

Registration number: 05516177

RIO TINTO IRON ORE ATLANTIC LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



RIO TINTO IRON ORE ATLANTIC LIMITED

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RIO TINTO IRON ORE ATLANTIC LIMITED

COMPANY INFORMATION

Directors	J Routhier K M Tainton
Company secretary	Rio Tinto Secretariat Limited
Registration number	05516177
Registered office	6 St James's Square London United Kingdom SW1Y 4AD
Independent auditor	KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square London, E14 5GL

RIO TINTO IRON ORE ATLANTIC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic report on Rio Tinto Iron Ore Atlantic Limited (the "Company") for the year ended 31 December 2021.

Introduction

The Company was incorporated, domiciled and registered in England and Wales under the Companies Act 2006 and is a private company limited by shares. The Company's ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group (the "Group").

Business review

During the year, the Company continued to incur costs relating to the Simandou iron ore project in Guinea and recharge these costs to Simfer S.A. Total operating and project expenditures increased significantly in 2021 totaling \$41,739,000 (2020: \$3,967,000) as the project moved out of care and maintenance and commenced updating Bankability Feasibility Studies in the year.

Principal risks and uncertainties

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed on pages 117 to 130 of its 2021 Annual Report which does not form part of this report.

Key performance indicators

The Company's directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

RIO TINTO IRON ORE ATLANTIC LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Section 172(1) statement

Section 172 of the Companies Act 2006 requires the directors of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 also requires the directors to have regard, amongst other matters, to the interests of wider stakeholders; including, for example, employees, suppliers, customers and others. In discharging their section 172 duties, the directors do this.

The views of and the impact of the Company's activities on its stakeholders are an important consideration for the directors when making relevant decisions specific to the Company. More generally however, the size and spread of both our stakeholders and the Rio Tinto Group means, in practice, that stakeholder engagement best takes place at an operational or group level. For further details on how the Group engages with stakeholders, please see pages 20 to 22 of the Rio Tinto 2021 Annual Report.

The report was approved by the board and signed on its behalf by:

Jean Routhier

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J Routhier
Director

Date: 7 October 2022

RIO TINTO IRON ORE ATLANTIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The Company is involved in and continued to incur costs relating to the Simandou iron ore project in Guinea and recharge, where appropriate, these costs to Simfer S.A..

Results and dividends

The loss for the financial year, after taxation, amounted to \$22,932,000 (2020: \$4,551,000).

No interim dividend was paid during the year (2020: \$nil). The directors do not recommend the payment of a final dividend (2020: \$nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J Routhier (appointed 17 November 2021)

K M Tainton (appointed 17 November 2021)

N H Jones (appointed 18 January 2021 and resigned 30 September 2021)

K P Fox (resigned 18 January 2021)

M E Robertson (resigned 16 September 2021)

The directors had no material interest in any contract or arrangement during the year to which the Company or any subsidiary is, or was, a party.

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

RIO TINTO IRON ORE ATLANTIC LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Regulatory matters

Rio Tinto continues to co-operate fully with relevant authorities in connection with their investigations in relation to contractual payments totaling \$10,500,000 made to a consultant who had provided advisory services in 2011 on the Simandou project in Guinea. In August 2018, the court dismissed a related US class action commenced on behalf of securities holders. No provision has been recognized for this case.

At 31 December 2021, the outcomes of these matters remained uncertain, but they could ultimately expose the Group to material financial cost. The Board is giving these matters its full and proper attention and a dedicated Board committee continues to monitor the progress of these matters, as appropriate.

