FORACO INTERNATIONAL

2015 ANNUAL REPORT

WORLD LEADING MINERAL & WATER DRILLING SERVICE PROVIDER

INTEGRITY INNOVATION INVOLVEMENT

For over 50 years, Foraco International SA (TSX:FAR) has been providing mineral and water drilling services around the world. We continue to operate in 22 countries with best in class equipment and an innovative and versatile workforce who are dedicated in their field. It is Foraco's international drilling expertise that allows us to tailor drilling solutions to our customers' needs without compromising quality and service delivery.

Mining customers have come to depend on Foraco's diverse range of drilling services during challenging market conditions that demand efficiency across all levels of operations. Many of these productivity and quality enhancements have direct application in our hydro business, where we proudly drill for water in rural communities and in mining environments.

DIAMOND CORE

- Surface
- Underground
- Deep Directional Drilling
- Air Core

ROTARY

- Reverse Circulation
- Down-the-Hole Hammer
- Rotary Air Blast
- Large Diameter Bulk Sampling

Surface Core – North America

FAR activity by mine stage 2015

- Exploration
- Feasibility Stage
- Life of Mine Extension
- Water

Project Mobilization – Russia

VALUE BASED SERVICE DELIVERY

SAFETY AND CUSTOMER FIRST CULTURE

Foraco customers are loyal customers. They recognize the value that comes from peace of mind and a personal approach to doing business with Foraco. They know we don't compromise on safe work or service quality in-spite of challenging market conditions that impact all stakeholders – which has strengthened relationships even further.

More than ever, we collaborate between regions where we continue to deploy the best people and know-how in the business – wherever they are needed.

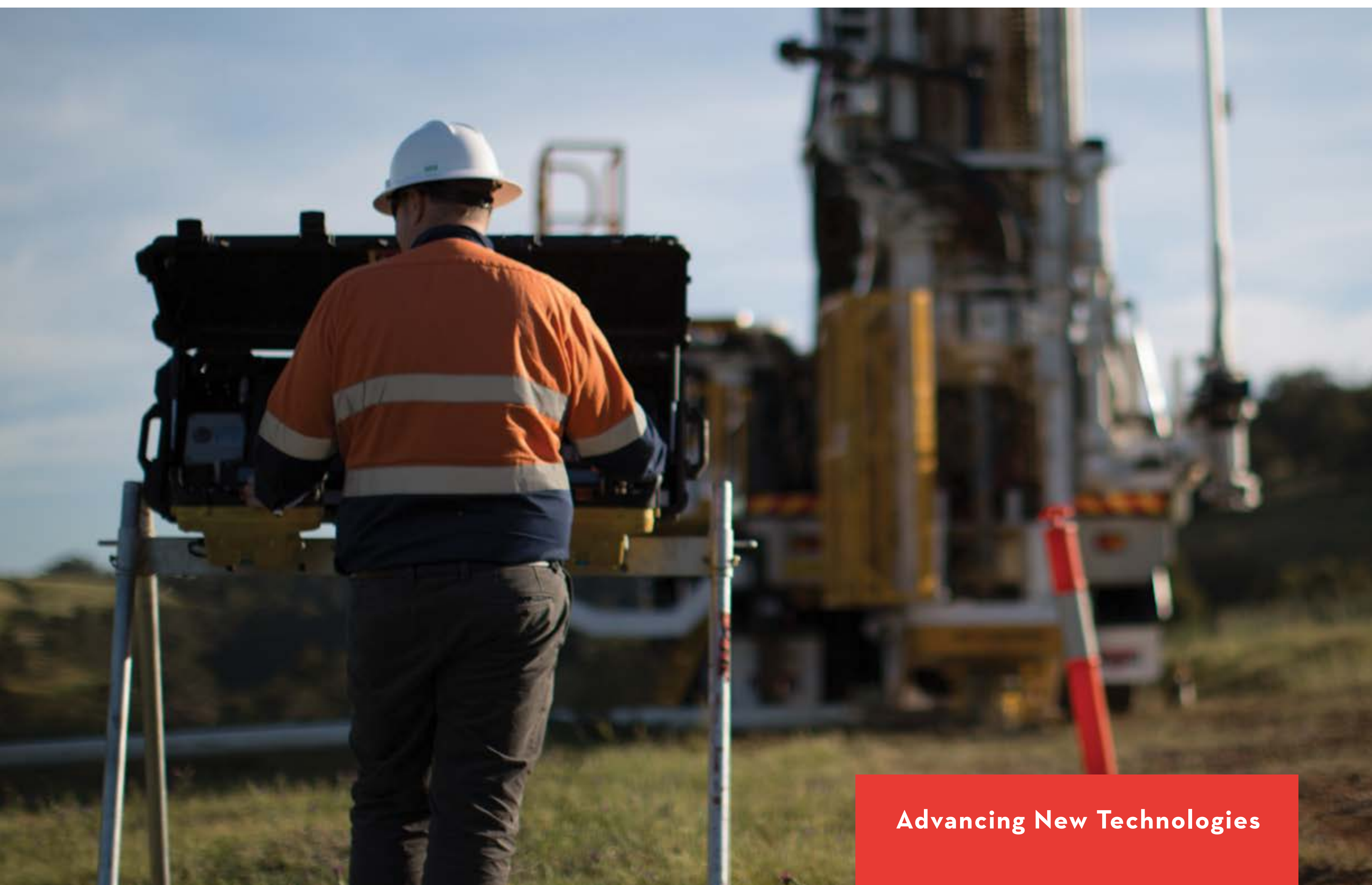
Safety & Customer First Culture

DRILLING IS OUR BUSINESS

PEOPLE AND TECHNOLOGY

Technical innovations and the best people in the business continue to set Foraco apart from the pack. In 2015, we successfully developed and deployed our first fully wireless remote controlled reverse circulation drill rig, allowing us to remove the crew from the drill and potential harm, without compromising drilling performance – True Innovation.

We also broke drilling records with the deepest cored hole in Australia, reaching over 3,000 m, providing our customer with invaluable information that was impossible to obtain any other way – Drilling is our Business.




