



February 17, 2023

INTERNAL STATEMENT *SMSP Group*

SMSP ABANDONS ITS PLAN TO ACQUIRE A PLANT IN CHINA

Dear Colleagues, Dear SMSP Group's Employees,

I would like to inform you that recently, I have taken the decision to put an end to the discussions with our Chinese Partners, regarding the acquisition by SMSP of the majority shares of YICHUAN Company's Capital, which operates a metallurgical plant in Yangzhou Province, in China.

While the conclusion of the final transaction was almost imminent, although our subsidiary bearing SMSP's shareholding in China was incorporated since August 2022, a disagreement recently arose over the partner's unexpected request to remove from its liability bonds, a number of assigned responsibilities, in particular as regards to the guarantee of the conformity of the wharf used by YICHUAN.

Unwilling to take the risk of seeing its credibility compromised on the international market and in view of the financial stakes that could result from the absence of such a liability bond, the decision was taken to put an end to the discussions engaged with our partner.

Given the efforts made by New Caledonia, the Northern Province and SMSP to offer a new offshore outlet for the low grade ore produced by NMC, which cannot be processed locally, it is with regret that I take this decision.

However, in order to allow NMC to valorize this category of low grade ore, not exploitable by our plant in Korea, SMSP has already initiated discussions with other partners.

I will keep you informed of the progress of these discussions and hope that they will be concluded quickly.

Always in line with its strategy to optimize the valorization of New Caledonian ore for the economic development of the country, SMSP is keen to find a sustainable way of valorization of its low grade ore.

Thank you for your attention.

Karl THERBY
Chief Executive Officer

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