Indemnities and insurance

In accordance with section 233 of the Companies Act 2006 the Company has purchased and maintains insurance against liabilities arising from claims against directors' and officers' actions taken in connection with the Group's business.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Notwithstanding \$45,310,000 of amounts owing to group undertakings, net current liabilities of \$47,612,000 as at 31 December 2021 and a loss for the year then ended of \$22,932,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the principal activity for the Company is to incur costs relating to the Simandou iron ore project and and recharge, where appropriate, these costs to Simfer S.A., its ability to continue as a going concern is dependent on the support provided by the Company's immediate parent company Rio Tinto International Holdings Limited. The directors have received confirmation that Rio Tinto International Holdings Limited intend to support the Company for at least one year after these financial statements are signed.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least twelve months from the issuance of the financial statements.

Matters subsequent to the end of the financial year

On 11 March 2022, the Government of Guinea ordered the cessation of all activities in relation to the development of the Simandou Iron Ore deposit. On 25 March 2022, a framework agreement was signed between the Guinean government, Simfer S.A. and the Winning Consortium Simandou. The framework agreement outlines the key principles for all parties to work together on the co-development of infrastructure and sets out how the project will be built to international ESG standards. The Government of Guinea lifted the cessation order shortly after signing of the framework agreement. In July 2022, project activities have stopped following an order from the Government of Guinea to all parties to stop work.

On 27 July 2022 a Joint Venture company was incorporated in line with Framework Agreement signed on 25 March 2022, to facilitate investment decisions for co-financing and co-development of Simandou project infrastructures. The Government of Guinea lifted the cessation order shortly after incorporation of the Joint Venture company.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2021 Annual Report, which does not form part of this report.

RIO TINTO IRON ORE ATLANTIC LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

Financial risk management

The Company's capital risk and financial risks and uncertainties including the exposure to price, credit risk, liquidity risk and cash flow risks, are integrated with those of the Group and are not managed separately. The Group's objectives, policies and processes for managing capital, and principal risks and uncertainties are discussed in the financial instrument and risk management policies of the Rio Tinto 2021 Annual Report which does not form part of this report.

Environmental matters

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the policies described in the Rio Tinto Group Annual Report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include a recycling policy and minimising the production of waste, which cannot be recycled (both hazardous and non-hazardous).

Disclosure of information to auditors

Each of the persons who were directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

The Company's auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed by order of the board.

Jean Routhier

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Director

Date: 7 October 2022

6 St James's Square
London SW1Y 4AD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO IRON ORE ATLANTIC LIMITED

Opinion

We have audited the financial statements of Rio Tinto Iron Ore Atlantic Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the only source of revenue is in relation to intercompany transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included, for example, those posted by users not expected to post journals and those containing unusual journal descriptions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and covid-19 regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Royle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

7 October 2022

RIO TINTO IRON ORE ATLANTIC LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$ 000	2020 \$ 000
Revenue	4	16,172	1,657
Operating charges	5	(41,739)	(3,967)
Impairment charges - net of reversals		65	(856)
Net foreign exchange gains/(losses)		599	(1,377)
Finance income		-	1
Finance costs		(29)	(9)
Loss before taxation		(24,932)	(4,551)
Taxation	6	2,000	-
Loss for the financial year		(22,932)	(4,551)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(22,932)	(4,551)

The notes on pages 13 to 22 form an integral part of these financial statements.

RIO TINTO IRON ORE ATLANTIC LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 \$ 000	2020 \$ 000
ASSETS			
Non-current assets			
Trade and other receivables	7	16,976	17,313
		<u>16,976</u>	<u>17,313</u>
Current assets			
Trade and other receivables	7	8,280	8,269
Cash and cash equivalents	8	17	5
		<u>8,297</u>	<u>8,274</u>
Total assets		<u>25,273</u>	<u>25,587</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(55,909)	(33,082)
Loans and borrowings		-	(209)
Total liabilities		<u>(55,909)</u>	<u>(33,291)</u>
Net liabilities		<u>(30,636)</u>	<u>(7,704)</u>
EQUITY			
Share capital	10	535	535
Accumulated losses		<u>(31,171)</u>	<u>(8,239)</u>
Total equity		<u>(30,636)</u>	<u>(7,704)</u>

These financial statements were approved and authorised by the board and were signed on its behalf by:

Jean Routhier

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J Routhier
Director

Date: 7 October 2022

Company registered number: 05516177

The notes on pages 13 to 22 form an integral part of these financial statements.