Africa


Argentina


Australia


Brazil


Canada

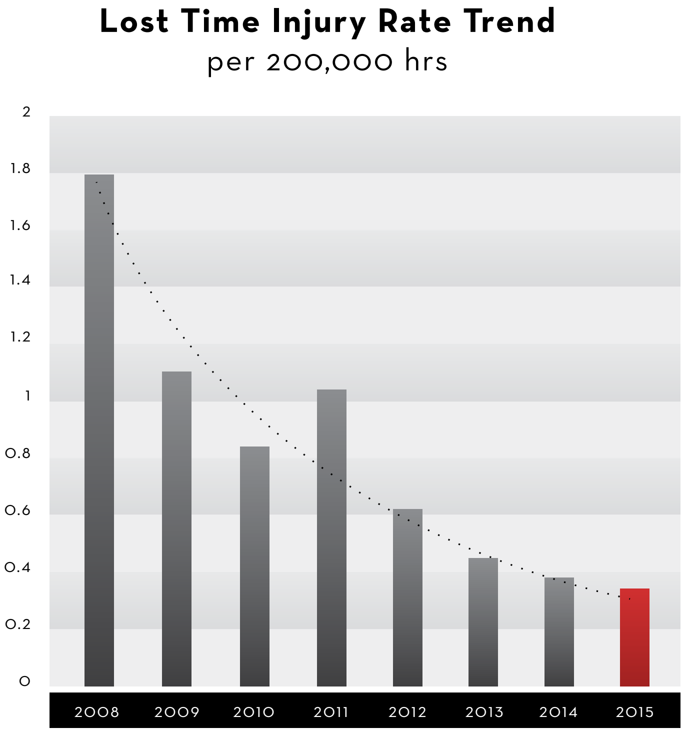

Chile

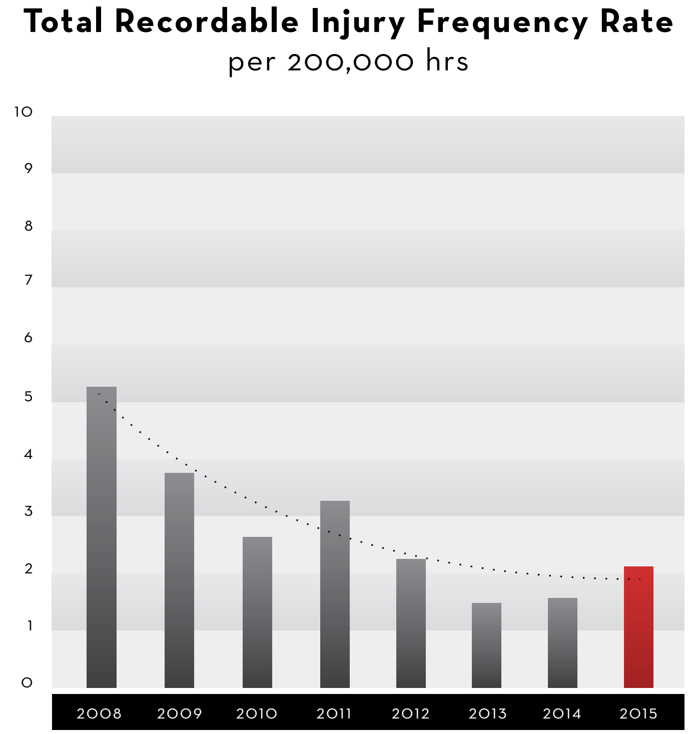

Europe


New Caledonia


Russia


USA





Safety Training - Brazil

Safety Training - Australia

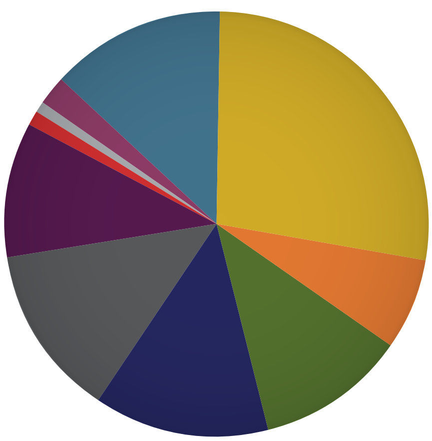
FINANCIAL HIGHLIGHTS

In US$ Million	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual
Revenue	301.1	367.5	247.8	185.5	137.7
EBITDA	73.3	83.1	37.8	14.4	18.1
EBITDA %	24.3%	22.6%	15.3%	7.8%	13.1%
Free Cash Flow	**32.1**	**2.5**	**2.2**	**4.9**	3.7
Number of Rigs	308	308	303	302	302
Employees	2,759	3,339	2,304	1,863	1,562

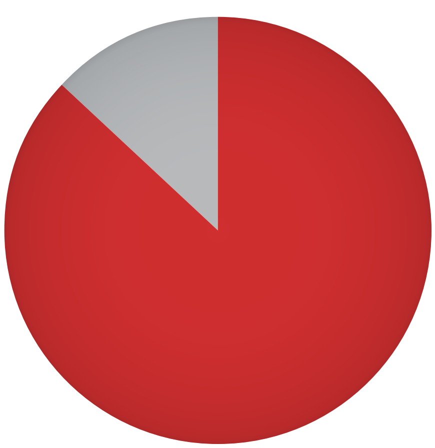
- **Positive Free Cashflow**
- **Market Conditions**
- **Debt Restructuring**

REGION, COMMODITY & CUSTOMER BASE

- 14% Africa
- 22% South America
- 22% North America
- 23% Asia Pacific
- 18% Europe



- 13% Water
- 27% Gold
- 7% Diamonds
- 11% Copper
- 12% Iron
- 12% Nickel
- 11% Coal
- 1% Oil & Gas
- 3% Phosphate
- 2% Other



- 87% Majors and Multinational Institutions
- 13% Juniors

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

2015 was the fourth year of continuous decline in global metal prices since their peak in 2011. This continues to negatively impact the mining sector and our Company.

In many respects, 2015 was a repeat of 2014 at least on a macro-economy scale. The same mechanisms that were in play in 2014 continued to subdue the market in 2015 resulting in commodity prices decreasing further for the very same reasons; continuous rise of the US dollar against all currencies, suspension of any increases in the Fed rate, slowing growth in China coupled with a lack of visibility on its economy, lower than expected world GDP growth, and the continuing negative sentiment of the market towards the commodity sector. Globally, the IMF metal prices index fell 29.3% over the year with a significant drop in the last quarter compared with a drop of 16.7% in 2014.

This additional contraction of commodity prices fueled a further reduction in activity, mining companies reduced exploration spending to the bare minimum. Additionally, negative market sentiment made it increasingly difficult for most exploration companies to raise funds. As a consequence, the demand for mineral drilling – our core business – continued to fall. In March 2016, the SNL Metals & Mining Group published their worldwide 2015 exploration budgets survey which reported a drop in exploration spending of 19% compared with 2014, better than a 26% drop a year before. SNL estimated that the mining industry's total budget for nonferrous metals exploration was US$9.2 billion in 2015, compared with the US$11.4 billion in 2014 and US$15.2 billion in 2013, far from the record US$21.5 billion spent in 2012.

Our 2015 revenue amounted to US$137.7 million compared to US$185.5 million in 2014, a decrease of 25%. Over 18% of decline was a result of unfavorable foreign exchange, while the decrease in fleet utilization accounted for 3%, and the combined effect of the downward pressure on pricing and the shift towards lower cost drilling methods accounted for 5%. At the same time, our headcount went from an average of 1,863 employees in 2014 to 1,562 in 2015 or a 16% reduction, largely compensating the reduction in activity in real term.

Revenue in South America was US$31.4 million in 2015 (US$54.1 million in 2014), a decrease of 42%, 23% before foreign exchange impact, mainly from the discontinuation of underperforming contracts in Chile, while Brazil grew its business in R$ by 8%. Brazil now contributes the majority of the revenue in the region where our market share continues to grow. We are satisfied with the final steps of the integration of Servitec Foraco into our Group. In Chile, we decided to downsize further and have refocused the Company on other market segments which should generate positive free cash in the coming quarters.

In EMEA, revenue decreased from US$47.0 million in 2014 to US$44.9 million in 2015, a 4% decline, and a growth of 23% before foreign exchange impact, due to the collapse of the Russian Ruble. Business conditions in West Africa remain challenging, especially in the Sahel region where the terrorism threat has steadily increased and where expatriate presence and movements are to be limited to the bare minimum. However, we managed to increase our water activity by 7% and drilled 1,100 water wells during the year, bringing fresh and clean water to more than 250,000 people, with pride.

In Asia Pacific, 2015 revenue amounted to US$31.7 compared to US$48.0 million in 2014, a decrease of 34% and 20% before foreign exchange impact. In Australia, fleet utilization decreased following the discontinuation of a large contract in the Pilbara where prices were further depressed due to unreasonable pricing from competitors. Our activity in New Caledonia remained stable compared to 2014 despite the impact of the falling nickel prices in Q4.

Revenue in North America decreased from US$36.4 million in 2014 to US$29.6 million in 2015, a 19% decline in US dollars (6% in Canadian dollars). Our activity was relatively strong in the Eastern Canada and for our Rotary business, while Western Canada, which is predominantly a junior market, contracted significantly. We managed to renew a long term deep drilling contract in Ontario, as well as several large diameter flood reverse projects for diamonds projects in the Arctic.

Gross Profit for 2015, including depreciation within cost of sales, increased 63% to US$11.6 million compared to US$7.1 million in 2014, mainly as a result of good performance on most of our projects, and a further reduction of our fixed costs by 25%. Our SG&A cost was reduced by 29% or US$7.4 million. In 2015, we manage to generate a positive free cash flow of US$3.7 million after CAPEX.

Capital expenditure for the year was strictly limited to operational needs for contracts in progress. We spent US$9.1 million in 2015 compared to US$10.1 million in 2014 and anticipate similar capital expenditure in 2016 for ongoing contracts. Seven second-hand rigs were acquired in connection with new contracts and to replace obsolete equipment which was retired from service. The total rig count remains unchanged at 302.

In October 2014, we entered into discussions with the French banks, which represented 83% of our consolidated debt, in order to better adapt the maturity of the debt to our future cash flow generation in this challenging environment. These negotiations concluded favourably in February 2015, and resulted in:

(i) a 24 month grace period on the long term loans which postponed US$30.1 million of installments by increasing the duration of the debts;

(ii) securing short-term lines and guarantees until Q4 2016;

(iii) a new covenant ratio at year end 2015.

As a cash preservation measure, the Company committed not to pay dividends before October 31, 2016. At year-end 2015, the Company complied with this new covenant ratio. We are pleased to report to our Shareholders that we protected their long term interest as no dilutive instruments or equivalents were issued.

The closing of the debt renegotiation is the second step of the plan implemented since the downturn in the market in 2013. It comes alongside ongoing cost cutting efforts that reduced our fixed costs by US$38 million per year compared to previous years.

Bidding activity for 2016 has been weak with further reductions in scope of work. This reflects the ongoing uncertainty and the vulnerability of approved drilling budgets being experienced by many of our clients. However, some customers are sending signals of a soft resumption of drilling operations in the new year.

The current metal price crisis has not helped the supply/demand balance, nor has the Chinese economy shown any signs of significant improvement or stabilization. These two factors caused a further drop in metals prices in late 2015. The financial markets have continuously dumped most of mining and mining related stocks throughout the year, and we closed the year at C$0.285, up 3.5 cent or 14% YoY.

Going forward, we anticipate another difficult year as metal prices showed continued weakness in Q4 with the notable exception of gold. However, we are hopeful that the global demand for our services will eventually stabilize, as will the devaluation trend of competing currencies. If this happens, it will probably mean that the worst part of this cycle is over.

