CONEX

ERNST & YOUNG et Associés

Société Nationale Industrielle et Minière

S.N.I.M.

Year ended December 31, 2015

Statutory auditors and independent auditors' report on the consolidated financial statements

CONEX
B.P. 3225
Nouakchott
République Islamique de Mauritanie

ERNST & YOUNG et Associés
1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
France

Société Nationale Industrielle et Minière
S.N.I.M.

Year ended December 31, 2015

Statutory auditors and independent auditors' report on the consolidated financial statements

To the Chairman,

We have audited the accompanying consolidated financial statements of Société Nationale Industrielle et Minière (S.N.I.M.), which comprise the statement of the financial position as at December 31, 2015, and the income statement, statement of change in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Société Nationale Industrielle et Minière (S.N.I.M.) as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Nouakchott and Paris-La Défense, May 11, 2016

The statutory auditors and the independent auditors

CONEX	ERNST & YOUNG et Associés
Sidi Mohamed Elemine	Pierre Abily

SOCIETE NATIONALE INDUSTRIELLE ET MINIERE

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

Société Nationale Industrielle et Minière

Statement of financial position as of December 31, 2015

In million ouguiyas	Note	12/31/2015	12/31/2014
Non-current assets		**772,360**	**744,554**
Property. plant and equipment	5.1	735,424	699,792
Exploration assets	5.1	738	1,082
Intangibles assets	5.2	4,537	4,066
Other financial fixed assets	5.3	13,187	22,006
Investment in associated companies	5.3	1,229	27
Investments in associates	5.3	17,193	17,477
Deferred tax assets		51	104
Current assets		**233,183**	**319,233**
Inventories and Work-in-progress	5.4	71,424	84,110
Trade receivables	5.5	14,274	11,947
Other receivables	5.6	35,917	35,792
Future contracts	5.7	355	241
Cash and Cash equivalents	5.8	111,214	187,143
Total assets		**1,005,543**	**1,063,787**

In million ouguiyas		12/31/2015	12/31/2014
Equity and reserves		**675,386**	**721,015**
Issued Capital	5.9	182,700	182,700
Share premium		6,464	6,464
Underlying net earnings on forward contracts	5.7	18,558	4,886
Accumulated profits		**467,664**	**526,966**
Legal Reserve		10,834	9,774
Retained earnings		467,600	446,024
Profit(loss) for the year		**(58,264)**	23,674
Translation differences		47,494	47,494
			-
Minority shareholding interest		**4,167**	**7,542**
Non-current liabilities		**49,858**	**61,539**
Interest-bearing loans and borrowings	5.10	26,299	29,139
Retirement benefits obligation	5.11	17,809	26,336
Provisions	5.12	5,750	6,064
Current liabilities		**276,132**	**273,690**
Trade Payables	5.13	41,663	45,574
State and other public taxes	5.14	1,136	3,625
Other taxes	5.15	2,624	2,702
Other payables	5.16	226,289	213,901
Bank overdraft	5.8	1,962	2,545
Derivatives		2,457	5,343
Total equity and liabilities		**1,005,543**	**1,063,787**

STATEMENT OF COMPREHENSIVE INCOME

In million ouguiyas	Note	12/31/2015	12/31/2014
Sales	6.1	111,250	227,728
Revenue from ancillary business activities	6.2	4,900	6,435
Other operating income	6.3	9,000	6,487
Operating income		**125,150**	**240,650**
Changes in inventory of finished goods and work-in-progress		(3,767)	3,652
In-house production		10,385	24,682
Raw materials and consumables used	6.4	(71,139)	(107,698)
Personnel expenses	6.5	(36,782)	(44,560)
Depreciation, amortization and provision expenses	6.6	(39,219)	(46,039)
Taxes and duties	6.7	(482)	(672)
Other operating expenses	6.8	(12,644)	(21,512)
Profit from operation		**(28,498)**	**48,503**
Financial income	6.9	17,568	19,551
Financial expenses	6.10	(36,710)	(22,614)
Discontinued operations		0	0
Share of profits(losses) of equity-accounted affiliates		(713)	(507)
Profit before tax		**(48,353)**	**44,934**
Current income tax		(9,734)	(20,762)
Net total profit for the year		**(58,087)**	**24,171**
Attributable to minority interests		**177**	**497**

STATEMENT OF COMPREHENSIVE INCOME

In million ouguiyas	12/31/2015	12/31/2014
Net profit	(58,087)	24,171
Impact of financial instruments	13,672	(3,794)
Comprehensive income	(44,415)	20,378

Statement of cash flows

In million ouguiyas	Note	12/31/2015	12/31/2014
Operating activities			
Income before tax		(48,353)	44,934
Amortization, depreciation and provision	7.1	38,633	45,052
Reversal of amortization, depreciation and provisions	7.4	(29,202)	(26,806)
Gains/losses on sale of assets		(41)	(517)
Foreign exchange gains/losses	7.5	25,020	7,329
Investment income		(3,322)	(3,332)
Interest expenses		3,582	2,577
Investments in equity associates		713	507
Changes in Working capital requirements	72	20,949	20,768
Gross Cash generated by operating activities		**7,978**	**90,511**
Interest paid		(2,319)	(2,111)
Income tax paid		(12,088)	(23,340)
Net Cash generated by operating activities		**(6,429)**	**65,061**
Investing activities			
Acquisition of fixed assets	7.3	(58,740)	(134,517)
Cash generated from the sale of equipment		10,309	597
Interest received		3,276	3,332
Dividends received		687	15
Net Cash generated by investing activities		**(44,467)**	**(130,573)**
FINANCING ACTIVITIES			
Capital increase		217.68	
Proceed trom long-term borrowings		810	5,767
Payments on long-term borrowings		(24,878)	(29,744)
Dividends paid		(601)	(59,632)
Net Cash generated by financing activities		**(24,451)**	**(83,609)**
Net decrease in cash and cash equivalents		**(75,348)**	**(149,121)**
Cash and cash equivalents at the beginning of the period		**184,598**	**333,720**
Cash and cash equivalents at the end of the period	7.6	**109,251**	**184,598**

Statement of changes in shareholders' equity

In million ouguiyas	Share Capital	Share premium	Accumulated profit	Underlying net earnings on forward contracts	Total	Minority interest
Shareholders' equity as on 01/01/2014	**182,700**	**6,464**	**563,195**	**8,679**	**761,038**	**7,687**
Capital increase					0	
Revaluation of financial instruments					0	
Net profit of the period			23,674	(3,793)	19,881	(145)
Dividends			(59,890)		(59,890)	
Others			(14)		(14)	
Correction			195		195	
Change in scope of consolidation			(732)		(732)	
Shareholders' equity as on 12/31/2014	**182,700**	**6,464**	**526,428**	**4,886**	**720,478**	**7,542**
Capital increase					0	
Revaluation of financial instruments				13,672	13,672	
Net profit of the period			(58,264)		(58,264)	(3,375)
Dividends			(500)		(500)	
Others					0	
Shareholders' equity as on 12/31/2015	**182,700**	**6,464**	**467,664**	**18,558**	**675,386**	**4,167**

<u>Change in scope of consolidation</u>

The capital of 2014 was modified by the exit of DAMANE from the scope of consolidation following the sale of 40% of SNIM DAMANE shares in the Mauritian State.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of SNIM for the year ended December 31, 2015 were authorized for issuance in accordance with a resolution of the Board of Directors on April 21, 2016.

1 KEY EVENTS

The financial year 2015 is marked by a spectacular drop in iron ore sales price.

- Fall in prices of Iron ore significantly degraded the financial situation of SNIM;
- Implementation of a cost reduction plan that led to the fall of the production program and the tightening of operating budgets.
- Inauguration in November of the factory Guelb II
- Appointment of a new Chief Executive Officer

2 COMPANY PURPOSE AND BUSINESS ACTIVITIES

The Société Nationale Industrielle et Miniere (SNIM) is a company registered in the Islamic Republic of Mauritania to carry out the exploration, production, marketing and sale of iron ore.
The company headquarters are based in Nouadhibou, P0. 42.
The company extracts iron ore from the mines of M'haoudat, Guelbs and Kédia, while carrying on its own, mineral exploration activities.

3 ACCOUNTING POLICIES

3.1 Principles for the preparation of the Financial Statements

Applicable standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).The publication of the financi al statements in IFRS is justified by:

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

Norms, norm amendments and effective interpretations

The group's consolidated financial statements as of December 31, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU (European Union), and in accordance with norms issued by IFRS as published by IASB (International Accounting Standard Board) and with a mandatory application as of December 31, 2015.

The group has applied in its 2015 combined financial statements new norms and amendments as adopted by the European Union and with a mandatory application as on the date of publication of the accounts.

It is about the following:

- IAS 27 – Amendement - *The use of equity method in the individual financial statements* have been published by the IASB on August 12, 2014, approved by the European Commission on 18 December 2015 and published in the EU Official Journal on December 23, 2015. The amendments will enable entities to use the equity method for accounting in their individual financial statements their interests in subsidiaries.

- IAS 19 – Amendment - Employee *benefits*, were published by the IASB on November 21, 2013 with an implementation on July 1, 2014. These amendments apply to contributions of staff members or third parties for defined benefit plans. The aim is to simplify the accounting for contributions that are independent of the number of years of the staff member on duty. These contributions can be counted as a reduction in the cost of services rendered in the period during which the service is provided, instead of being allocated to periods of service.

- IFRIC 21 Interpretataion – *Taxes applied by a public authority*, published by the IASB on May 20, 2013 with an implementation from January 1, 2014. A public authority has the right to levy the taxes on an entity; the interpretation provides guidance on accounting of these taxes in the financial statements of the company by paying. The application of this interpretation leads to modify the analysis of the operative recognition of liabilities, namely the exercise of the activity that generates the payment of this tax as provided by law.

New IFRS standards and IFRIC interpretations issued but not yet effective

The group always follows the evolution of IFRS 9 - Financial Instruments to replace IAS 39. The Board of the IASB tentatively decided to postpone the effective date of the standard without commenting on another date.