RIO TINTO IRON ORE ATLANTIC LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital \$ 000	Accumulated losses \$ 000	Total equity \$ 000
At 1 January 2021	535	(8,239)	(7,704)
Comprehensive loss:			
Loss for the financial year	-	(22,932)	(22,932)
Total comprehensive loss for the financial year	-	(22,932)	(22,932)
At 31 December 2021	535	(31,171)	(30,636)

	Share capital \$ 000	Accumulated losses \$ 000	Total equity \$ 000
At 1 January 2020	535	(3,688)	(3,153)
Comprehensive loss:			
Loss for the financial year	-	(4,551)	(4,551)
Total comprehensive loss for the financial year	-	(4,551)	(4,551)
At 31 December 2020	535	(8,239)	(7,704)

The notes on pages 13 to 22 form an integral part of these financial statements.

RIO TINTO IRON ORE ATLANTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

Rio Tinto Iron Ore Atlantic Limited (the "Company") is involved in and continued to incur costs relating to the Simandou iron ore project in Guinea and recharge, where appropriate, these costs to Simfer S.A..

The Company is a private limited company limited by share capital, incorporated and domiciled in England and Wales. The address of its registered office is 6 St James's Square, London, SW1Y 4AD and information on the Company's ultimate parent is presented in note 11.

2 Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of the financial statements

These financial statements have been prepared using the historical cost convention, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The financial statements are presented in US Dollars (\$) and all amounts are rounded to the nearest thousand ('000) unless otherwise stated.

2.2 Financial Reporting Standard 101 - Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*; and
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the Group financial statements of the Rio Tinto Group which can be obtained as set out in note 11.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)
2.3 Changes in accounting policy

The Company has applied the following interpretations, standards and amendments for the first time in their annual reporting period commencing 1 January 2021:

- Covid-19-Related Rent Concessions - amendments to IFRS 16;
- Interest Rate Benchmark Reform - Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Neither of these changes in accounting policy have had a material impact on the financial statements for the current period. As a result of Interbank Offered Rate (IBOR) reform, interest calculations on amounts receivable from or payable to Group undertakings have transitioned from the 1-month LIBOR rate to SONIA (for GBP denominated in-house bank accounts) or SOFR (for USD denominated in-house bank accounts) as at 31 December 2021.

2.4 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Notwithstanding \$45,310,000 of amounts owing to group undertakings, net current liabilities of \$47,612,000 as at 31 December 2021 and a loss for the year then ended of \$22,932,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the principal activity for the Company is to incur costs relating to the Simandou iron ore project and recharge, where appropriate, these costs to Simfer S.A., its ability to continue as a going concern is dependent on the support provided by the Company's immediate parent company Rio Tinto International Holdings Limited. The directors have received confirmation that Rio Tinto International Holdings Limited intend to support the Company for at least one year after these financial statements are signed.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least twelve months from the issuance of the financial statements.

2.5 Foreign currency translation
(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in US Dollars (\$), which is the Company's functional and presentation currency.

The functional currency of the Company's branches is the currency of the primary economic environment in which those branches operate.

(b) Transactions and balances

Transactions denominated in other currencies are converted to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.6 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue comprises recharges to Simfer S.A. for administrative and general services including employee expenses, incurred by other Group companies and recharged to the Company.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Bank overdrafts are shown as current liabilities in the balance sheet.

2.8 Finance income and costs

Finance income includes interest income. Interest income is recognised on a time proportionate basis using the effective interest method.

Finance costs includes interest expense and similar charges. Interest expense is recognised on a time proportionate basis using the effective interest method.

2.9 Taxation

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax, including UK corporation tax and overseas tax, is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgement of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)
2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value.