In conclusion, we continue to work hard to ready Foraco for the challenges ahead and, together with all of our employees, we remain committed to our strategy that will ensure we emerge from this difficult period as one of the most profitable leaders in the mineral and water drilling space.

On behalf of our dedicated employees, senior management, Foraco's Board of Directors, and ourselves, we thank you for your continued support.

Sincerely,

Daniel Simoncini and Jean-Pierre Charmensat

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") relates to the results of operations, liquidity and capital resources of Foraco International S.A. ("Foraco" or the "Company"). This report has been prepared by Management and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015, including the notes thereto. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Following the decision taken by the Accounting Standards Board, IFRS became the accounting standards for all issuers in Canada on January 1, 2011. The Company adopted IFRS and made an explicit and unreserved statement that its consolidated financial statements comply with IFRS in 2004.

Except when otherwise stated, all amounts presented in this MD&A are denominated in US Dollars ("US$"). The discussion and analysis within this MD&A are as of March 30, 2016.

Caution concerning forward-looking statements

This document may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information include estimates, forecasts, information and statements as to Management's expectations with respect to, among other things, the future financial or operating performance of the Company and capital and operating expenditures. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated March 30, 2016, which is filed with Canadian regulators on SEDAR (www.sedar.com). The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise. All written and oral forward-looking statements and information attributable to Foraco or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.

This MD&A is presented in the following sections:

- Business Overview
- Consolidated Financial Highlights
- Results of Operations
- Seasonality
- Effect of Exchange Rates
- Liquidity and Capital Resources
- Related-Party Transactions
- Capital Stock
- Critical Accounting Estimates
- Non-IFRS Measures
- Litigation and Claims
- Subsequent Events
- Disclosure Controls and Procedures and Internal Control over Financial Reporting
- Outlook
- Risk Factors

BUSINESS OVERVIEW

Headquartered in Marseille, France, Foraco is a worldwide drilling service provider with presence in 22 countries and 5 continents. On December 31, 2015, the Company had 1,497 employees and operated 302 drill rigs worldwide, providing a diverse range of drilling services to its customer base. The Company has developed and acquired significant expertise in destructive and non-destructive drilling, as well as proprietary drill rig design capabilities. These capabilities allow Foraco to tailor solutions to meet the specific conditions and drilling requirements of certain customers, such as mining companies, governmental organizations and international development funds. Through its global operations, the Company services a range of industries focusing on mining and water.

Foraco specializes in drilling in harsh environments and isolated locations including arctic, desert and mountainous regions, generally under conditions where operations are challenged by logistical matters and geographic barriers. The Company's engineers and technicians have developed special drilling methods which respond to the requirements of certain areas in which geology prevents the use of standard techniques and equipment. The Company has specialized equipment for, among other uses, helicopter based drilling campaigns, combination rigs able to perform multi-drilling technique contracts, desert suited rigs, and large diameter core sampling systems.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial Highlights

(In thousands of US$) *(audited)*	**Year ended December 31, 2015**	**2014**
Revenue	**137,684**	**185,525**
Gross profit (1)	**11,601**	**7,093**
As a percentage of sales	*8.4%*	*3.8%*
EBITDA	**18,067**	**14,408**
As a percentage of sales	*13.1%*	*7.8%*
Operating profit / (loss)	**(6,675)**	**(17,516)**
As a percentage of sales	*-4.8%*	*-9.4%*
Profit / (loss) for the period	**(9,916)**	**(19,412)**
Attributable to:		
Equity holders of the Company	(9,686)	(16,155)
Non-controlling interests	(230)	(3,257)
EPS (in US cents)		
Basic	(10.76)	(18.28)
Diluted	(10.76)	(18.28)

(1) includes amortization and depreciation expenses related to operations

YEAR ENDED DECEMBER 31, 2015 – FY 2015

Revenue

- FY 2015 revenue amounted to US$ 137.7 million compared to US$ 185.5 million for the same period last year, a decrease of 26% or 7% excluding the impact of exchange rates.

Profitability

- FY 2015 gross margin including depreciation within cost of sales was US$ 11.6 million compared to US$ 7.1 million in FY 2014. The Company encountered some operational difficulties on certain contracts in Q1 but subsequently the majority of contracts delivered their expected gross margin. The Company also benefited from the continuous effect of the cost cutting plans.
- SG&A costs reduced from US$ 25.1 million in FY 2014 to US$ 17.8 million in FY 2015, a decrease of US$ 7.4 million (or 29%).

Cash Flow and Net Debt

- Capital expenditures were US$ 9.1 million in FY 2015 compared to US$ 10.1 million in FY 2014.
- Free cash flow was US$ 3.7 million in FY 2015 compared to US$ 4.9 million in FY 2014.
- The net debt reduced from US$ 96.7 million as at December 31, 2014 to US$ 89.3 million as at December 31, 2015.
- The Company complied with its financial covenants as at December 31, 2015.

RESULTS OF OPERATIONS

Comparison of the year ended December 31, 2015 and December 31, 2014

Revenue

The following table provides a breakdown of the Company's revenue for FY 2015 and FY 2014 by reporting segment and geographic region:

(In thousands of US$) *(audited)*	**FY 2015**	**% change**	**FY 2014**
Reporting segment			
Mining	119,358	-27%	163,660
Water	18,326	-16%	21,865
Total revenue	***137,684***	***-26%***	***185,525***
Geographic region			
Europe, Middle East and Africa	44,943	-4%	46,989
South America	31,376	-42%	54,074
North America	29,619	-19%	36,440
Asia Pacific	31,746	-34%	48,022
Total revenue	***137,684***	***-26%***	***185,525***

FY 2015 revenue amounted to US$ 137.7 million compared to US$ 185.5 million in FY 2014, a decrease of 26% or 7% excluding the impact of exchange rates.

In EMEA, revenue decreased from US$ 47.0 million in FY 2014 to US$ 44.9 million in FY 2015. Excluding the foreign exchange impact mainly linked to the Russian Ruble variance, revenue increased by 23% compared to last year.

Revenue in South America amounted to US$ 31.4 million in FY 2015 (US$ 54.1 million in FY 2014), a decrease of 42%. The activity in Chile reduced by 72% compared to FY 2014 due to contracts being halted and adverse climate conditions. This was partially offset by 8% increased activity in Brazil (excluding the impact of exchange rates) compared to last year and an increased activity in Argentina by US$ 1.4 million.

Revenue in North America decreased by 19%. Excluding the foreign exchange impact mainly linked to the Canadian Dollar variance, revenue decreased by 6% compared to last year.

In Asia Pacific, FY 2015 revenue amounted to US$ 31.7 million, a decrease of 34% or 20% excluding the impact of exchange rates, mainly due to pressure on selling prices, a lower utilization rate, and the early termination of a contract.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for FY 2015 and FY 2014:

(In thousands of US$) *(audited)*	**FY 2015**	**% change**	**FY 2014**
Reporting segment			
Mining	10,792	113%	5,059
Water	809	-60%	2,034
Total gross profit / (loss)	***11,601***	***64%***	***7,093***

FY 2015 gross margin including depreciation within cost of sales was US$ 11.6 million compared to US$ 7.1 million in FY 2014. The Company encountered some operational difficulties on certain contracts in Q1, but subsequently the majority of contracts delivered their expected gross margin. The Company also benefited from the continuous effect of the cost cutting plans.

Selling, General and Administrative Expenses

The following table provides an analysis of the selling, general and administrative expenses (SG&A):

(In thousands of US$) *(audited)*	**FY 2015**	**% change**	**FY 2014**
Selling, general and administrative expenses	17,754	-29%	25,148

SG&A costs reduced by US$ 7.4 million (or 29%) between FY 2014 and FY 2015. Excluding the impact of exchange rates amounting to US$ 3.2 million, SG&A reduced by US$ 3.7 million as a result of the cost cutting action plans and US$ 0.5 million related to the payment of a receivable made during the period and provided for in Q4 2014.

Operating Result

The following table provides a breakdown of the Company's operating result for FY 2015 and FY 2014 by reporting segment:

(In thousands of US$) *(audited)*	**FY 2015**	**% change**	**FY 2014**
Reporting segment			
Mining	(5,036)	-70%	(16,635)
Water	(1,639)	86%	(881)
Total operating profit / (loss)	***(6,675)***	***-62%***	***(17,516)***

The operating loss decreased by US$ 10.8 million as a result of the developments mentioned previously.

Finance Costs

Net financial expenses amounted to US$ 4.0 million in 2015, compared to US$ 4.7 million for FY 2014.

Income Tax

For the year ended December 31, 2015, the income tax rate was 7% compared to 13% last year. Certain deferred tax assets have not been recognized during the year given the Company's policy of recognizing deferred tax assets only when they can be used against taxable profit within a reasonable timeframe (generally five years) and in countries in which the Company operates.

