Collateral and mortgages received	-	-
Other commitments received	-	-
Total	11.3	11.3

NOTE 25: CONTINGENT LIABILITIES

None.

NOTE 26: RELATED PARTIES

26.1 Transactions with other related parties

Transactions with other related parties break down as follows:

In Million MAD	31-Dec-19	31-Dec-18
Assets		
Trade receivables (net)	-	-
Other current debtors		
Other non-current assets		
	-	-
Liabilities		
Payables	3.9	5.6
Other current debts (CCA)	0.0	
Other long-term debts		
	3.9	5.6

In Million MAD	31-Dec-19	31-Dec-18
Turnover		
Other products		
Purchases and other external charges	17.2	19.0
Other (FF)	0.0	18.8
	17.2	37.8

The other related parties include the parent company ALMADA. Transactions relate to interest on advances on current accounts and management fees.

NOTE 27: STATEMENT OF CASH FLOW

27.1 Details of the impact of the change in working capital on the cash flow for the year

In Million MAD	31-Dec-19	31-Dec-18
Change in inventories	-34.8	-274.7
Change in receivables	-377.8	819 .3
Change in debts	224.1	-356.1
Change in WCR	-188.6	188.4

27.2 Reconciliation of cash displayed on the balance sheet and in the TFT

In Million MAD	31-Dec-19	31-Dec-18
Cash and net cash equivalents - balance sheet	-1 576.0	-885.0
Cash and cash equivalents - TFT	-1 576.0	-885.0

NOTE 28: SUBSEQUENT EVENTS

In January 2020, the World Health Organization (WHO) qualified COVID-19 as a global health emergency.

On March 2 of the same year, Morocco recorded the 1st case of infection with COVID-19 and since that date, the Moroccan Government has taken a number of measures, in particular the decree of the state of health emergency on 20 March 2020 at 6 p.m.

Likewise, and under the High Royal Directives of our Sovereign may God assist him, a Special Account dedicated to the fight against this pandemic has been created, intended to receive donations from state organizations as well as private operators.

As such, in a burst of national solidarity, the Managem Group has mobilized all its energies with dedication and enthusiasm to support all initiatives capable of making it possible to deal with the harmful consequences of the health crisis.

These solidarity actions will naturally affect the Group's financial statements for the periods that ended during fiscal year 2020.

Furthermore, this pandemic could have an impact on the Group's activities, mainly due to:

1. Significant drop in the prices of base metals and Fluorite on the world markets;
2. Temporary shutdown of certain production units on the recommendation of the COVID-19 crisis unit, and as a precautionary principle to preserve the health of our employees;

Finally, COVID-19 risks having a significant impact on several headings of the financial statements closed in 2020, including:

- the drop in turnover following the drop in metal prices;
- impairment of goodwill, tangible and intangible assets;
- depreciation of stocks of finished products;
- deferred tax assets.

While being mobilised to mitigate the negative effects of this pandemic in terms of (operational, risk management, accounting etc.), at the closing date of these financial statements, the Group cannot provide reliable estimates of the impact of this health crisis on the accounts for the 2020 fiscal year.

Therefore, by virtue of the very continuation of all of our activities during this period of the COVID-19 crisis, we believe in good faith and to the best of our knowledge that the going concern cause and that the Group's cash flow is not under strong pressure, in particular due to the credit lines subscribed.

NOTE 29: SCOPE OF CONSOLIDATION ON 31 DECEMBER 2019

Company Name		Dec. 2019 % interest	Dec. 2018 % interest	Consolidation Method
Managem	Morocco	100.00%	100.00%	Consolidating
Compagnie Minière des Guemmassas	Morocco	86.96%	76.91%	IG(*)
Compagnie de Tifnout Tighanimine	Morocco	99.77%	99.77%	IG
Akka Gold Mining	Morocco	93.48%	88.46%	IG
Manatrade	Switzerland	100.00%	100.00%	IG
Manadist	Switzerland	100.00%	100.00%	IG
Managem international	Switzerland	100.00%	100.00%	IG
Société Métallurgique d'Imiter	Morocco	80.26%	80.26%	IG
Société Anonyme d'entreprise Minière	Morocco	99.77%	99.77%	IG
Somifer	Morocco	99.77%	99.77%	IG
Reminex	Morocco	100.00%	100.00%	IG
Techsub	Morocco	99.87%	99.87%	IG
Cie minière SAGHRO	Morocco	100.00%	100.00%	IG
REG	Gabon	75.00%	75.00%	IG
Lamikal	RDC	20.00%	20.00%	ME **
Cie minière de DADES	Morocco	100.00%	100.00%	IG
Cie minière d'OUMJRANE	Morocco	100.00%	100.00%	IG
MANUB	Sudan	78.00%	69.42%	IG
MCM	Sudan	100.00%	89.00%	IG
MANAGOLD	EAU	100.00%	100.00%	IG
TRADIST	EAU	100.00%	100.00%	IG
Managem Gabon	Gabon	100.00%	100.00%	IG
SMM	Guinea	85.00%	59.50%-	IG
Manacet	Morocco	100.00%	70.00%	IG

MANAGEM

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