SNIM is now analyzing the potential impact of these standards and interpretations on its financial statements.

General principles

The principles used are based on the historical cost method and the accrual basis of accounting method, except for (1) derivative financial instruments and (2) categories of revalued fixed assets that have been measured at fair value. The carrying values of assets and liabilities that are hedged at fair value are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The financial statements are presented and valued in Ouguiya (MRO). All of the tables and the notes to the financial statements are presented in million Ouguiyas.

The income statement is presented by category.

Asset and Liability accounts are presented according to the distinction between current and non-current assets and liabilities.

Assets held for sale or intended for consumption during the Group's normal business cycle, as well as cash and cash equivalents, are accounted for as current assets. Other assets represent non-current assets. Debts due during the Group's normal business cycle or during the twelve months following the end of the reporting period are accounted for as current liabilities. Other liabilities represent non-current liabilities.

Within the framework of the preparation of the statutory financial statements, and according to international accounting standards, the assessment of certain accounts in the statement of financial position and income statement requires the company's Management to take into account assumptions, estimations and judgments which have an impact on assets, liabilities, revenue and costs. These assumptions, estimations and judgments are based on information and situations that existed as of the drawing-up of the financial statements. However, the actual results in the future may be different.

3.2 Consolidation Basis

Companies controlled exclusively by the group, either by right (direct or indirect ownership of the majority of the voting rights), contractual or facto (management of financial and operational operations over a long period of time), are consolidated through global integration. Thus accounts are all integrated at 100%, with deduction of minority interests.

Companies controlled jointly by the group other companies are consolidated through proportional integration.

Companies which are not subject to exclusive control from the group but on which the group has significant influence are consolidated through equity method if the percentage of control exceeds 20 %.

The group owns shares in a joint-venture. A Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. An entity under joint control is a joint venture which implies the creation of a new entity in which each co-owner holds some shares. SNIM recognizes its interest in the jointly controlled entity using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss.

3.2.1 Operations eliminated through consolidation

Intercompany receivables and payables balances at Deember 31, 2015 as intercompany revenues and charges, so as intercompany operations such as dividends payments, amortization of consolidated shares, or loans to intercompany are eliminated taking into account their impact on profit or loss.

Internal margins on inventories are also eliminated.

3.2.2 Goodwill

Acquisition cost

Acquisition method is used in order to account acquisition of shares in subsidiaries. Acquisition cost equals to fair value of assets, liabilities and equity issued by the buyer at acquisition date.

Goodwill

Goodwill corresponding to the amount of acquisition cost exceeding amount of share in fair values ofassets and liabilities of the purchased entity are accounted is heading "goodwill". Negative goodwill is posted directly in the income statement.

Goodwill is not amortized in compliance with IFRS 3R "Business Combination" but is subject to impairment test once indication of loss of value appears and at minimum once a year.
In case of loss of value, depreciation is posted in the income statement. It is non reversible.

3.2.3 Foreign currency translations - unrealized exchange gains and losses

Due to the nature of SNIM's business, numerous transactions are denominated foreign currencies. Transactions in foreign currencies are recorded as follows:

- ✓ Tangible and intangible fixed assets, as well as raw materials and other consumables, are translated at current exchange rates applicable at the date of the transaction, except for revalued categories of fixed assets,
- ✓ Non-monetary items accounted for at fair value denominated in foreign currency are translated using the exchange rates applicable when the fair value was determined,
- ✓ Other assets and liabilities are translated at the functional currency rate at the end of the reporting period. Profits and losses resulting from exchange operations are recognized in the income statement,
- ✓ Profits and losses are converted using the exchange rates applicable at the transaction date.

3.3 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost conforming to IAS 16 comprising the cost of purchase, less accumulated depreciation, workforce cost and any impairment in value. The revaluation method is applied.

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

In 2015, the board decided to amortize all assets related to the production unit, the units of account being retained were Railway, Mineral Port, and Mines.
For the assets not subject to the method of UOP, depreciation is calculated using the straight-line method based on the estimated useful lives, to reflect the pattern of consumption of future economic benefits expected from the asset in accordance to IAS 16.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

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

PPI rate calculation parameters for assets related to production:

- ✓ Mines : Production of the period / cumulative reserves of the mine;
- ✓ Railways : Total tonnage transported / cumulative reserve of SNIM;
- ✓ Mineral Port: Loading of the period / cumulative reserve of SNIM;
- ✓ 1P reserves of each mine (Mhaoudat, TO14, Rouissa, GuelbI et Guelb II).

Assets excluded from UOP amortization:

- ✓ Assets not linked to production (engineering, transport equipment,..) Production assets with a life of less than that of the mine (Mining Machinery)

The impact of the UOP on the 2015 accounts is 6,747 MUM on income and depreciation and amortization for the year.

Evaluation of Mineral Reserves:

Mineral resources are evaluated on general principles of JORC CODE and the results are subject to approval of the Directorate General of SNIM.

Certification of Mineral Reserves:

Mineral reserves of SNIM are certified by international firms either at the time of the feasibility study or at the request of donors. The reserves of GUELB EL RHEIN deposit was certified by Michael Neumann a German firm within the GUELB II feasibility study, the reserves of Maoudat were confirmed by the German firm OTTO GOLD on request of donors.

*More recently, the Canadian Bureau **METCHEM** led in 2010 and 2011 at the request of SNIM an extensive study for the updating of reserves in its main deposits.*

Updating of deposits reserves

*On 31 December each year, the Mine Department at DES publishes a document entitled «**State of ore reserves of SNIM**» which updates the reserves of different ultimate pits of SNIM.*

This updating is to deduct the official reserves of ultimate Fosses minerals the tonnage of minerals extracted in the past year.

As from financial year 2009 assets held under finance lease are initially recorded in the statement of financial position at the lower oftheir fair value and the discounted Value of the minimum payments under the lease.
The corresponding commitment is recognized in financial liabilities. The financial expenses which represent the difference between the total lease commitments and the fair value of the assets are recognized in profit or loss over the term of the lease.
Arrangenrents that do not take the legal form of a lease are analyzed on the basis of IFRIC 4 to determine whether they contain a lease to be recognized according to IAS 17.

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.
If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable amount.

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

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

3.4 Intangible Assets

Intangible assets are recognized at their acquisition cost in line with IAS 38. They are depreciated on a straight-line basis over their estimated useful life, between 3 and 5 years.

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable or when the asset does not rrespond to the impairment conditions of IAS 38 (economic advantage consumed over numerous years)

The Group's intangible assets do not include any goodwill.

3.5 Exploration and Evaluation of Mineral Resources

IFRS 6, which specifies the financi al information to be disclosed relative to the exploration and evaluation of mineral resources, has been compulsory since January 1, 2006.
An entity shall determine an accounting policy specifying which expenditures are recognized as assets of exploration and evaluation and apply the policy consistently and permanently, the method applied by SNIM is:

Intangible assets: recognized expenditures are as specified in §9 and only concem the research and development costs provided for by IFRS 6, including:

- ✓ Acquisition of rights to explore
- ✓ Topographical, geological, geochemical and geophysical studies
- ✓ Exploratory drilling
- ✓ Trenching
- ✓ Sampling

Tangible assets: these are the tangible assets used by the entity dedicated to research.

The impact estimated as of December 31, 2015 is as follows:

- ✓ Exploration tangible assets: 4,320 MUM,
- ✓ Research & Development costs: 2,585 MUM.

The depreciation of these assets as of December 31, 2015 is as follows:

- ✓ Exploration tangible assets: 3,581 MUM,
- ✓ Research & Development costs: 740 MUM.

3.6 Other financial assets

The Group grants interest-free loans to employees. Deposits and guarantees, requested by the Mauritanian electricity, water and telecommunications companies, are intended to cover the risk of credit and potential equipment damage. As the impact of discounting is deemed insignificant, loans and guarantees are accounted for at their historical cost.

3.7 Inventories and Work-in-progress

Inventories and work-in-progress are mainly composed of raw materials, iron ore and other supplies.

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

The depreciation method of raw materials and other supplies can be presented as follows:

Strategic Items:

- ✓ No depreciation on strategic items for which coverage is less or equal to one year ;
- ✓ 10% Statistical depreciation per year of coverage beyond first year ;
- ✓ Review with the main users of the 50 main provisioned items at year end in order to determine the economic reality of inventory use and check their expiration dates.

Other items:

- ✓ Consumption > 1 year: statistical depreciation of 15%;
- ✓ Consumption > 2 year: statistical depreciation of 30%;
- ✓ Consumption > 3 year: statistical depreciation of 50%;
- ✓ Consumption > 4 year: statistical depreciation of 75%;
- ✓ Consumption > 5 year: statistical depreciation of 100% ;
- ✓ Review with the main users of the 50 main provisioned items at year end in order to determine the economic reality of inventory use and check their expiration dates.

Inventoiries of iron ore, including ore stockpiles, are valued at their weighted average price or at their net realizable value if such value proves to be lower. The cost includes the direct costs of the mines, the production sites, the railway and the port, as well as a portion of amortization and depreciation and general expenses.

This valuation does not take into account financi al expenses, the fixed and variable general administrative expenses incurred to transform the raw materials into finished products and the costs related to sales and marketing.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Depreciation of assets

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

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

Depreciation is charges against goodwill. It is recognized under a specific caption of the income statement when amounts are deemed significant. Depreciation accounted for on goodwill cannot be subsequently reversed.
As of December 31, 2015, the company proceeded to an impairment testing. The calculated value in use is strongly greater than the assets net book value.

3.9 Definition of a cash-generating unit

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

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

The criterion for defining CGUS has led SNIM to make the following grouping:

Company SNIM: this is a homogeneous, integrated unit which groups the three mines operated at Zouerate, the private railway siding and the port facilities in Nouadhibou. These items carmot generate cash-tlows that are argely independent of cash-flows generated by the other components of SNIM;

Company GMM: this company is considered as an independent UGT owing to its specific business, its exposure to risk and its profitability;

Company SAFA: this company is dedicated to smelting works for the group.