2.12 Financial assets
Classification and measurement

The Company classifies its financial assets in the following categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income ("FVOCI");
- financial assets at fair value through the profit or loss ("FVPL").

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Company does not acquire financial assets for the purpose of selling in the short term. The Company's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Accounting policies for the categories which the Company holds financial assets are set out below.

Financial assets at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "Solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in profit or loss.

Impairment

A forward looking expected credit loss ("ECL") review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Company applies the "simplified approach" to external trade receivable balances and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

2 Significant accounting policies (continued)

2.13 Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost.

Financial liabilities not measured at amortised cost are classified and measured at fair value through profit or loss. This classification includes derivative liabilities.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and assumptions are based on management's best knowledge of the facts and circumstances, but actual results may differ materially from the amounts included in the financial statements. The estimates and assumptions that could have a significant impact on the results of the Company are set out below.

Impairment of financial assets

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

4 Revenue

	2021 \$ 000	2020 \$ 000
Recharges of expenses related to the Simandou project to Simfer S.A.	<u>16,172</u>	<u>1,657</u>

Revenue relates solely to activities in Africa; accordingly no geographical analysis of revenue has been provided.

5 Operating charges

- (a) The Company is recharged for seconded employees who are employed by the Group but not directly on the payroll of the Company. The Company subsequently recharges salary costs to Simfer S.A. Below is the split of the operating charges:

	2021 \$ 000	2020 \$ 000
Management and administrative costs	9,239	3,679
Project development services	31,367	52
Other employee costs	937	236
	<u>41,543</u>	<u>3,967</u>

- (b) For the years ended 31 December 2021 and 31 December 2020, no remuneration was paid by the Company to the directors. All directors are remunerated by other Group companies in respect of their services to the Group as a whole. The directors holding office during the year consider their services to the Company to be incidental to their duties within the Group and accordingly no remuneration has been apportioned to the Company.
- (c) The average number of persons employed during the year, excluding directors, was nil (2020: nil).
- (d) Employees who are involved in the management and operation of the Company have contracts of service with other Group entities and therefore their remuneration is included within those entities' financial statements.
- (e) The Company is also recharged for other expenses incurred in relation to the Simandou project which are subsequently recharged to Simfer S.A.
- (f) The Company paid \$14,465 (2020: \$18,000) to its auditors in respect of the audit of the financial statements. The Company also paid audit fees of \$10,045 (2020: \$13,383) and \$20,091 (2020: \$27,144) to its auditors in respect to the financial statements of Rio Tinto Simfer UK and Rio Tinto Simfer Jersey.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

6 Taxation

	2021 \$ 000	2020 \$ 000
Corporation tax	(2,000)	-
Total current tax	(2,000)	-

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020: 19%).

The differences are reconciled below:

	2021 \$ 000	2020 \$ 000
Loss before taxation	(24,932)	(4,551)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(4,737)	(865)
Increase from effect of expenses not deductible in determining tax loss	2,591	163
Increase arising from group relief tax reconciliation	146	704
Deferred tax credit from unrecognised temporary difference from a prior period	-	(2)
Total tax benefit for the financial year	(2,000)	-

An increase to the main rate of UK corporation tax to 25% (from 19%) with effect from 1 April 2023 was substantively enacted on 24 May 2021 (and received Royal Assent on 10 June 2021).

7 Trade and other receivables

	2021 \$ 000	2020 \$ 000
Non-current		
Amounts owed by group undertakings	17,872	18,274
Provision for impairment of trade receivables	(896)	(961)
	16,976	17,313
Current		
Amounts owed by group undertakings	6,280	8,269
Intercompany group relief receivable	2,000	-
	8,280	8,269

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

7 Trade and other receivables (continued)

Amounts owed by group undertakings are repayable on demand and bear no interest. At the year end, \$6,807,000 (2020: 7,210,000) was outstanding within receivables from Simfer S.A. and \$11,064,000 (2020: \$11,064,000) was outstanding within receivables from Simfer Jersey Limited. Simfer S.A., and Simfer Jersey Limited are non wholly-owned members of the Group.