SEASONALITY

The worldwide presence of the Company reduces its overall exposure to seasonality and its subsequent influence on business activity. In West Africa, most of the Company's operations are suspended between July and October due to the rainy season. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mining sites continue throughout the year. Russia is also affected by the winter period during which operations are suspended. In Asia Pacific and in South America, where the Company operates exclusively in the Mining segment, a seasonal slowdown in activity occurs around year-end during the vacation period. Certain contracts are also affected in Chile in July and August when the winter season peaks.

EFFECT OF EXCHANGE RATES

The Company operates in a very large number of countries with functional currencies (Euros, Canadian Dollars, Australian Dollars, Chilean Pesos, Brazilian Reals and Russian Rubles) different than the US Dollar, the presentation currency of the Group. The significant variation of the US Dollar over the last quarters has had a substantial impact on the Company's financial statements. The impact of exchange rates on each significant line item of the income statement is reported above.

However, the Company mitigates its net exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The exchange rates against the US$ for the periods under review are as follows:

	Closing Q4 2015	**Closing Q4 2014**	**Average FY 2015**	**Average FY 2014**
€	0.92	0.82	0.90	0.75
CAD	1.39	1.16	1.28	1.10
AUD	1.37	1.23	1.33	1.11
CLP	708	606	654	571
BRL	3.90	2.68	3.33	2.36
RUB	73.16	56.45	61.20	38.55

LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summary of the Company's cash flows for FY 2015 and FY 2014:

(In thousands of US$)	**FY 2015**	**FY 2014**
Cash generated by / (used in) operations before working capital requirements	17,982	15,047
Working capital requirements	322	5,910
Interest and tax	(5,535)	(5,932)
Net cash flow from operating activities	**12,769**	**15,025**
Purchase of equipment in cash	**(9,097)**	**(10,121)**
Free cash flow	**3,672**	**4,904**
Consideration payable related to acquisitions	(1,111)	(500)
Debt variance	(5,786)	(16,008)
Dividends paid	—	(1,086)
Acquisition of treasury shares	(12)	—
Net cash used in financing activities	**(6,909)**	**(17,594)**
Net cash variation	**(3,237)**	**(12,690)**
Foreign exchange differences	(3,417)	(1,611)
Variation in cash and cash equivalents	**(6,654)**	**(14,301)**

In FY 2015, the net cash flow generated from operating activities amounted to US$ 12.8 million compared to US$ 15.0 million during FY 2014.

Free cash flow was US$ 3.7 million in FY 2015 compared to US$ 4.9 million in FY 2014.

During the year, Capex amounted to US$ 9.1 million in cash and US$ 0.4 million through capital leases, compared to US$ 10.1 million in cash and US$ 0.5 million through capital leases in FY 2014. Seven second-hand rigs were acquired in connection with new contracts and to replace obsolete equipment which was retired from service. The total rig count remains unchanged at 302.

As at December 31, 2015, cash and cash equivalents totaled US$ 16.6 million compared to US$ 23.2 million as at December 31, 2014. Cash and cash equivalents are held at or invested within top tier financial institutions.

As at December 31, 2015, net debt amounted to US$ 89.3 million (US$ 96.7 million as at December 31, 2014). The ratio of debt (net of cash) to shareholders' equity increased from 0.67 as at December 31, 2014 to 0.90 as at December 31, 2015. The equity is mainly denominated in Euros and therefore has been significantly affected by exchange rate fluctuations.

On February 12, 2015, an agreement was reached with French lenders, principally focusing on the period until the fourth quarter of 2016, and primarily consisting of securing the roll-over of short-term credit facilities, securing bank guarantees lines. The main benefit was the postponement of € 24.8 million of installments due in connection with long term debts by 24 months through increasing the duration of these debts.

As part of this agreement, a covenant related to acquisition loans at December 31, 2015 was agreed, the margins on short term loans will increase by 20 bps and an excess cash flow clause was included. Additionally, the Company committed not to pay dividends before October 31, 2016.

As at December 31, 2015, the financial covenants were met.

On December 31, 2015, financial debts and equivalents amounted to US$ 105.8 million (US$ 119.9 million as at December 31, 2014):

Maturity	Credit lines	January 1, 2016 and December 31, 2016	January 1, 2017 and December 31, 2017	January 1, 2018 and December 31, 2018	January 1, 2019 and December 31, 2019	January 1, 2020 December 31, 2020	Total
Drawn credit lines rolled over on a yearly basis	49,239	—	—	—	—	—	49,239
Long term financing related to:							
Drawn credit lines rolled over confirmed for at least 12 months		—	—	—	—	—	—
Brazil acquisition		—	3,496	3,496	3,496	—	10,488
Australia acquisition		5,463	5,463	5,463	5,463	—	21,850
Acquisition of fixed assets		4,683	7,848	5,480	4,185	1,448	23,644
Acquisition of fixed assets through capital leases		278	228	95	8	—	609
Total	**49,239**	**10,424**	**17,034**	**14,533**	**13,151**	**1,448**	**105,830 (*)**

(*) The non-current portion of long term debt, i.e., from January 1, 2017 onwards, is US$46,167 thousand

As at December 31, 2015, drawn credit lines can be analyzed as follows:

Credit lines	Authorized amount *(in thousand USD)*	Used amount	Currency	Interest Rate	Guarantee	Covenants	Other
France	37,309	36,550	€	EUR 3M + 100 to 220 bps	*(1)*	Net debt / EBITDA	Confirmed until October 31, 2016
Chile	12,484	10,683	CLP	UF + 300 bps	*(2)*	No	SBLC confirmed until October 31, 2016
Canada	5,771	390	CAD	Prime + 225 bps	Partially covered by current Canadian assets	% of current assets	roll over one year
Brazil	1,539	636	BRL	CDI + 600 bps	No	No	roll over one year
Australia	998	981	AUD	Bank Prime + 60 bps	No	No	roll over one year
Others	375	—					
Total	**58,476**	**49,239**					

(1) *Pledge on Foraco SAS (France) and Foraco Canada shares*
(2) *US$ 11 million Stand-By Letter of Credit (SBLC) from French banks guaranteed by Geode (France) shares*

The Company currently has used and unused short-term credit facilities amounting to US$ 58.5 million, of which US$ 49.2 million was drawn down as of December 31, 2015.

Other facilities are granted individually by various banks, mainly in Chile, Brazil, Australia, and Canada. They are generally granted on a yearly basis and are subject to review at certain dates.

Long term bank financing can be broken down as follows:

Long Term Debt	Amounts *(in thousand USD)*	Currency	Interest Rates	Guarantee	Covenants
Acquisition Brazil	**10,488**	€	EUR 3M + 235 bps	Servitec Shares	Net Debt / EBITDA
Acquisition Australia	**21,850**	€	EUR 3M + 235 bps	JND Shares	Net Debt / EBITDA
Long term loans	**23,644**				
France	13,707	€	2.1 to 3.35 % Fixed	No	Net Debt / EBITDA
Canada	7,073	CAD	From 3 to 4% Fixed	General Security	Net Debt / EBITDA
Chile	2,673	USD	Libor + 280 bps	*(1)*	No
Brazil	191	BRL	From 8 to 20% Fixed	Financed Assets	No
Capital lease obligations	**609**				
Russia	3	USD	From 4 to 6% Fixed	Financed Assets	No
Brazil	419	BRL	From 15 to 22% Fixed	Financed Assets	No
Australia	186	AUD	From 6 to 10%	Financed Assets	No
Total	**56,591**				

(1) SBLC from French Bank guaranteed by a pledge on Geode (France) shares

Bank guarantees as at December 31, 2015, totaled US$ 22.9 million compared to US$ 30.4 million as at December 31, 2014.

Going Concern and Impairment Testing

Current economic conditions make forecasting difficult, and there is the possibility that the Company's actual operating performance during the coming year may be different from expectations. Based on internal forecasts and projections that take into account reasonably possible changes in the Company's operating performance, the Company believes that it has adequate financial resources to continue in operation and meet its financial commitments for a period of at least twelve months provided it continues to benefit from the support of its lenders. As at December 31, 2015, the Company complied with its financial covenants.

Cash Transfer Restrictions

Foraco operates in a number of different countries where cash transfer restrictions may exist. The Company organizes its business so as to ensure that the majority of payments are collected in countries where there are no such restrictions. No excess cash is held in countries where cash transfer restrictions exist.

RELATED-PARTY TRANSACTIONS

For details on related-party transactions, please refer to Note 28 of the FY 2015 consolidated financial statements.