Company COMECA: this company is considered as an independent UGT due to its specific business, its exposure to risk and its profitability.

Company ATTM: this company is dedicated to construction, transport and maintenance of the group;

Company SOMASERT: business of this company is tourism and hotel business;

Company SAMIA S.A.: this company is considered as an independent UGT due to its specific business, its exposure to risk and its profitability;

Company SAMMA: this company is dedicated to handling for the group
Company GIP: this company is involved in the storage, transport and distribution of refined hydrocarbons.

Company Tazadit Underground Mine (TUM): this company is involved in research and underground mining iron ore.

Company Mauritanian society of Water and Electricity (M2E): aims for realization and management of distribution networks ofwater and electricity.

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

3.10 Trade receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.
An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

It has not made any discounting of receivables for the credit period we calculated for 2015 is 22 days.

3.11 Borrowing costs

In accordance with IAS 23, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recorded as part of the cost of that asset.

3.12 Cash or cash-equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.13 Interest-bearing borrowing

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

According to IAS 39 principles, loans at preferred rates are accounted for as "other financial liabilities". Thus they should initially be registered at fair value, i.e.a discounted value based on the current market rate for a loan with similar conditions or for a similar borrower.
In order to determine the market value of a favorable-rate loan, a reliable future cash-flows discount rate must be calculated. This rate is determined according to the market and takes several factors into account:

- the loan currency,
- signature of the borrower (or the credit spread)

When no information is directly available on the market, IAS 39 allows the recording of a favourable-rate loan by comparison with fixed-rate loans of equal maturity taken out by the company or with rates applied under normal market conditions in a company of similar size and business.

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

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

It is consequently impossible to reliably determine a market value for the favourable-rate loans taken out by SNIM. In such a case IAS 39 allows the accounting of financial assets and liabilities at historical cost, which equals the amounts received. Interest is recorded on a nominal rate basis.

The Debt/equity ratio calculated from the data of the year ended 12/31/2015 is 18.8

In 2009, SNIM contracted for loans from two banking pools composed of: i) African Development Bank, European Investment Bank, Islamic Development Bank, BNP Paribas, Société Générale, BHF-BANK Aktiengesellschaft and KfW as regard to the financing of the Project Guelb II; and ii) BNP Paribas, Société Générale, BHF-BANK Aktiengesellschaft and KfW for financing the new Mineral Port project.
The outstanding amount of bank loans amounted to 413 million USD on December 31, 2015 for Guelb II project and 61 million USD for the new Mineral Port project.

These two bank loans have clauses (called "covenants") requiring compliance with certain ratios. Failure to comply with these ratios, gives lenders the right to demand early repayment of their loans. The ratios are calculated every six months on the basis of individual and consolidated accounts.
The ratios are as follows :

- Debt service cover ratio (Free Cash Flow/Debt Service) : >-1
- Debt/equity ratio (Long-Term and Short-Term Loans/ EBITDA) : <5.6
- Consolidated debt structure ratio (Long-Term loans / Equity) : <2
- Liquidity ratio (Current Assets/ Current Liabilities) : >1.5

Given the unfavourable environment of ongoing work of iron during the period, the debt/equity ratio (long-term and medium-term debt / EBITDA) is impossible to meet. The waivers were obtained from banks at December 31, 2014 and June 30, 2015. These were granted to revise upwards the ratio to meet up to 5.6 at December 31, 2015 but the low market of iron made it failed to meet this new goal at December 31, 2015, technically making the debt due on that date.

The International Financial Reporting Standards (IAS 1 paragraph 18) requires a downgrade of a debt from non-current liabilities to current liabilities since the covenants are broken at the latest at the end of reporting period and this, even if renegotiations of the financing contract terms were concluded before the date of the financial statements, permits to suspend the immediate repayment of debt. Thus, the corresponding debt of 174,521 MUM has been classified as a current liability in other payables 5.16.
This situation is being monitored with the banks.

3.14 Provisions for liabilities and charges

In accordance with IAS 37, Provisions are recognized when the Company has present obligation (Legal or constructive) resulting from a past event, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

The obligations resulting from restructuring operations are recognized at the time of the announcement to the people concerned.

Site rehabilitation:

Legal obligations as of December 31, 2015 relating to the clean-up of mineral extraction sites are governed by the following regulatory framework:

- Mining Code :
  The obligation to rehabilitate sites is mentioned in the 1979 Mining Code.
  This code, as updated in 2009 following the publication of law no. 2009-26 of April 7, 2009, states that the abandonment of the operation of any mining extraction zone must be the subject of a ministerial order defining the action taken in terms of "public health and safety and essential features of the environment".

  As of April 21, 2016, the Council of Ministers has not adopted any implementing decree instituting the practical obligations yet.

- Law on the environment:
  Law no. 2000-45 relating to the environment confirms the existence of this legal obligation to rehabilitate extraction sites in Mauritania. Article 44 of this text, enacted on July 26, 2000, states that:

  "The operation of quarries and mines, as well as mineral exploration work, must be designed and performed in such a way that:
  - it does not damage the environment surrounding the sites, or create or aggravate erosion phenomena

- the sites operated can be returned to their initial state.
The rehabilitation of the sites is the responsibility of the operator of the quarry or mine. The methods and deadlines for carrying out the work will be fixed by decree adopted on the basis of a joint report of the Minister for the Environment and the Minister for Mines."

(Title III: Protection of resources and the natural environment / Chapter III: Protection of the soil and subsoil / Article 44)

This law has been the subject of the adopting of the following decrees:

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

As of April 21, 2016 these two decrees have not been published.

- On February 4, 2009, decree no. 2009-051 was adopted within the framework of the law on the environment without modifying article 14 of decree no. 2008-159 ruling on the following obligation: *"Two months before expiry of the operating license, the mining cadastre must inform the Mines and Geology Cadastre of such expiry so that it makes sure that the license-holder carries out the clean-up work in compliance with the provisions of the decree relating to the Mines Police and of the decree relating to the mining environment."*

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

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

- The environmental analysis of the sites, the launch of the environmental management plan and the definition of the environmental program targets.
- SNIM's legal department is monitoring any changes in the legislation relating to these obligations.
- The technical department is currently working on the valuation assumptions on the basis of an interpretation of the laws in force and the implicit obligations resulting from ISO 14001 certification.

A provision will therefore be booked when the obligation can be assessed reliably. Any changes in the valuation of this liability will be recognized in accordance with the IFRIC1 interpretation.

3.15 Employee benefits

Benefit plans

The company has a benefit pension plan which is qualified as a defined-benefit pension plan. Note that there are no separately administered funds financing the pension plan.
The method applied for evaluating the plan is that of the projected unit credit actuarial valuation method. This method consists in measuring the benefit according to the projected wage at the end of the employee's career and to the eligible amount at valuation date.

Actuarial differences have been booked according to the corridor method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting year exceeded 10 % of the higher of the defined-benefit obligation and the fair value of the plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The option provided by IAS 19 allowing the recognition of all the actuarial gaps in equity and not yet applied by the SNIM became mandatory as of January 1, 2013.

Since January 2013, revised IAS 19 only allows actuarial gains and losses recognition in equity.
The impact of actuarial gains and losses recognition in equity on retained earnings is 11,77 MUM as compared to 9,537 MUM in 2013.

Supervising executives are offered additional benefits such as tax sharing, healthcare, company cars and fuel and allocated housing.

The costs related to these benefits are insignificant. Consequently they are accounted for as expenses.
SNIM has not applied the new option offered by IAS 19 to integrate the full amount of actuarial gains and losses in equity.

Defined contribution plan

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

- ✓ An employer contribution corresponding to 10% and an employee contribution corresponding to 7% of the 2012 reference salary
- ✓ The prior service cost is borne by SNIM
- ✓ The reference salary is the base salary plus the seniority bonus (cf. 5.11 Actuarial assumptions)

Amortizations and reversals of the lump-sum pension indemnities and supplementary pension are booked in personnel expenses.

3.16 Leases

As of December 31, 2013, there exists significant finance lease (see 5.1 Property, Plant and Equipment).

3.17 Profit from continuing operations

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.
The following specific recognition criteria must also be met:

- ✓ **Sales of goods:** Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

  Construction contracts: The contact revenues are measured at the fair value of the consideration received or receivable. Contract revenues and contract costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total revenue from this contract, an expected loss on the construction contract is recognized as an expense immediately.
  On those contracts, the stage of completion is based on the costs incurred at the closing date compared to the total budgeted costs.

- ✓ **Interests:** Revenue is recognized as the interest accrues to the net carrying amount of the financial asset.

3.18 Government grants

Government grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized, on a systematic basis, as income over the years necessary to match the grant to the costs that it is intended to offset. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

3.19 Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.
The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be used.
Deferred income tax is recorded on margin realized between companies of the group elimination.

3.20 Functional and presentation currency

SNIM presents its financial statements in local currency, the Ouguiya. However, according to IAS 21, the economic analysis of SNIM's activities shows that the Ouguiya is not SNIM's functional currency.

If SNIM opts for USD as functional currency, the company will have to obtain authorization from the Mauritanian authorities to present its financial statements on that basis.

The information system is currently set for the Ouguiya as functional currency, with the Dollar being used as parallel currency. However, the system allows the editing of financial statements presented in USD. Shareholders' equity based on USD as a functional currency and presented in MRO can be estimated at 765,000 MUM compared to 675,376 MUM in the financial statements presented. Likewise income based on USD as a functional currency and presented in MRO can be estimated at 63,219 MUM compared to 58,087 MUM in the financial statements presented.

3.21 Derivative financial instruments and Hedging transactions

SNIM uses derivative financial instruments to hedge against the risks relating to its business (exchange risk related to its operating, investing and financing activities).
Derivative financial instruments negotiated for hedging the company's exposure to risks linked to its business and financing operations are qualified as cash-flow hedges where the company hedges exposure to variability in cash-flows and qualify for hedge accounting.
No instrument is used to cover the exposure to variations in the fair value of assets or liabilities, except for the exchange risk, or to cover investment in foreign activity.