Impairment of amounts owed to group undertakings

To measure the expected credit losses, amounts owed by group undertakings have been grouped based on shared credit risk characteristics. A review of any occurrence of default since inception of the balance and indications of adverse future performance by the counter party was performed. The expected loss rates are based on the country of incorporation credit rating and associated probability of default. Country of incorporation credit rating is considered representative of the counter party risk rating.

During 2021 a re-assessment of the time apportionment applied to the expected loss was made and as a result a decrease in expected credit loss recognised relating to amounts owed by group undertakings of \$65,000 (2020: increase of \$856,000) was recognised in 2021.

8 Cash and cash equivalents

	2021	2020
	\$ 000	\$ 000
Cash at bank	<u>17</u>	<u>5</u>

9 Trade and other payables

	2021	2020
	\$ 000	\$ 000
Trade payables	3,271	211
Accrued expenses	7,220	222
Amounts owed to group undertakings	45,310	32,649
Other payables	108	-
Loans and borrowings	<u>-</u>	<u>209</u>
	<u>55,909</u>	<u>33,291</u>

All amounts owed to group undertakings are payable on demand and bear no interest.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

10 Share capital**Allotted, called up and fully paid shares**

	2021		2020	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of \$1.00 each	<u>535</u>	<u>535</u>	<u>535</u>	<u>535</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

11 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Rio Tinto International Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group. Copies of the Rio Tinto Group consolidated financial statements can be obtained from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

12 Related party transactions

The Company has taken advantage of the exemption contained within paragraph 8(k) of FRS 101, and has not disclosed transactions entered into with wholly-owned group entities. True

During the year the Company earned net revenue of \$16,172,000 (2020: \$1,657,000) from costs recharged to Simfer S.A., a non wholly-owned company of the Group. At the year end, \$6,807,000 (2020: \$7,210,000) was outstanding within receivables from Simfer S.A.. This balance is an unsecured loan for which no guarantee has been provided.

During 2020, the Company and Simfer Jersey Limited, with consent of Simfer S.A., re-assigned a receivable of \$11,064,000 due to the Company from Simfer S.A. to be due from Simfer Jersey Limited. At the year end, \$11,064,000 (2020: \$11,064,000) was outstanding within receivables from Simfer Jersey Limited. This balance is an unsecured loan for which no guarantee has been provided.

RIO TINTO IRON ORE ATLANTIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

13 Post balance sheet events

On 11 March 2022, the Government of Guinea ordered the cessation of all activities in relation to the development of the Simandou Iron Ore deposit. On 25 March 2022, a framework agreement was signed between the Guinean government, Simfer S.A. and the Winning Consortium Simandou. The framework agreement outlines the key principles for all parties to work together on the co-development of infrastructure and sets out how the project will be built to international ESG standards. The Government of Guinea lifted the cessation order shortly after signing of the framework agreement. In July 2022, project activities have stopped following an order from the Government of Guinea to all parties to stop work.

On 27 July 2022 a Joint Venture company was incorporated in line with Framework Agreement signed on 25 March 2022, to facilitate investment decisions for co-financing and co-development of Simandou project infrastructures. The Government of Guinea lifted the cessation order shortly after incorporation of the Joint Venture company.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

14 Contingent liabilities

Rio Tinto continues to co-operate fully with relevant authorities in connection with their investigations in relation to contractual payments totaling \$10,500,000 made to a consultant who had provided advisory services in 2011 on the Simandou project in Guinea. In August 2018, the court dismissed a related US class action commenced on behalf of securities holders. No provision has been recognized for this case.

At 31 December 2021, the outcomes of these matters remained uncertain, but they could ultimately expose the Group to material financial cost. The Board is giving these matters its full and proper attention and a dedicated Board committee continues to monitor the progress of these matters, as appropriate.