CAPITAL STOCK

As at December 31, 2015, the capital stock of the Company amounted to US$ 1,772 thousand, divided into 89,951,798 common shares. The common shares of the Company are distributed as follows:

	Number of shares	%
Common shares held directly or indirectly by principal shareholders	37,594,498	41.79%
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors*	1,161,754	1.29%
Common shares held by the Company**	502,879	0.56%
Common shares held by the public	50,692,667	56.36%
Total common shares issued and outstanding	**89,951,798**	
Common shares held by the Company	(502,879)	
Total common shares issued and outstanding excluding shares held by the Company	**89,448,919**	

** In the table above, the shares owned indirectly are presented as an amount corresponding to the pro rata of the ownership interest.*

*** 502,879 common shares are held by the Company to meet the Company's obligations under the employee free share plan and for the purposes of potential acquisitions.*

CRITICAL ACCOUNTING ESTIMATES

The audited condensed consolidated financial statements have been prepared in accordance with IFRS. The Company's significant accounting policies are described in Note 2 to the annual consolidated financial statements. As required by IAS 1, the depreciation of property, plant and equipment related to operations is included within cost of sales.

NON-IFRS MEASURES

EBITDA represents Net Income before interest expense, income taxes, depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. The Company believes that the presentation of EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the drilling industry. EBITDA is not defined in IFRS and should not be considered to be an alternative to Profit for the period or Operating profit or any other financial metric required by such accounting principles.

Net debt corresponds to the current and non-current portions of borrowings and the consideration payable related to acquisitions, net of cash and cash equivalents.

Reconciliations of the various non IFRS measures are as follows:

EBITDA

(In thousands of US$) *(audited)*	**FY 2015**	**FY 2014**
Operating profit / (loss)	(6,676)	(17,516)
Depreciation expense	24,158	30,810
Non-cash employee share-based compensation	585	1,114
EBITDA	***18,067***	***14,408***

Net Debt:

(In thousands of US$) *(audited)*	**FY 2015**	**FY 2014**
Cash and cash equivalents	16,571	23,225
Borrowings - Non-current portion	(46,167)	(109,312)
Borrowings - Current portion	(59,663)	(10,053)
Consideration payable related to acquisitions	—	(528)
Total Net Debt	**(89,259)**	**(96,667)**

LITIGATION AND CLAIMS

In 2013, JND's former shareholders filed a claim against the Company as their assessment of the earn-out clause differed from that of the Company. Based on their assessment, the former shareholders of JND are claiming an amount of AU$ 4 million (US$ 2.9 million). A defense was filed with the Supreme Court of South Australia on April 22, 2014. The outcome of this claim is not expected before end of 2016. The Company is confident in its position that no earn-out is due, and accordingly, no provision has been recorded.

In 2014, a certain number of claims were filed by former employees of the Brazilian subsidiary. An amount of US$ 2,431 thousand was provided for at 2014 year-end on the basis of an external legal confirmation. During the year, agreements were reached for an amount of US$ 723 thousand which have been either reclassified to payables or paid. The corresponding unused provision for the year ended December 31, 2015 amounting to US$ 111 thousand has been released to net income. Furthermore, new claims have been filed and certain existing claims have been revised, resulting in an additional provision amounting to US$ 801 thousand for the year ended December 31, 2015 (US$ 87 thousand for Q4 2015).

SUBSEQUENT EVENTS

There are no post balance sheet events to be reported.

OUTLOOK

The Company's business strategy is to actively prepare for the next growth phase of the metallic commodities cycle in the best possible conditions through the development and optimization of its services offered across its range of geographical regions, industry sectors, commodities and customers. The Company expects it will execute on its strategy primarily through organic growth in the near future.

As at December 31, 2015, the Company's order backlog for continuing operations was US$ 106.3 million of which US$ 71.5 million is expected to be executed during the FY 2016. The Company's order backlog consists of sales orders. Sales orders are subject to modification by mutual consent and in certain instances orders may be revised by customers. As a result, the order backlog of any particular date may not be indicative of actual operating results for any subsequent period.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Pursuant to NI 52-109, the directors of the Company are required to certify annually as to the design and operations of their (i) disclosure controls and (ii) internal controls over financial reporting.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis so that appropriate decisions can be made regarding public disclosure. It covers the preparation of Management's Discussion and Analysis and the Annual Consolidated Financial Statements. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS).

The section below is the result of an analysis carried out in conjunction with the management, the Audit Committee and the various employees involved in the control activity within the Company.

Internal Control Framework

Internal control is a process implemented by management with the objective of ensuring (i) the effectiveness and efficiency of the Company's operations, (ii) the reliability of financial reporting and disclosures, and (iii) compliance with applicable laws and regulations, including those promoted by the Toronto Stock Exchange (TSX).

The organization of the internal control environment of the Company is based upon the *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The inherent limitation in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

Responsibilities over Internal Control

The Company's Board of Directors is the primary sponsor of the internal control environment. The Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee are the specific bodies acting in the field of internal control and reporting to the Board of Directors. These committees comprise a majority of independent members.

Audit Committee

The Audit Committee meets at least every quarter before the Board of Directors meeting authorizing for issuance the quarterly and annual consolidated financial statements. The main responsibilities of the Audit Committee are the examination of the quarterly and annual financial statements including related disclosures, the internal control environment and the oversight of the work performed by the external auditors. The question of internal control over financial reporting is a core subject discussed by the Audit Committee. During 2015 financial year, the Audit Committee met five times.

Compensation Committee

The principal responsibilities of the Compensation Committee are the examination of the Company's remuneration policy, in particular, changes in the global payroll, and the review of the collective and individual objectives. The Compensation Committee meets at least once a year. During 2015 financial year, the Compensation Committee met twice.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee meets at least every quarter before the Board of Directors. It reports to the Board of Directors and is in charge of the supervision of the governance of the Company and its relationship with senior management. The Corporate Governance and Nominating Committee met four times during the 2015 financial year.

Internal Control Organization within the Company

The Company operates in various different countries worldwide and has organized its internal reporting process into a monthly centralized system which allows the flows of relevant operating and financial data upstream to management. The subsidiaries report under standardized forms which are prepared in accordance with IFRS. These forms include financial information such as detailed income statement data, cash flow and working capital data, capital expenditures, and other relevant operational data. This reporting, combined with a comprehensive budgeting process and systematic reforecasting, reflects the latest operating conditions and market trends and allows management to perform thorough variance analysis. Management considers that this monthly reporting process provides a reasonable assurance over the monitoring of its operating and financial activities and an effective tool for the operating decision makers.

The financial controlling function is organized by region, internal control being a significant part of the regional controllers' duties. Timely on site reviews are performed by operating and financial representatives from corporate. Considering this organization, there is no dedicated internal control department.

In 2015, the Company continued to strengthen the internal control processes in all locations and enforced the implementation of Group procedures. Specific attention was paid to processes such as the follow-up of contract margins at completion, inventory, and treasury.

Approach Implemented by the Company

The Company implements an approach consisting of (i) evaluating the design of its control environment over financial reporting and (ii) documenting the related control activities and key controls in a risk control matrix. This approach is implemented at every significant location of the Company. Management also focuses on the integration of newly acquired businesses over which the Company's two step approach on internal control is implemented within a reasonable time period.

The Company views its internal control procedure as a process of continuous improvement and will make changes aimed at enhancing the effectiveness of its internal control and to ensure that processes evolve with the business.

There were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In 2015, the Company updated its risk assessment which consisted of evaluating the likelihood and the magnitude of the risks to which it is exposed. The conclusions were used to reassess the adequacy of the Company's risk control matrix. The assessment did not reveal any significant deficiencies in the design of the Company's controls.

The Company has evaluated the effectiveness of the internal control procedures over financial reporting as at December 31, 2015 and has concluded that, subject to its inherent limitations, these were effective at a reasonable assurance level. The Company has evaluated the effectiveness of the Company's disclosure controls and concluded that, subject to its inherent limitations, the disclosure controls were effective for the year ended December 31, 2015.

RISK FACTORS

For a comprehensive discussion of the important factors that could impact the Company's operating results, please refer to the Company's Annual Information Form dated March 30, 2016, under the heading "Risk Factors", which has been filed with Canadian regulators on SEDAR (www.sedar.com).

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Foraco International SA

Report on the Consolidated Financial Statements

INTRODUCTION

We have audited the accompanying consolidated financial statements of Foraco International SA and its subsidiaries which comprise the consolidated balance sheet as at December 31, 2015 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation 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 the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 our 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, we consider internal control relevant to the company'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 company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of Foraco International SA and its subsidiaries at December 31, 2015, as well as the consolidated results of their operations and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers Audit

Marseille, France
March 30, 2016

PricewaterhouseCoopers is represented by PricewaterhouseCoopers Audit, 63 rue de Villiers — 92200 Neuilly-sur-Seine, France.