3.21.1 Cash flow hedging

Gains or losses on hedging instruments are recognized in equity for the portion that is determined to be effective and in the income statement for the ineffective portion.
At the time the asset or the liability is recognized, the associated gains or losses that had previously been recognized in equity are transferred to the income statement for the same period as the hedged transaction and to the same account.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point, any cumulative gain or loss on the hedging instrument recognized in equity is kept in equity until the forecasted transaction occurs.
If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the year.

3.21.2 Derivative financial instrument operations not qualifying for hedge accounting

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.
All derivative financial instruments are stated in assets or liabilities at their fair value and revalued at fair value at year-end.

The market value of forward contracts and interest rate swaps, during their lifetime and at maturity, is determined by an independent expert on the basis of immediate and at term data at the time when the different underlying items and risk-free interest rate trends are valued for discounting.

During the option lifetime and at maturity, the market value is determined by FOREX according to the Black and Scholes model, on the basis of the following elements:

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

3.22 Interest and dividends

Dividend revenue is recognized when the shareholders' right to receive the payment is established.

The company's accounting policy is to classify dividends and interest received as investing activities, dividends paid as financing activities and interest paid as operating activities.

3.23 Sector-based investment

SNIM is dedicated to extraction of iron ore. Indeed SNIM's exposure to risk so as expectations for profitability objectives are considered as homogeneous. Subsidiaries of SNIM, representing independent Cash-Generating Units, are below the quantitative thresholds needed to make a separate presentation of information related to their own operational sector.
Analysis of the SNIM business is thus made through geographical zones which constitute the primary level of sector-based information according to standard IFRS 8 "Sector-based investment" for the product of ordinary activities from external clients. Other information related to profit and loss, assets and liabilities are not followed by geographical zones. The activity of SNIM is indeed made integrally in the Islamic Republic of Mauritania. Geographical zones can be identified as follows:

- ✓ France,
- ✓ Germany,
- ✓ Belgium,
- ✓ Italy,
- ✓ Other countries member of the European Union,
- ✓ China,
- ✓ Others.

3.24 Investment in associates

Presentation note of El Aouj project

(a) Joint venture project

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

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

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

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

These facilities shall produce 7MT/year of high-quality pellets for direct reduction (DR). The product will be transported by the existing iron ore railway infrastructure and loaded onto ore carriers by the existing SNIM port infrastructure, in exchange for an acceptable remuneration that will be determined by an agreement to be concluded between SNIM and the future company.
The necessary financing should be around USD 2.5 billion, of which at least 30% should be provided by the shareholders.

(b) Chronology

SNIM and Sphere Investment decided in 2006 to open the capital of the future Newco to two major Arab steel producers: the Saudi Basic Industries Corporation (SABIC) and the Qatar Steel Company (QASCO).These two partners are consumers of pellets made for direct reduction.

The Pre-Feasibility study was published on February 7, 2007.

In May 2007, SNIM and Sphere Investment offered to sell 49.9% of the El Aouj project to the steelmaker partners, SABIC and Qatar Steel, for an amount of USD 375 million.

On July 31, 2007, an agreement was signed according to which SNIM and Sphere Investment would transfer 49.9% of the El Aouj project to its partners for USD 375 million.

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

The final feasibility study was published in April 2008.

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

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

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

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

As of December 31, 2015, the expenses under this program are 28,495 MUM, an increase of 1,842 MUM as related to 2014.

In millions ouguiyas	12/31/2015	12/31/2014	Variation
Cap Bouderga Tintekrate	10,947	10,947	0
Cap Expenses Study 2010	187	187	0
JV south Cappitalized	275	275	0
Cap Guelb El Aouj	17,086	15,244	1,842
TOTAL	**28,495**	**26,653**	**1,842**

(c) Accounting Policy

As of December 31, 2009, the stake of SNIM in the joint venture has been valued according to the equity method.

As of December 31, 2014, the fair value of SNIM's participation in the El Aouj joint-venture has not been modified and was determined on the costs incurred by Sphere on the feasibility study as of December 31, 2009, i.e., 12,280 MUM (cf. 4.3.1 Investments in associates).

Within the framework of this project, SNIM receives assets that correspond to the outlays borne by Sphere in return for an exploration right that was partially valued in the financial statements of SNIM.

4 CONSOLIDATION SCOPE

The consolidated financial statements comprise the financial statements of SNIM with its Parisian branch, its subsidiaries (all from Mauritania) and investments in associates where SNIM has a significant influence. Consolidation scope comprises 14 companies globally consolidated and two companies consolidated using the equity method.
The financial statements of subsidiaries are prepared as of December 31st, each year.

	Legal Form	% of Vote right	% of interest	Consolidation method (1)
SNIM	S.A			Consolidating company
MAURITANIE SUBSIADIARIES				
SOMASERT	S.A	100%	100%	GI
SAFA	S.A	100%	100%	GI
SAMMA	S.A	53%	53%	GI
ATTM	S.A	100%	100%	GI
COMECA	S.A	93%	93%	GI
SAMIA	S.A	50%	50%	GI
GMM	S.A	96%	96%	GI
GIP	S.A	68%	68%	GI
EL AOUJ SA	S.A	50%	50%	EM
TUM	S.A	99%	99%	GI
MAIL	S.A	31%	31%	EM
M2E	SA	100%	100%	GI
MSMS	SA	50%	50%	EM

(1) GI : Global Integration
EM : Equity Method

5 ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF FINANCIAL POSITION

5.1 Property, plant and equipment

Assets measured at fair value in millions Ouguiyas	**12/31/2014**	**Acquisitions**	**Cessions**	**12/31/2015**
Gross Value	206,875	187,689	-1,854	392,711
Amortization	128,299	7,356	341	135,997
Net Value	**78,576**	**180,333**	**-2,195**	**256,714**

Assets measured at cost	**12/31/2014**	**Acquisitions**	**Cessions**	**12/31/2015**
Gross Value	436,921	116,494	-2,048	551,367
Amortization	166,604	24,644	-2,885	188,363
Net Value	**270,318**	**91,850**	**838**	**363,005**
Gross Value	**643,798**	**304,183**	**-3,901**	**944,080**
Total Amortization	**294,903**	**32,001**	**-2,544**	**324,360**
Fixed assets in progress	**350,897**	**59,462**	**-294,655**	**115,705**
Total Net Value	**699,792**	**331,644**	**-296,012**	**735,424**

During the year, SNIM purchased tangible assets of 57,771 MUM.

Due to the drop of iron ore price, SNIM performed an impairment test and there are no loss losses on the carrying value of tangible assets.

There is no pledging of SNIM's tangible assets.

Incorporated loan cost

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

In million Ouguiyas	**12/31/2014**	**Incorporated loan cost**	**12/31/2015**
Guelb2	14,316	5,925	20,241
Mineral Port	4,058	-	4,058
Total	**18,374**	**5,925**	**24,299**

Finance leases:

The gross book value of finance leases included in assets under construction (see 4.1 Property, plant and equipment) can be presented as follows:

In million Ouguiyas	12/31/2014	Acquisitions	Disposals	12/31/2015
Other materials Guelbs II (part BID)	11,370		-11,370	0
Railway materials (part BID)	0			0
Gross value	**11,370**	**0**	**-11,370**	**0**

The gross book value of the finance leases included in final assets (see 4.1 Property, plant and equipment) can be presented as follows:

In million Ouguiyas	12/31/2014	Acquisitions	Disposals	12/31/2015
Renewal of Port Equipment (Part BID)	7,686	0	0	7,686
Other materials Guelbs II (Part BID)	11,865	11,370	0	23,235
Railway materials (part BID)	6,307		0	6,307
Gross value	**25,858**	**11,370**	**0**	**37,228**

The various materials of Guelbs II in the capital in progress correspond to:

- ✓ To 10 mine trucks for 6,135 MUM,
- ✓ To 6 locomotives for 5,730 MUM,
- ✓ To 6 Wagon loading system for 4,628 MUM
- ✓ To 4 Wet Concentrations for 6,742 MUM

Railway materials correspond to:

- ✓ the entry into service of the concrete sleepers plant for 3,747 MUM,
- ✓ Equipment supplies for 2,559 MUM.

Finance lease obligations:

Minimum lease payments in thousands of USD	12/31/2015	12/31/2014
Due within one year	12,651	12,857
From 2nd to 5th year inclusive	46,958	47,867
More than five years	48,099	59,016
Less future financial charges	(17,736)	(20,512)
Finance leases debt	**89,972**	**99,228**

5.1.1 Property, plant and equipment at fair value

Tangible assets are valued at their acquisition cost except for the categories of fixed assets that were revalued during financial year 2000. The revalued amounts were confirmed during financial year 2001 by an independent expert, the firm Met-Chem.

Certain classes of assets have been regularly revalued since then, notably during financial year 2006.

The fair value has been determined according to the replacement cost method less accumulated depreciation, as there was no market-based evidence.

The replacement cost has been estimated taking the following criteria into consideration:

- ✓ Value at purchase
- ✓ The technical condition of the equipment
- ✓ The useful life and the age of the equipment.

In million Ouguiyas	**12/31/2014**	**Acquisitions**	**Disposals**	**12/31/2015**
Specialized complex installation	131,246	184,924	(84)	316,086
Railway rolling stock and railroad track equipment	75,629	2,765	(1,769)	76,625
Gross Value	**206,875**	**187,689**	**(1,854)**	**392,711**

	12/31/2014	**Provisions**	**Reversals**	**12/31/2015**
Specialized complex installation	91,389	5,312	2,111	98,812
Railway rolling stock and railroad track equipment	36,910	2,044	(1,769)	37,185
Total Amortization	**128,299**	**7,356**	**341**	**135,996**

Net Book Value	**12/31/2014**	**Increase**	**Decrease**	**12/31/2015**
Specialized complex installation	39,858	179,612	(2,195)	217,275
Railway rolling stock and railroad track equipment	38,719	721	0	39,440
Total	**78,577**	**180,333**	**(2,195)**	**256,715**

5.1.2 Property, plant and equipment at historical cost

Gross Value	12/31/2014	Acquisitions	Disposals	12/31/2015
Land	7,826	-	(634)	7,192
Land improvements	227	1	-	228
Buildings	173,540	10,518	(151)	183,907
Operating equipment	233,992	103,527	(827)	336,692
Transport equipment	13,597	1,095	(76)	14,615
Office and IT equipment	4,379	796	(16)	5,159
Office furniture	3,361	558	(343)	3,576
TOTAL	**436,921**	**116,494**	**(2 048)**	**551,367**

AMORTISSEMENTS	12/31/2014	Provisions	Reversals	12/31/2015
Land	-			
Land improvements	208	1	(27)	183
Buildings	43,332	7,997	(330)	50,999
Operating equipment	104,866	14,354	(803)	118,417
Transport equipment	7,217	1,653	2,646	11,516
Office and IT equipment	2,877	352	1,216	4,445
Office furniture	2,192	287	325	2,804
Amortization adjustment	5,912		(5,912)	0
TOTAL	**166,604**	**24,644**	**(2,885)**	**188,363**

Net Book Value	12/31/2014	Increase	Decrease	12/31/2015
Land	7,825.80	-	(634.25)	7,192
Land improvements	19.20	(0.82)	27.00	45
Buildings	130,207.81	2,520.86	179.24	132,908
Operating equipment	129,126.33	89,173.19	(24.34)	218,275
Transport equipment	6,379.75	(558.22)	(2,722.43)	3,099
Office and IT equipment	1,501.79	444.46	(1,232.26)	714
Office furniture	1,168.92	270.20	(667.35)	772
Amortization adjustment	(5,912)	-	5,912	
TOTAL	**270,318**	**91,850**	**838**	**363,005**

The table below shows the gross value of tangible assets which are full amortized are still in use as of 31 December 2015:

	Gross Value	
In millions Ouguiyas	**2014**	**2015**
Building	12,677	13,493
Railway rolling stock and railroad track equipment	14,226	16,111
Specialized complex installations	59,843	64,950
Operating equipment	38,438	47,230
Transport equipment	4,876	5,616
Other tangible assets	4,145	4,369
TOTAL	**134,205**	**151,768**

5.2 Intangible Assets

Change in gross assets	12/31/2014	Acquisitions	Disposals	12/31/2015
Intangible fixed assets value	6,704	805	(23)	7,486
TOTAL	**6,704**	**805**	**(23)**	**7,486**

Change in amortization	12/31/2014	Provisions	Reversals	12/31/2015
Intangible fixed assets value	2,638	326	(15)	2,949
TOTAL	**2,638**	**326**	**-15**	**2,949**
Net value of intangible fixed assets	**4,066**	**479**	**(7)**	**4,537**

These Intangible assets relate to patents and software.

5.3 Other Financial Assets

In millions Ouguiyas	12/31/2015	12/31/2014
Loans to employees	12,118	17,774
Deposits and guarantee	1,069	4,232
Equity security	1,229	27
Investment in associate entities	0	0
Investment in associates	17,193	17,477
TOTAL	**31,610**	**39,510**

Loans granted to employees of the Group or of the associates do not generate interest. The impact of discounting is deemed insignificant. Loans are recorded at their historical costs.

The decrease in loans and advances is due to:

- ✓ The reclassification of the loan maturity in NAJAH in for 6,626 MUM,
- ✓ The loans and advances granted to staff in respect of the current year are 303 MUM.

Deposits and guarantees are valued on the basis of the amount of outgoing cash which does not result in a significant gap compared to their fair value.

The decrease in deposits and guarantees linked to the unwinding of the deposit with NATIXIS for 3,200 MUM.

5.4 Inventories

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

In millions Ouguiyas	12/31/2015	12/31/2014
Raw materials at weighted average cost	66,636	75,655
Raw materials at net realizable value	53,830	65,393
Goods and final products	799	1,031
Iron ore at weighted average cost	31,549	35,378
Iron ore at net realizable value	16,794	17,686
Total inventories at lower of weighted average cost and net realizable value.	**71,424**	**84,110**

The decline in Raw material stocks is due to the rigour plan implemented and existing stock consumption for 8,893 MUM.

The decline in ore stocks amounting 3,829 MUM is consistent with the decline in the earthworks business and reduction in costs.

The company does not pledge inventories.

5.5 Trade receivables

In millions Ouguiyas	12/31/2015	12/31/2014
Iron ore trade receivables		6,494
Other trade receivables	14,274	5,453
Total	**14,274**	**11,947**

Generally, there is no credit risk on iron ore customers.

The increase in other receivables is recorded on the ATTM clients totalling an amount to 11,992 MUM.

An analysis of risks of non-recovery for other receivables is conducted regularly in order to identify potential provisions.

The amount of depreciation on other receivables amounted to 2,324 MUM on December 31, 2015 as compared to 1,130 MUM on December 31, 2012.

The statement of changes in loans and receivables is presented below:

In millions Ouguiyas	12/31/2015	12/31/2014
Depreciation as of January 1st	**1,401**	**1,130**
Revaluation of foreign exchange		
Additional depreciation	1,140	271
Utilizations	-	-
Reversals	(218)	-
Depreciation as of December 31st	**2,323**	**1,401**
Debt collection on depreciated receivables	218	-
Gross value of depreciated receivables	1,401	1,401

5.6 Other receivables

In millions Ouguiyas	12/31/2015	12/31/2014
Trade payables – debit balances	8,056	8,939
Trustee	15,455	14,596
Tax receivables	6,036	3,165
Deferred expenses	1,688	1,401
Sundry debtors	4,682	7,691
TOTAL	**35,918**	**35,792**

Trade payables - debit balances relate to advances granted to its suppliers and orders realized before the issuing of the corresponding invoices.

Trustee fund is directly powered by the bank when clients' sales receipts and reimbursement deadlines related to loans of the same name.

Accruals consist of prepayments.

Sundry debtors consist of short-term advances to employees, receivables from social organizations and other receivables.

5.7 Financial instruments: disclosure

5.7.1 Financial instruments presented in the statement of financial position

As of December 31, 2014, financial instruments recorded in the statement of financial position are presented as follows:

			Breakdown by classes of instruments				
In millions Ouguiyas	Value in statement of financial position	Fair Value	Fair Value through profit & loss	Assets available for sale	Financial assets held to maturity investments	Loans and receivables	Financial liabilities measured at amortized cost
Other financial fixed assets	13,187	13,187			1,069	12,118	
Trade receivables and related accounts	14,274	14,274				14,274	
Other receivables and related accounts	35,918	35,918				35,918	
Cash and cash equivalents	111,214	111,214	15,621		95,592		
Assets	174,592	174,592	15,621	0	96,661	62,310	0
Interest bearing loans and borrowings	26,299	26,299					26,299
Trade payables	41,663	41,663				41,663	
Other payables	226,289	226,289		0		226,289	
Liabilities	294,251	294,251	0	0	0	267,952	26,299

The fair value of other financial instruments (loans and deposits) was not deemed significant and these items are therefore valued at amortized cost.
The fair value of the trade receivables, other receivables, trade payables and other payables was not deemed significant and these items are therefore valued at amortized cost discounted at closing market price in the transaction currency.
Taking into account SNIM's economic environment (lack of market data required to determine a yield curve in order to estimate the market value of loans and borrowings at preferential rates), borrowings and loans are valued at historic cost.

5.7.2 Derivative financial instruments

In application of IFRS 7, the fair values of financial instruments are organized according to different valuation techniques defined as follow:

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

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

As of December 31, 2015, financial instruments on exchange rates available at closing date are detailed below:

Hedging accounting	**2015**				**2014**			
	Fair value in MUM	**Fair value in KUSD**	**Nominal in thousands**		**Fair value in MUM**	**Fair value in KUSD**	**Nominal in thousands**	
			Purchases	**Sales**			**Purchases**	**Sales**
Exchange risk								
a) Cash flow hedging								
Forward contracts in foreign currency								
Euro	(85)	(251)	60,500		(644)	(2,066)	46,500	
JPY	-	-	-		-	-		
CHF	-	-	-		-	-		
CAD	-	-	-		(6)	(18)	12	
Options on foreign currency								
Euro	12	36	34,500	31,500	(583)	(1,868)	37,000	41,000
JPY	-	-	-	-				
CHF	-	-	-	-				
CAD	-	-	-	-	(5)	(17)	600	600
b) Fair value hedging								
Forward contracts in foreign currency								
Euro	(221)	(654)	17,300		(93)	(298)	9,500	
Options on foreign currency								
Euro	(29)	(86)	7,000	7,000	-	0	4,000	
c) Other operations								
Options on foreign currency								
Euro	(144)	(425)		27,000	(299)	(957)	5,000	22,500
JPY								
CHF								
CAD								
Total foreign currency	**(467)**	**(1,381)**			**(1,630)**	**(5,224)**		

Commodity price risk:

As of December 31, 2015, financial instruments on commodity price risk at closing date are detailed here below:

Hedging accounting	2015				2014			
	Fair value in MUM	Fair value in KUSD	Nominal in thousands		Fair value in MUM	Fair value in KUSD	Nominal in thousands	
			Purchases	Sales			Purchases	Sales
Commodity price risk								
a) Cash flow hedging								
Swaps on commodities								
Fuel	(451)	(1,333)	17,400		(908)	(2,913)	23,600	
Diesel oil	(559)	(1,652)	14,400		(1,163)	(3,731)	17,400	
Others								
Options on commodities								
Fuel	(137)	(406)	9,000	9,000	(196)	(629)	5,100	5,100
Diesel oil	(283)	(838)	11,700	11,700	(358)	(1,147)	8,700	8,700
Others								
c) Other operations								
Options on commodities								
Fuel	(29)	(85)		1,200	(94)	(301)		1,350
Diesel oil	(75)	(223)		3,000	(107)	(342)		1,350
Others								
Total commodities	**(1,534)**	**(4,536)**			**(2,826)**	**(9,063)**		

Interest rate risk:

As of December 31, 2015, financial instruments on interest rate risks at closing date are detailed below:

Hedging accounting	2015				2014			
	Fair value in MUM	Fair value in KUSD	Nominal in thousands		Fair value in MUM	Fair value in KUSD	Nominal in thousands	
			Purchases	Sales			Purchases	Sales
Interest rate risk								
a)) Cash flow hedging								
Interest rate swaps								
EUR	(101)	(298)	35,000	-	(527)	(1,691)	121	
JPY								
CHF								
Interest rate options								
Euro	8	24	30,000	-	(63)	(202)	1,20,000	70
JPY								
CHF								
b) Other transactions								
EUR								
JPY								
CHF								
Total interest rate	**(92)**	**(273)**			**(590)**	**(1,893)**	-	-
Total	**(2,093)**	**(6,190)**			**(5,125)**	**(16,434)**		

The impacts on the income statement of derivative financial instruments as of December 31, 2015 are presented here below:

Cash-Flow Hedging	Transfer from equity of gains and losses	Inefficiency booked in profit
Foreign currency hedging	(1,163,500) USD	(574,844)USD
Interest rate hedging	(698,645) USD	(180,998) USD
Commodities hedging	(768,298) USD	(474,443) USD

Fair Value Hedging	Gains and losses on hedging instruments	Gains and losses on hedged items	Inefficiency booked in profit
Foreign currency hedging	(214,427) USD	(661,230) USD	(446,803) USD
Interest rate hedging			
Commodities hedging			

Non-qualifying derivative hedging	Gains and losses recorded in income statement
Foreign currency hedging	98,003 USD
Interest rate hedging	-
Commodities hedging	(239252) USD

Hedging policy:

The iron ore market is denominated in US dollars. Consequently SNIM's entire sales are realized in US dollars.

The Mauritanian regulation for exchange transactions forbids hedging the exposure of foreign currency risk on local currency.

Thus SNIM is exposed to foreign currency risk on the dollar for operating expenses denominated in a third currency (imports of Euros, CAD versus USD for instance).

In order to finance its development, SNIM contracted loans denominated in dollars, in Euros and in yen toward international sponsors.

According the evolution of the dollar versus these currencies, part of the cash collection will be allocated to financial debt. Consequently SNIM is exposed to foreign currency risk in dollars for its entire debt denominated in a third currency.

The company set its policy for risk exposure and in particular its level of tolerance toward these risks. Procedures to evaluate the company's exposure to foreign currency risks were implemented. These procedures were approved by the head office and are reviewed annually.

The company binds itself to manage hedges with first-rate banks (Société Générale, BNP Paribas…).

Foreign currency risk

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

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

The analysis of sensitivity of profit before tax (due to variation of monetary assets and liabilities' fair value) and equity (linked to variation in forward contracts' fair value) is based on two assumptions: that the euro exchange rate is changing within reason and that all other variables remain stable. The conclusion of our analysis appears below.

In USD	Variation of Euro	Impact on profit before tax	Impact on equity
2015	10%	1,846,403	8,883,150
	-10%	(9,268,890)	(5,920,145)

1 Dollar = 338.15 ouguiyas

Commodity price risk:

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

SNIM's policy is to hedge against exposure to these risks. In order to reach its hedging objectives, the company resorts to purchase and selling contracts on commodity options or on swap contracts. Some selling contracts are part of a global hedging strategy.

Management of this risk is spread over less than a year.

The analysis of the sensitivity of SNIM's profit before tax (due to variations in the fair value of the monetary assets and liabilities) and equity (linked to variations in the fair value of the swaps) is based on two assumptions: that the raw material prices change within reason and that all other variable remain stable.

In USD	Variation in price of commodity	Impact on profit before tax	Impact on equity
2015	10%	(403,770)	(2,811,665)
	-10%	(509,520)	(5,396,832)

Interest rate risk :

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

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

In order to reach its hedging objectives, the company resorts to interest-rate derivative instruments, signs interest swaps and conditional financial instruments such as caps, floors and collars.

In order to limit the effect of the dollar rate on its financial instruments, SNIM decided to implement a hedging policy, aimed at guaranteeing a minimum income rate.

The analysis of the sensitivity of SNIM's profit before tax (due to variations in the fair value of the monetary assets and liabilities) and equity (linked to variations in the fair value of the swaps) is based on two assumptions: that the interest rates change within reason and that all other variables remain stable.

In USD	Variation of rate	Impact on profit before tax	Impact on equity
2015	5%	(132,881)	(33,107)
	-5%	(201,522)	(596,322)

Credit risk:

SNIM maintains commercial relations exclusively with reliable third parties.

Most of the client portfolio is constituted by iron ore customers whose terms of payments require a 90% advance at order and the remaining 10% within 21 days after delivery. Thus, for those clients, there exists no risk of credit.

For the other customer, trade receivables are not material and a credit risk analysis is performed regularly to adapt depreciations of eventual debts.
The maximum exposure is equal to the accounting value, as mentioned in Note 4.5.

Regarding the credit risk on other financial assets of the Group, i.e. cash and cash equivalents, financial assets available for sale, loans and some derivative instruments, the Group' exposure is due to a potential failure of those third parties. The maximum exposure does not exceed the accounting value of those instruments.

Liquidity risk:

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

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

As of December 31, 2015, 12% of the debt of SNIM will mature within one year, as compared to 12% in 2014.

Maturity

The table below shows the maturity of the financial liabilities as of December 31, 2015, based on contractual payments not updated.

The principal considers only the debt actually drawn by the Group SNIM as of December 31, 2015.

Similarly, interest expenses reflect the interests of the Group's debt SNIM totally drawn as of December 31, 2015.

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

	Less than 3 months			3 to 12 months		
	Principal	Interest	Total cash flow	Principal	Interest	Total cash flow
Interest-bearing borrowings	312	25	337	24,829	8,887	33,716
	1 to 5 years			More than 5 years		
	Principal	Interest	Total cash flow	Principal	Interest	Total cash flow
Interest-bearing borrowings	95,420	20,898	116,319	82,544	7,530	90,073

Table below shows the debt schedule year by year

	2016	2017	2018	2019	2020	2021	2022
Principal	25,142	25,040	24,332	24,212	21,836	21,394	20,728
Interest	8,912	6,713	5,676	4,715	3,794	2,964	2,163
TOTAL	**34,053**	**31,754**	**30,008**	**28,927**	**25,630**	**24,359**	**22,892**

	2023	2024	2025	2026	2027	2028	TOTAL
Principal	17,631	15,831	3,459	1,205	1,206	1,088	203,106
Interest	1 387	680	178	83	52	22	37,339
TOTAL	**19,018**	**16,511**	**3,637**	**1,288**	**1,259**	**1,110**	**240,445**

5.8 Cash and cash equivalents

In million Ouguiyas	**12/31/15**	**12/31/14**
Cash & cash equivalents	111,214	187,143
Overdraft	(1,962)	(2,545)
TOTAL	**109,251**	**184,598**

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

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

Bank loans and overdrafts include loans with an original maturity of less than three months.

5.9 Issued Capital

In 2013 the company's issued capital increase to 170,520,000,000 MRO by capitalization of available reserves which amounts to 182,700,000,000 ouguiyas, i.e. 18,270,000 shares each with a nominal value of 10,000 Ouguiyas. The capital is called up and paid up in full.

Capital does not comprise any share with favorable voting right.

Share capital can be broken down as follows:

In Ouguiyas		**(%)**
Mauritanian government	*143,145,450,000.00*	78.35
Industrial Bank of kuwait (I B K)	*13,098,000,000.00*	7.17
Arabe Mining Company	*10,346,850,000.00*	5.66
Irak Fund for External Development	*8,382,300,000.00*	4.59
« Office National des Hydrocarbures et des Mines » (ONHYM - Maroc)	*4,192,500,000.00*	2.30
Islamic Development Bank	*3,274,500,000.00*	1.79
Private Mauritanian Individuals	*260,400,000.00*	0.14
	182,700,000,000.00	**100.00**

Premiums arising from shares issuance relates to previous capital increases and amount to 6,464 MUM.

As of December 31, 2015, the legal reserve amounts to 10,834 MUM, i.e. 6% of the capital.

5.10 Interests bearing borrowings

5.10.1 Loans within the scope of the trustee agreement

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

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

The balance of this Trust account as of December 31, 2015 present a debtor balance of 15,455 MUM against 14,596 MUM as of December 31, 2014. It is classified as "Other debtors" (under other receivables).

In millions Ouguiyas	Currency	Interest rate	Maturity	12/31/15	12/31/14
Trustee debts					
French Development Agency					
Emprunt n°. 70X	EUR	5.00%	2019	67	88
Emprunt n°. 89U	EUR	2.00%	2020	283	356
BEI 6	EUR	3.07%	2015	-	1,173
AFD (Centrale)	EUR	Var.	2019	3,928	4,528
AFD (Centre de formation)	EUR	Var.	2021	1,550	1,859
BEI VII (Centrale)	EUR	6.90%	2019	4,534	5,061
BID PORT	USD	Var.	2023	-	-
PDM					
VOIE					
BID	USD	Var.	2024	7,881	8,076
GUELBES II					
BEI	USD	6.03%	2024	27,548	28,229
BAD	USD	Var.	2024	48,417	49,614
AFD	USD	Var.	2024	27,519	28,200
BID	USD	Var.	2024	22,543	22,870
KFW/G21/USD	USD	Var.	2021	4,514	4,921
KFW/G22/USD01	USD	5.96%		14,407	14,948
PORT					
KFW NP1	USD	Var.	2022	12,251	12,913
KFW NP2	USD	Var.	2022	9,441	9,951
Total				**184,884**	**192,787**

5.10.2 Loans outside the scope of the trustee agreement

These loans are related to mining projects that are not included in the trustee agreement. Repayments are made directly to lenders.