PricewaterhouseCoopers Audit, SA, Les Docks, Atrium 10.1, 10 place de la Joliette, CS 81525, 13567 Marseille Cedex 02
Téléphone: +33 (0)4 91 99 30 00, Fax: +33 (0)4 91 99 30 01, www.pwc.fr

TABLE OF CONTENTS

CONSOLIDATED BALANCE SHEET — ASSETS

In thousands of US$	Note	2015	2014	2013
ASSETS				
Non-current assets				
Property and equipment	(6)	54,075	75,647	107,098
Goodwill	(7)	77,239	100,612	116,612
Deferred income tax assets	(16)	25,854	26,870	28,286
Other non-current assets	(8)	1,038	927	1,059
		158,206	**204,056**	**253,055**
Current assets				
Inventories, net	(9)	28,295	35,683	43,172
Trade receivables, net	(10)	19,279	24,182	30,464
Other current receivables	(11)	11,532	11,324	12,853
Cash and cash equivalents	(12)	16,571	23,225	37,526
		76,677	**94,414**	**124,015**
Total assets		**233,883**	**298,470**	**377,070**

CONSOLIDATED BALANCE SHEET — EQUITY & LIABILITIES

In thousands of US$	Note	2015	2014	2013
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	(13)	1,772	1,772	1,772
Share premium and retained earnings	(13)	189,505	198,931	211,377
Other reserves	(13)	(97,879)	(65,861)	(45,169)
		93,398	**134,842**	**167,980**
Non-controlling interests		5,717	9,220	9,175
Total equity		**99,115**	**144,062**	**177,155**
LIABILITIES				
Non-current liabilities				
Borrowings – Non-current portion of long term debt	(14)	46,167	60,860	64,556
Borrowings – Non-current portion of drawn credit lines	(14)	—	48,452	4,000
Consideration payable related to acquisitions	(15)	—	—	16,170
Deferred income tax liabilities	(16)	3,026	3,598	5,264
Provisions for other liabilities and charges	(17)	361	401	457
		49,554	**113,311**	**90,447**
Current liabilities				
Trade and other payables	(19)	22,782	26,152	31,732
Current income tax liabilities		94	744	1,635
Borrowings – Current portion of long term debt	(14)	10,424	4,960	25,329
Borrowings – Current portion of drawn credit lines	(14)	49,239	5,093	48,865
Consideration payable related to acquisitions	(15)	—	528	500
Provisions for other liabilities and charges	(17)	2,675	3,620	1,407
Total current liabilities		**134,768**	**41,097**	**109,468**
Total equity and liabilities		**233,883**	**298,470**	**377,070**

CONSOLIDATED INCOME STATEMENT — BY FUNCTION OF EXPENSE

In thousands of US$	Note	2015	2014	2013
Revenue	(5)	137,684	185,525	247,757
Cost of sales	(20)	(126,083)	(178,432)	(245,752)
Gross Profit		**11,601**	**7,093**	**2,005**
Selling, general and administrative expenses	(20)	(17,754)	(25,148)	(31,240)
Other operating income / (expense), net	(21)	(522)	539	27,020
Operating profit / (loss)		**(6,675)**	**(17,516)**	**(2,215)**
Finance income	(23)	1,911	1,137	399
Finance expense	(23)	(5,890)	(5,870)	(4,953)
Profit / (loss) before income tax		**(10,654)**	**(22,249)**	**(6,769)**
Income tax profit / (expense)	(24)	738	2,837	7,257
Profit / (loss) for the year		**(9,916)**	**(19,412)**	**488**
Attributable to:				
Equity holders of the Company	(25)	(9,686)	(16,155)	(1,508)
Non-controlling interests		(230)	(3,257)	1,996
		(9,916)	**(19,412)**	**488**
Earnings per share for profit / (loss) attributable to the equity holders of the Company during the year (expressed in US cents per share)				
—basic	(25)	(10.76)	(18.28)	(1.71)
—diluted	(25)	(10.76)	(18.28)	(1.71)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of US$	Attributable to Equity Holders of the Company					
	Share Capital	Share Premium and Retained Earnings	Other Reserves (see Note 13)	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2013	**1,629**	**219,682**	**(7,820)**	**213,491**	**8,415**	**221,906**
Profit / (loss) for the year	—	(1,508)	—	(1,508)	1,996	488
Non-controlling interests recorded as a liability	—	(968)	—	(968)	968	—
Other comprehensive income for the year	—	—	(38,698)	(38,698)	(704)	(39,402)
Employee share-based compensation (Note 22)	—	—	1,703	1,703	—	1,703
Purchase of treasury shares (Note 13)	—	(1,556)	—	(1,556)	—	(1,556)
Conversion of warrants	143	(143)	—	—	—	—
Dividends declared relating to 2012	—	(4,483)	—	(4,483)	(1,500)	(5,983)
Vesting of share-based compensation (Note 13)	—	354	(354)	—	—	—
Balance at December 31, 2013	**1,772**	**211,377**	**(45,169)**	**167,980**	**9,175**	**177,155**
Balance at January 1, 2014	**1,772**	**211,377**	**(45,169)**	**167,980**	**9,175**	**177,155**
Profit / (loss) for the year	—	(16,155)	—	(16,155)	(3,257)	(19,412)
Non-controlling interests recorded as a liability	—	(795)	—	(795)	795	—
Waiver of a put and call option related to Servitec	—	4,311	—	4,311	8,429	12,740
Other comprehensive income for the year	—	—	(21,613)	(21,613)	(4,836)	(26,449)
Employee share-based compensation (Note 22)	—	—	1,114	1,114	—	1,114
Dividends declared relating to 2013	—	—	—	—	(1,086)	(1,086)
Vesting of share-based compensation (Note 13)	—	194	(194)	—	—	—
Balance at December 31, 2014	**1,772**	**198,931**	**(65,861)**	**134,842**	**9,220**	**144,062**
Balance at January 1, 2015	**1,772**	**198,931**	**(65,861)**	**134,842**	**9,220**	**144,062**
Profit / (loss) for the year	—	(9,686)	—	(9,686)	(230)	(9,916)
Other comprehensive income for the year	—	—	(32,524)	(32,524)	(2,329)	(34,853)
Employee share-based compensation (Note 22)	—	—	586	586	—	586
Treasury shares-purchased	—	—	(12)	(12)	—	(12)
Acquisition of non-controlling interest in Servitec	—	192	—	192	(944)	(752)
Vesting of share-based compensation (Note 13)	—	68	(68)	—	—	—
Dividends declared relating to 2014	—	—	—	—	—	—
Balance at December 31, 2015	**1,772**	**189,505**	**(97,879)**	**93,398**	**5,717**	**99,115**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of US$	2015	2014	2013
Profit / (loss) for the year	**(9,916)**	**(19,412)**	**488**
Items that may be recycled subsequently to income statement:			
Currency translation differences	(34,853)	(26,449)	(39,402)
Total comprehensive (loss) / income for the year	**(44,769)**	**(45,861)**	**(38,914)**
Attributable to:			
Equity holders of the Company	(42,210)	(38,564)	(41,174)
Non-controlling interests	(2,559)	(7,297)	2,260

CONSOLIDATED STATEMENT OF CASH FLOW

In thousands of US$	Note	2015	2014	2013
Cash flows from operating activities				
Profit / (loss) for the year		**(9,916)**	**(19,412)**	**488**
Adjustments for:				
Depreciation, amortization and impairment	(20)	24,158	30,810	38,303
Changes in non-current portion of provisions and other liabilities		(759)	230	(27,022)
Loss on sale and disposal of assets		673	410	129
Non-cash share-based compensation expenses	(22)	586	1,114	1,703
Income tax expense / (profit)	(24)	738	(2,837)	(7,257)
Finance income and expenses, net	(23)	3,979	4,732	4,554
Cash generated from operations before changes in operating assets and liabilities		**17,982**	**15,047**	**10,898**
Changes in operating assets and liabilities:				
Inventories		1,577	3,722	9,867
Trade accounts receivable and other receivable		1,049	4,245	30,744
Trade accounts payable and other payable		(2,304)	(2,057)	(29,655)
Cash generated from operations		**18,304**	**20,957**	**21,854**
Interest received / (paid)		(3,020)	(3,829)	(3,821)
Income tax paid		(2,515)	(2,103)	(4,752)
Net cash flow from operating activities		**12,769**	**15,025**	**13,281**
Cash flows from investing activities				
Purchase of Property and equipment and intangible assets (*)	(6)	(9,097)	(10,121)	(11,063)
Net cash used in investing activities		**(9,097)**	**(10,121)**	**(11,063)**
Cash flows from financing activities				
Acquisition of treasury shares	(13)	(12)	—	(1,556)
Repayments of borrowings	(14)	(4,978)	(16,767)	(29,274)
Proceeds from issuance of borrowings, net of issuance costs	(14)	2,207	79	26,668
Net increase / (decrease) in bank overdrafts and short-term loans	(14)	(3,015)	680	13,724
Dividends paid to Company's shareholders	(26)	—	—	(4,483)
Dividends paid to non-controlling interests		—	(1,086)	(1,500)
Acquisition of non-controlling Interest in Servitec	(7)	(1,111)	(500)	—
Net cash generated by / (used in) financing activities		**(6,909)**	**(17,594)**	**3,579**
Exchange differences in cash and cash equivalents		(3,417)	(1,611)	(4,168)
Net increase / (decrease) in cash and cash equivalents		**(6,654)**	**(14,301)**	**1,629**
Cash and cash equivalents at beginning of the year	(12)	23,225	37,526	35,897
Cash and cash equivalents at the end of the year	(12)	**16,571**	**23,225**	**37,526**
(*) Excluding purchases financed through finance leases		*410*	*521*	*409*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Foraco International SA (the Company) and its subsidiaries (together, the Group or Foraco Group) trade mainly in the mining, geological and hydraulic drilling sectors.