In millions ouguiyas	**Currency**	**Interest rate**	**Maturity**	**12/31/15**	**12/31/14**
Non trustee debts					
FED/03/EUR	EUR	Var.	2024	12,601	12,953
Société Générale Mauritanie (ATTM)	MRO	10.40%	2017	675	1,035
CDD (ATTM)	MRO	10.40%	2018	619	797
Société Générale Mauritanie (ATTM)	EUR	10.40%	2017	192	219
Mauritanian Government (COMECA)	MRO	0.00%	2015	2,177	2,077
Société Générale Mauritanie (SAMIA)	MRO	13.50%	2015	105	92
Deposits and guarantees received				34	24
Premiums paid on interest rate hedges	USD	0.00%	2018	82	122
Total				**16,484**	**17,319**

Statement of Financing Agreements for the DMP

Project	Lender	Currency	Interest Rate	Maturity year	Total Millions MRO	Drawn Millions MRO	Non drawn Millions MRO
Guelbs II	AFD	EUR	Var	2024	36,709	36,709	-
	BEI	EUR	Fixe	2024	36,747	36,747	-
	BAD	USD	Var	2024	59,176	59,176	-
	BID	USD	Var	2025	27,052	27,052	-
	Commercial banks (part 1)	EUR	Var	2021	8,931	8,931	-
	Commercial banks (part 2)	EUR	Fixe	2023	19,655	19,655	-
Port	Commercial banks (part 1)	EUR	Var	2022	14,773	13,621	1,152
	Commercial banks (part 2)	EUR	Var	2022	19,101	19,101	-
Railway	BID	USD	Var	2024	9,468	9,468	-
Training	AFD	EUR	Var	2021	2,583	2,583	-
Total					**234,195**	**233,044**	**1,152**

Rescheduled debts

In the context of the 8th club of Paris gathered on July 8,2002,and following the bilateral agreement between the government of the French Republic and the government of Islamic Republic of Mauritania signed on May 26,2003,the French debt, that was rescheduled during agreement III,IV,V and VI, was cancelled to the benefit of the Mauritanian Islamic Republic. A treaty signed on August 21, 2003 adjusted the rescheduled debt between SNIM and Ministry of Finance and defined methods of payments initially due by SNIM to the Banque de France and the Coface.

Total amount of this treaty (Agreement 8) is EUR 15,235,989.75, which represents interests accumulated from 06/30/2002 to 06/30/2019 for agreement III, IV, V and VI, EUR 12,763,021.30 representing the principal amount and EUR 2,472,968.44 of interests.

The balance of this agreement is 1,109 MUM as of 31 December, 2015 against 1,650 MUM as of 31 December, 2014.

In million Ouguiyas	Currency	Interest rate	Maturity	12/31/15	12/31/14
Debt rescheduled					
French debt due dates rescheduled					
Agreement 8	EUR	3.00%	2,019	1,109	1,650
Total				**1,109**	**1,650**

5.10.3 Reassigned debt

In the context of SYSMIN, the European Union granted the Mauritanian Islamic Republic 58 million Euros, under Agreement No 5546/MAU signed on October 23, 1995. The agreement provides for the reassignment of the grant as a loan for the rehabilitation of some of its industrial facilities. Consequently a three-party agreement was signed between SNIM, the Mauritanian Government and the European Union in order to define the terms of the reassignment as a non-repayable grant (equal to the amount allocated to technical assistance – 0.8 million Euros) and a repayable loan of 57.2 million Euros.

The amount of drawings amounts to zero as of 31 December, 2015 compared to 777 MUM as of 31 December, 2014.

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

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

In millions Ouguiyas	Currency	Interest rate	Maturity	12/31/15	12/31/14
Reassigned debt					
European Economic Community (Sys min 1)	EUR	0.50%	2,028	2,890	3,200
European Economic Community (Sys min II)- (N° 5546)	EUR	3.00%	2,015	-	777
Sub-total				2,890	3,977
TOTAL DEBT				205,366	215,510
Debts maturing in less than one year				179,068	186,371
Long and mid-term debts				26,299	29,139

Loans maturing in less than one year correspond to the part of loans that will be paid within the twelve coming months which are reclassified in other payables (refer. 5.16).

5.11 Retirement benefit obligation

In millions Ouguiyas	12.31.2014	Amortizations	Reversals	12.31.2015
Provisions for retirement indemnities	15,357	2,232	-11,576	6,013
Provisions for additional retirement	10,978	817		11,795
TOTAL	26,336	3,049	-11,576	17,809

Description of the plan:

A benefit is being provided to employees as they retire, which depends on:

- ✓ The wage amount at the age of retirement;
- ✓ The employee length of service in the company.

Note that this benefit is provided without any condition of presence of the employee in the company at retirement.

Actuarial assumptions:

The benefit obligation amount is determined according to the projected unit credit actuarial valuation method. This method consists in valuing the benefit according to the projected salary at the end of the employee's career and to the eligible amount at valuation date. The following assumptions were used:

Assumptions	Assumptions used
Age of retirement	60 years for men
Future salary increase	1.71%
Actual rate of return	3.60%
Death rate	TM 60-64 – 20%
Employee rotation rate	2.45% decreasingly spread by age
Inflation	3.60%

The accrual basis held to recognize actuarial gains and losses is the registration in equity.

ASSUMPTIONS for the period ended as of	12/31/14	12/31/15
Beginning of the period	1st January, 2014	1st January, 2015
End of the period	31st December, 2014	31st December, 2015
Actual rate of return	6.31%	6.31%
Actual rate of return on assets		
Expected average remaining working lives	8.0	8.0

In millions Ouguiyas	12.31.14	12.31.15
Benefit obligation at beginning of the year	**23,791**	**14,516**
Current service cost	1,832	1,197
Interest cost	1,617	1,035
Plan modification	-	-
Reductions / Cessations	-	-
Acquisition /Sale	-	-
Transfers	-	-
Actuarial (Gains)/Losses	(11,701)	(9,880)
Changes in assumptions	(9,774)	(15,022)
Experience variation	(1,927)	5,142
Benefits paid	0	(673)
Other (exchange differences)	-	-
Actuarial debt at the end of the year	**15,540**	**6,195**

Variation in actuarial debt:

Variations in investments:

The benefits defined by SNIM are not covered by investments.

Financial cover:

FINANCIAL COVER	12.31.14	12.31.15
Financial Cover	(15,540)	6,195
(Provisions) Pension Assets	**(15,540)**	**6,195**

Cost on the period:

FINANCIAL COVER	12.31.14	12.31.15
Current service cost	1,832	1,197
Debts interest	1,617	1,035
Actual rate of assets	-	-
Amortization of actuarial loss in the period	-	-
Amortization of actuarial loss on the period	-	-
Impact of reduction / cessation	-	-
Charges (Products)	**3,449**	**2,232**

Description of the defined benefit regime:

SNIM agents of Mauritanian nationality on permanent contracts and with contract signed after 2011 will receive an indemnity upon retirement, death or redundancy at the initiative of the company, which is equal to one hundred twentieths:

- ✓ The 10% employer contribution and the 7% employee contribution based on the reference salary;
- ✓ The income from the investment of the employer and employee contributions;
- ✓ The prior service cost borne by SNIM (10% of the 2012 reference salary);
- ✓ The reference salary is the base salary plus the seniority bonus.

In other cases, only the employee contributions and the income from the investment of the employee contributions are paid to the employee.

Actuarial assumptions:

The charge has been determined according to the following assumptions:

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

5.12 Provisions

These provisions cover risks of litigation with former employees and any other contentious matter.

These provisions are not discounted as the impact is insignificant.

In millions Ouguiyas	12/31/14	Amortization	Reversal	12/31/15
Contingency provision	6,064	4,798	(5,113)	5,750
TOTAL	**6,064**	**4,798**	**(5,113)**	**5,750**

5.13 Trade payables and related accounts

Trade payables can be detailed as follows:

In million Ouguiyas	12/31/15	12/31/14
Trade payables	40,079	52,898
Accrued payables	1,584	(7,324)
TOTAL	**41,663**	**45,574**

There are no discounted payables as of closing date.

5.14 Taxes

In million Ouguiyas	12/31/15	12/31/14
Single tax SNIM	782	3,189
Taxes on wages and salaries	354	436
TOTAL	**1,136**	**3,625**

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

The single tax on income comprises all taxes payable on the fiscal-year net income. In accordance with the agreement signed with the Mauritanian Republic, SNIM is liable for the single tax on income and pays an annual amount corresponding to 9% of total iron ore exports.

An amendment to the agreement was signed in December 2008 concerning the basis of assessment of the single tax on income.

Under this amendment, the single tax is 9% of the turnover of FOB iron ore export which is increased by the amount of demurrage.

There is no need to book any deferred taxes as there is no difference between the accounting values and fiscal values of assets and liabilities in the statement of financial position.

SNIM also pays a fixed annual amount of 80 million MUM representing the total tax for compensation of taxes and benefits in kind granted by SNIM to its employees

Advances on single tax and VAT credit are compensated with the single tax as the maturities of the single tax and VAT credit are similar and these amounts are recovered or paid by the same administration and that there is a legal right of compensation.

5.15 Other taxes

In million Ouguiyas	12/31/15	12/31/14
VAT payable	2,031	2,087
Other taxes	594	615
TOTAL	**2,624**	**2,702**

The agreement signed by the Mauritanian state and SNIM exempts from payment of all customs duties and similar charges, and all taxes, duties, fees and charges of any kind relating to all products, equipment and services as well as the mining research for iron and research of water. It also exempts the payment of all customs duties and similar taxes on all equipment, materials, supplies and consumables imported by companies and their subcontractors for the work performed on behalf of SNIM.

Clause N°1 was added to this convention on June 19, 2001 concerning VAT and subjugation of SNIM to this tax.

Under the amendment to the new agreement, SNIM is subject to VAT on the supply of goods that are not directly related to the industrial and mining services.

5.16 Other payables

In millions Ouguiyas	**12/31/15**	**12/31/14**
Trade creditors	11,059	6,867
Payroll expenses and related costs	2,328	3,049
Dividends payable	100	172
Other payables and pre-payments	33,734	17,220
Loan within one year	179,068	186,594
TOTAL	**226,289**	**213,901**

Other payables are mainly composed by the advance granted to SABIC of 30 million of American dollars related to the research license sale of ATOUMAI area charges to pay and interests included.

Trade creditors correspond to the ore customers whose final bills are in their favor.

6 ADDITIONAL INFORMATION RELATING TO THE INCOME STATEMENT

6.1 Sales

Production sales represents sales of iron ore in the amount of 95,658 MUM (300,407,648 USD) for financial year 2015 (net of demurrage). Almost all sales of iron ore are to Western European countries and China.

58% of total sales for financial year are generated by three customers (GLENCORE, ILVA and CARGIL) in 2015.

6.1.1 Breakdown of sales by geographic area

Geographical breakdown of sales is disclosed below:

In millions Ouguiyas	12/31/15	12/31/14
China	53,368	135,750
Germany	17,496	33,853
Italy	17,420	25,096
France	7,373	15,512
Others	15,592	17,516
TOTAL	**111,250**	**227,728**

6.2 Other income

In million Ouguiyas	12/31/15	12/31/14
Rents, material disposal, telecom	1,126	1,490
Rentals of buildings and equipment	102	165
Other services	1,578	2,718
Supply of personnel	299	180
Various Disposals	1,795	1,882
TOTAL	**4,900**	**6,435**

The increase in disposals is related to the selling of staff store B in line with the increase of the workforce.

6.3 Other operating income

In million Ouguiyas	12/31/15	12/31/14
Discount obtained	97	102
Profit and gains	445	446
Reversal /provisions	7,624	5,422
Profits / disposals	834	517
TOTAL	**9,000**	**6,487**

6.4 Consumables

In million Ouguiyas	12/31/15	12/31/14
Materials and goods consumed	(69,400)	(104,970)
Consumed food & household products	(113)	(1,042)
Water and electricity	(852)	(1,553)
Materials & supplies	(771)	(128)
DSP materials consumed	(2)	(6)
TOTAL	**(71,139)**	**(107,698)**

The supplies decline is subdivided as follows:

In million Ouguiyas	12/31/15	12/31/14	Var.	%
Hydrocarbons	22,945	41,797	-18,852	-45%
Mining machinery	7,119	14,875	-7,756	-52%
Explosives	5,266	8,130	-2,865	-35%
Tires	3,955	5,221	-1,266	-24%
Railway	2,581	3,073	-493	-16%
Oils	2,937	3,969	-1,032	-26%
Conveyor belts	470	2,101	-1,631	-78%
Various consumables	25,866	28,532	-2,666	-9%
Total	**71,139**	**107,698**	**-36,561**	**-34%**

6.5 Staff Cost

In millions Ouguiyas	12/31/15	12/31/14
Wages	(31,640)	(36,858)
Social charges	(2,141)	(4,445)
Provision for retirement indemnities	(1,559)	(2,425)
Complementary pension scheme	(1,443)	(831)
TOTAL	**(36,782)**	**(44,560)**

The decrease in staff costs is mainly due to lower premiums (premium production and gratuities) and reduced overtime.

The changes of the Group's workforce by category are as follows:

Category	12/31/15	12/31/14
Executives	485	500
Supervisory staff	3,190	3,162
Workers	3,599	3,737
TOTAL	**7,274**	**7,399**

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

6.6 Depreciation, amortization & provisions

In million Ouguiyas	12/31/15	12/31/14
Depreciation of property, plant and equipment	(35,050)	(35,050)
Amortization of intangible assets	(288)	(288)
Allocation to provision for contingency and retirement	(2,032)	(2,032)
Other depreciation, provisions	(1,849)	(8,669)
TOTAL DEPRECIATION AND PROVISIONS	**(39,219)**	**(46,039)**

6.7 Taxes and Duties

In million Ouguiyas	12/31/15	12/31/14
Tax on benefit	(82)	(82)
Other taxes	(400)	(590)
TOTAL	**(482)**	**(672)**

6.8 Other operating expenses

Other operating expenses can be broken down as follows:

In million Ouguiyas	12/31/15	12/31/14
Expenses related to investment	(6,814)	(14,050)
Expenses related to operations	(3,914)	(5,061)
Others	(1,916)	(2,401)
TOTAL	**(12,644)**	**(21,512)**

Expenses related to investment mainly concern repair, maintenance and insurance and expenses for technical assistance.

Expenses related to activity mainly concern mission cost, fees, telephone, analysis of ore and bank charges.

Other expenses concerns gifts, grants, fines and penalties and slowdown of stock.

6.9 Financial income

Financial income can be broken down as follows:

In million Ouguiyas	12/31/15	12/31/14
Interest and related income	2,088	3,332
Income on financial instrument	2,153	562
Foreign exchange gain	13,253	15,272
Other financial income	74	384
TOTAL	**17,568**	**19,551**

Foreign exchange gains have decreased. These can be split as follows:

In million Ouguiyas	12/31/15	12/31/14
Unrealized exchange gains	630	1,892
Other exchange gains	12,623	13,380
TOTAL	**13,253**	**15,272**

6.10 Financial expenses

These financial expenses can be broken down as follows:

In million Ouguiyas	12/31/15	12/31/14
Interest and related charges	(3,804)	(2,851)
Foreign exchange losses	(26,799)	(15,128)
Charges on financial instruments	(5,058)	(3,585)
Other financial charges	(1,050)	(1,050)
TOTAL	**(36,710)**	**(22,613)**

These exchange losses can be broken down as follows:

In million Ouguiyas	12/31/15	12/31/14
Unrealized exchange losses	(14 985)	(8 400)
Other exchange losses	(11 814)	(6 728)
TOTAL	**(26,799)**	**(15,128)**

Higher losses of unrealized exchange correspond to the foreign exchange loss on the revaluation of financial debt denominated in US dollars following the rise in the dollar.

Other losses are related to foreign exchange losses on the revaluation of investments, cash accounts, customers and suppliers.

7 ADDITIONAL INFORMATION RELATED TO THE STATEMENT OF CASH FLOWS

7.1 Adjustment of Depreciation and provisions

In millions Ouguiyas	12/31/15	12/31/14
Depreciation of property, plant and equipment	32,447	35,050
Amortization of intangible assets	326	288
Amortization of financial assets	0	818
Allocation to provision (risks and charges + IDR)	5,040	6,631
Loss of tangible assets	820	2,265
TOTAL DEPRECIATION AND PROVISIONS	**38,633**	**45,052**

7.2 Change in working capital

In millions Ouguiyas	12/31/15	12/31/14
Decrease (Increase) in inventories	12,686	(8,244)
Decrease (Increase) in trade receivables	(2,327)	35,078
Decrease (Increase) in other receivables	(830)	(11,575)
Increase (Decrease) in trade payables	(4,896)	9,564
Increase (Decrease) in tax payables	(212)	(4,657)
Increase (Decrease) in other payables	16,528	602
CHANGE IN WORKING CAPITAL	**20,949**	**20,768**

7.3 Disbursements related to fixed asset acquisitions

In million Ouguiyas	12/31/15	12/31/14
Acquisition of tangible assets	(57,012)	(124,036)
Acquisition of intangible assets	(805)	(1,484)
Acquisition of net financial assets	(923)	(8,997)
TOTAL ACQUISITIONS	**(58,740)**	**(134,517)**

7.4 Reversal of depreciation and provisions

In millions Ouguiyas	12/31/15	12/31/14
Capitalized production	(10,385)	(24,680)
Reversal of depreciation and provision	(18,817)	(2,128)
TOTAL ACQUISITIONS	**(29,202)**	**(26,806)**

7.5 Foreign exchange gains/losses

In million Ouguiyas	12/31/15	12/31/14
Foreign exchange gains/losses on loans	14,348	6,514
Net deferred profits on financial instruments	10,672	815
TOTAL	**25,020**	**7,329**

7.6 Net cash

In millions Ouguiyas	12/31/15	12/31/14
Cash and cash equivalents	111,214	187,143
Cash	(1,962)	(2,545)
Net cash	**109,251**	**184,598**

8 OTHER COMMITMENTS AND LIABILITIES

Off balance sheet commitments are broken down as follows:

In million Ouguiyas	12/31/15	12/31/14
Commitments on contracts		
Documentary credits in progress	5,498	18,358
Guarantees received from contractors	4,589	7,555
Balances of undisbursed funds	1,058	1,088
	11,145	**27,000**

9 RELATED PARTY DISCLOSURES

Transactions with related parties are not significant.

They relate mostly to the sale (of materials and fuel) as well as on workshop services.

The following table summarizes the main intergroup services invoiced in 2015 in million Ouguiyas:

SUBSIDIARIES	ATTM	COMECA	SAMMA	SAMIA	SOMASERT	GMM	SAFA	GIP	TUM	MSMS	M2E	EMC	SNIM	TOTALS
ATTM		20	26	0	3	0	0	0	0	0	0	0	621	670
COMECA	20		0	0	0	0	0	0	0	0	0	0	625	646
SAMMA	9	6		0	0	0	10	0	0	0	0	0	276	301
SAMIA	0	0	0		0	0	0	0	0	0	0	0	0	0
SOMASERT	3	6	2	0		1	2	2	0	4	0	12	774	805
GMM	0	0	0	0	0		0	0	0	0	0	0	99	99
SAFA	12	14	0	0	0	3		0	0	0	0	0	742	772
GIP	0	0	0	0	0	0	0		0	0	0	0	177	177
TUM	0	0	0	0	0	0	0	0		0	0	0	0	0
MSMS	0	0	0	0	0	0	0	0		0	0	0	0	0
M2E	0	0	0	0	26	0	0	0	0			0	1,066	1,092
EMC	0	0	0	0	0	0	0	0	0				0	0
SNIM	369	0	81	10	46	91	84	0	0					681
TOTALS	415	46	108	10	76	95	96	2	-	4	-	12	4,380	5,243

Information relating to remuneration of subsidiaries directors is not disclosed for purposes of confidentiality.

10 EVENTS AFTER THE REPORTING PERIOD

Nomination of a new CEO.