The principal sources of revenue consist of drilling contracts for companies primarily involved in mining and water exploration. The Group has operations in Europe, Middle East and Africa, North America, South America and Asia Pacific.

The Company is a "société anonyme" incorporated in France. The address of its registered office is 26, Plage de l'Estaque, 13016 Marseille, France.

These consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2016.

The Company is listed on the Toronto Stock Exchange (TSX) under the symbol "FAR".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements of Foraco Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets recognized at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Except otherwise stated, all amounts are presented in thousands of US$.

The Group is a drilling service provider and as such IFRS 6, 'Exploration for and evaluation of mineral resources' is not applicable to its operations.

Standards, amendments and interpretations to existing standards that were adopted by the Company during the period with no material impact on the consolidated financial statements.

- IFRIC 21, Levies
- Annual amendment to IAS 19, Defined benefit plans, employee contributions
- Annual improvement of Cycle 2010-2012
- Annual improvement of Cycle 2011-2013

Standards, amendments and interpretations to existing standards that are not yet mandatory effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2016, but have not been early adopted by the Group:

- IFRS 9, Financial instruments – Classification of financial assets and financial liabilities (January 1, 2017)
- IFRS 15, Revenue from contracts with customers (January 1, 2018)
- IFRS 16, Leases (January 1, 2019)

The impact of the application of these standards and amendments is currently being assessed.

2.2 Consolidation

(A) SUBSIDIARIES

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to variable returns from its involvement with the entity. It also has the ability to affect those returns through its involvement with the entity and through its power over the entity. In addition the Group assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business acquisitions. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on a case by case basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed (Note 7).

Inter company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A cash generating unit "CGU" is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The effects of all transactions with non-controlling interests have to be recorded in equity if there is no change in control and these transactions no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The accounting treatment for put and call options on non-controlling interests is presented in further detail in Note 7.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management (Chief Executive Officer and vice Chief Executive Officer).

The Group reports its financial performance based on its business segments. Segment reporting disclosures are provided in Note 5.

2.4 Foreign Currency Translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). In accordance with IAS 21.38, the Group has elected to report its consolidated financial statements using the US Dollar as its presentation currency.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions' valuation where items are re-measured. The exchange rates prevailing at the dates of the transactions are approximated by a single rate per currency for each month (unless these rates are not reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement except when deferred in other comprehensive income as qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or expense. All other foreign exchange gains and losses are presented in the income statement within 'other operating income / (expense), net'.

(C) GROUP COMPANIES

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of income are translated at a monthly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income and as a separate component of equity within "Other reserves".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in shareholders' other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognized in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.5 Property and Equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major refurbishment work and improvements are capitalized with the carrying amount of the replaced part derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Borrowing costs are capitalized as part of the cost of property and equipment. There was no significant borrowing cost capitalized over the periods presented.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life (Note 6).

The useful lives are as follows:

Buildings.. 10 years

Drills.. 3 to 10 years

Other drilling equipment....................................... 1 to 5 years

Automotive equipment.. 3 to 5 years

Office equipment and furniture .... 2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

When the Group leases assets under the terms of a long-term contract or other agreements that substantially transfer all of the risks and rewards of ownership to the Group, the value of the leased property is capitalized and depreciated (as described above) and the corresponding obligation is recorded as a liability within borrowings.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income / (expense), net' in the income statement.

2.6 Intangible Assets

GOODWILL

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. Goodwill on acquisitions of subsidiaries is presented on the consolidated balance sheet under the line item "Goodwill".

Goodwill is tested annually for impairment (or when events or changes in circumstances indicate a potential impairment) and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment (see Note 5).

2.7 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables originated by the Group are included in trade and other current receivables in the consolidated balance sheet.

The Group holds certain financial assets presented within cash and cash equivalents that are treated as financial assets at fair value with changes recognized through net income.

2.9 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The Group does not enter into hedging activities

2.10 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income within operating expenses on a straight-line basis over the period of the lease.

Where the Group has substantially all the risks and rewards of ownership, the lease is classified as finance lease. Finance leases are capitalized at the lease's commencement date at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.11 Inventories

The Group maintains an inventory of operating supplies and drill consumables such as bits, additives and chunks.

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average weighted unit cost method. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Drilling work is periodically approved by customers. Accordingly, revenues and receivables are accounted for when services have been approved. The amount of revenue is not considered to be reliably measurable until all contingencies relating to services rendered have been resolved. Contracts in progress at the closing date are accounted for using the percentage of completion method whereby revenues and directly attributable costs are recognized in each period based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs including the cost for mobilizing and demobilizing drilling equipment.

When the global income from a contract cannot be reliably estimated, no gross profit is recognized during the period.

Under either of the policies mentioned above, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. This loss is equal to the total estimated loss on the project minus the loss already accounted for and is first applied against the project's receivables. Any excess is then credited to provisions..

2.13 Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established on a case by case basis when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

The Group transfers certain receivables to banks as collateral under an assignment of receivables program. As risks and rewards related to the trade receivables have been retained by the Group, accounts receivable are not derecognized and a financial liability is accounted for against the consideration received from the lenders.

2.14 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities up to six months or provided that these investments are held to meet short term cash needs and there is no significant risks of change in value as a result of an early withdraw. Bank overdrafts are shown within current liabilities on the consolidated balance sheet.

The Group owns certain highly liquid securities based on the €, RUB and Brazilian Real currency market. These investments are classified as financial assets at fair value through profit or loss.

2.15 Share Capital

Ordinary shares are classified as equity. The Group has not issued any preference shares.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or re-issued. When such shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are determined for the withholding tax due on the reserves of the subsidiaries, when distributions are probable.

2.18 Provisions

Provisions for restructuring costs and legal claims are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

No restructuring of the Group occurred in the periods presented.

The Group evaluates outflows of resources expected to be required to settle the obligation based on facts and events known at the closing date, from its past experience and to the best of its knowledge. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passing of time is recognized as interest expense.

The Group does not provide for future operating losses, except when such losses result from loss making contracts in accordance with the policy described in note 2.12. The Group had no loss making contracts over the periods presented.

2.19 Employee Benefits

(A) PENSION OBLIGATIONS

The Group mainly provides defined contribution plans to its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan, such as the mandatory retirement plan in France, is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any). The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Changes in amounts recognized in other comprehensive income are detailed in Note 13.

Changes in laws and regulations that affect the amount of the Group's obligations are accounted for as change in actuarial assumptions. There was no such change that materially affected amounts reported over the periods presented.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group does not provide other post-employment benefits.

(B) BONUSES

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the Group financial performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(C) SHARE-BASED COMPENSATION

The Group operates a limited number of equity-settled, share-based compensation plans under which the Group receives services from its employees as consideration for equity instruments (free shares see note 22). The fair value of the employee services received in exchange for the grant of the free shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted determined at grant date.

Non-market vesting conditions, including service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the Group issues equity instruments such as warrants as a consideration for services to be received from third parties other than employees, these transactions are accounted for as share-based compensation.

When a portion of the purchase consideration to be paid in a business combination is analyzed as being part of a compensation for services to be received from employees, this portion is deducted from the cost of the business combination and accounted for as a cash-settled compensation (see note 7).

2.20 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.21 Earnings Per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are computed by dividing net income attributable to equity holders of the Company by the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

A reconciliation of the weighted average number of ordinary shares outstanding during the period and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, is presented in Note 25.

3. FINANCIAL RISK MANAGEMENT

The Group's activity exposes it to a variety of financial risks through its activity: currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group did not enter into derivative financial instruments to cover its exposure over the periods presented.

The Group's cash investment strategy aims to avoid capital risks and reach a global performance level equivalent to the reference free risk interest rate on the Euro market. In order to achieve this objective, the Group contracts certain short term deposits offering guaranteed capital with or without guaranteed interest rate yields.

3.1 Company's Risk Exposure

(A) CURRENCY RISKS

The Group operates internationally and is therefore exposed to foreign exchange risk on its commercial transactions. A foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foraco presents its consolidated financial statements in US dollars. The main currencies used by the Group are Euros, Canadian Dollars, US Dollars, Australian Dollars, Brazilian Reals, Russian Rubles and Chilean Pesos.

The Group mitigates its exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The exchange rates for the periods under review are as follows against the US$:

	Closing 2015	Closing 2014	Closing 2013	Average 2015	Average 2014	Average 2013
€	0.92	0.82	0.73	0.90	0.75	0.75
CAD	1.39	1.16	1.07	1.28	1.10	1.03
AUD	1.37	1.23	1.13	1.33	1.11	1.08
CLP	708	605	525	654	571	496
BRL	3.90	2.68	2.35	3.33	2.36	2.28
RUB	73.16	56.45	32.77	61.20	38.55	31.88

The sensitivity to foreign currencies against US$ fluctuations of the consolidated revenue for the year presented in US$ is summarized as follows (in thousands of US$):

	As at December 31, 2015	
Effect on revenue of a change	**+5%**	**-5%**
AUD $ / US$	1,178	(1,178)
BRL / US$	1,481	(1,481)
€ / US$	1,557	(1,557)
Canadian $ / US$	1,481	(1,481)
RUB / US$	960	(960)
CLP / US$	278	(278)

(B) INTEREST RATE RISK

The Group owns certain interest-bearing assets (short term deposit) classified as cash and cash equivalents. However, the Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has invested in highly liquid deposits with a guaranteed nominal value.

The sensitivity to variable interest rate of short term deposits held by the Group is presented below (in thousands of US$):

	As at December 31,		
	2015	**2014**	**2013**
Average amount of cash and cash equivalent over the year	**15,305**	**26,148**	**31,387**
Increase in financial income following a 50 b.p. increase	8	13	157
Decrease in financial income following a 50 b.p. decrease	(8)	(13)	(157)

For the purpose of this analysis, the average cash equivalent has been defined as the arithmetical average of closing positions at each quarter end.

Regarding financial liabilities, the Group is not significantly exposed to cash flow risks relating to the fluctuations of interest rates, as main financing sources bear interest at a fixed rate.

(C) CREDIT RISK

All significant cash and cash equivalents and deposits with banks and financial institutions are spread amongst major financial institutions with investment grade ratings.

The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for each subsidiary. The utilization of credit limits is regularly monitored.

The Group's broad geographical and customer distribution limits the concentration of credit risk. No single customer accounted for more than 10% of the Group's sales during the year ended December 31, 2015 (one customer accounted for approximately 12% in 2014 and 10% in 2013). No other single customer accounted for more than 10% of the Group's sales during the years ended December 31, 2014 and 2013.

(D) LIQUIDITY RISK

Prudent liquidity risk management involves maintaining sufficient cash and cash equivalents and short term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the cyclical nature of the underlying businesses, management maintains funding flexibility by maintaining availability under committed credit lines.

The maturity analysis for financial liabilities is presented in Note 14.

3.2 Country Risk

The expansion into new geographic areas via acquisitions brings geographic and currency risks. In Africa, certain countries have experienced political or social instability. There is a risk that the operations, assets, employees or repatriation of revenue could be impaired by factors specific to the regions in which the Group operates. The Group benefits from insurance coverage to mitigate these inherent risks.

The Group manages its country risk through a number of risk measures and limits, the most important being the regular review of geopolitical conditions and an effective monitoring of liquidity, inventories and equipment potential exposure.

3.3 Capital Risk Management

The primary objective of the Group's capital management is to ensure that it maintains a prudent liquidity ratio in order to support its growth strategy and maximize shareholders' value. The Group monitors financial measures presented in Note 5 on an ongoing basis as well as its net cash level (cash and cash equivalents less borrowings) presented in Notes 12 and 14.

3.4 Estimation of Fair Value of Financial Assets and Liabilities

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at December 31, 2015, the Group holds US$ 5,233 thousand of assets at fair value (US$ 4,902 thousand in 2014 and US$ 10,921 thousand in 2013). These assets were valued using quoted prices in active markets (level 1). The Group does not hold any other financial assets at fair value through profit or loss, derivatives or available-for-sale financial assets over the years presented.

The carrying amounts of trade receivables less the impairment provision and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments (see note 14).

3.5 Financial Instruments by Category

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
December 31, 2015					
Assets as per balance sheet					
Trade and other receivables	30,811	–	–	–	**30,811**
Cash and cash equivalents	16,571	–	–	–	**16,571**
Total	**47,382**	**–**	**–**	**–**	**47,382**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings	–	–	105,830	**105,830**
Trade and other payables	–	–	22,782	**22,782**
Total	**–**	**–**	**128,612**	**128,612**

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
December 31, 2014					
Assets as per balance sheet					
Trade and other receivables	35,506	–	–	–	**35,506**
Cash and cash equivalents	23,225	–	–	–	**23,225**
Total	**58,731**	**–**	**–**	**–**	**58,731**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings	–	–	119,365	**119,365**
Trade and other payables	–	–	26,152	**26,152**
Total	**–**	**–**	**145,517**	**145,517**

	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available-for-sale	Total
December 31, 2013					
Assets as per balance sheet					
Trade and other receivables	43,317	–	–	–	**43,317**
Cash and cash equivalents	37,526	–	–	–	**37,526**
Total	**80,843**	**–**	**–**	**–**	**80,843**

	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet				
Borrowings	–	–	142,751	**142,751**
Trade and other payables	–	–	31,732	**31,732**
Total	**–**	**–**	**174,483**	**174,483**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Seasonal Fluctuations

The worldwide presence of the Company reduces its overall exposure to seasonality and its influence on business activity. In West Africa, most of the Company's operations are suspended between July and October due to the rainy season. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mining sites continue throughout the year. Russia is also affected by the winter period during which operations are suspended. In Asia Pacific and in South America, where the Company operates exclusively in the Mining segment, a seasonal slowdown in activity occurs around year-end during the vacation period. Certain contracts are also affected in Chile in July and August when the winter season peaks.

4.2 Going Concern

The Company performs and updates projections on a regular basis. These projections include assumptions regarding future market conditions. Current economic conditions make forecasting difficult, and there is the possibility that the Company's actual operating performance during the coming year may be different from expectations. Based on internal forecasts and projections that take into account reasonably possible changes in the Company's operating performance, the Company believes that it has adequate financial resources to continue in operation and meet its financial commitments for a period of at least twelve months provided it continues to benefit from the support of its lenders.

On February 12, 2015, an agreement was reached with the lenders representing all of Foraco International's and its French subsidiaries' debts, resulting in the postponement by 24 months of € 24.8 million of installments due in connection with long term debts through increasing the duration of these debts. This agreement also resulted in securing the roll-over of short-term credit facilities and bank guarantee lines.

The agreement with lenders included certain covenants mainly corresponding to the net debt to EBITDA ratio. As at December 31, 2015, the Company complies with its financial covenants.

Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

4.3 Deferred Tax Valuation Allowance

The current economic conditions also impact the timing of the recognition of deferred tax assets. The Group's policy is to recognize deferred tax assets only when they can be recovered within a reasonable timeframe. Based on internal forecasts and projections, management has considered that the potential recovery timeframe for deferred tax assets in certain countries would be longer than previously estimated, thus creating a risk that deferred tax assets may be unused. As a general rule, the Group recognizes deferred tax assets only when they can be used against taxable profit within a timeframe of five years. On this basis, the Group has adopted a partial recognition based approach and has recorded a valuation allowance. As at December 31, 2014, the Group has unrecognized deferred assets amounting to US$ 12,529 thousand in countries in which the Group operates.

4.4 Estimated Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see Note 7). No impairment charge has been recognized over the periods presented.

As at December 31, 2015, the goodwill is allocated to cash generating units corresponding to the following operating / geographical segments:

Mining activity – Africa 647

Water activity – Africa.. 1,656

Mining activity – North America. 8,216

Mining activity – Asia-Pacific... 7,415

Mining activity – South America... 56,017

Mining activity – Europe 3,288

Total goodwill as at December 31,... 77,239

The Group tests goodwill based on the discounted cash flows related to each cash generating unit based on assumptions disclosed in Note 7. Value in use determination is sensitive to changes in the operating profit assumption and discount rate applied.

4.5 Depreciation of Property and Equipment

Equipment is often used in a hostile environment and may be subject to accelerated depreciation. Management considers the reasonableness of useful lives and whether known factors reduce or extend the lives of certain assets. This is accomplished by assessing the changing business conditions, examining the level of expenditures required for additional improvements, observing the pattern of gains or losses on disposition, and considering the various components of the assets.

4.6 Inventory Allowance on Spare Parts and Slow Moving Items

Spare parts relate to equipment which may be used in a hostile environment. Management assesses the level of provision for spare parts together with its review of the equipment as described above.

4.7 Contracts in Progress

The Group records profit and revenue of contracts in progress based on the percentage-of-completion method. Key aspects of the method are the determination of the appropriate extent of progress towards completion and the assessment of the margin to be generated. Management follows up the contracts in progress and their related margins on a monthly basis. Occasionally the finance and control department performs on site controls.

4.8 Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax assets and liabilities in the period in which such determination is made.

4.9 Share-based Payment Transactions

The fair value of share-based payment transactions is based on certain assumptions from management. The main area of estimates relates to the determination of the fair value of equity instruments granted:

- for free shares, the main assumption used in the determination of the share-based payment expense is the turnover assumption retained to assess the number of equity instruments that are expected to vest. In 2015, the Group used a 10% turnover assumption (in 2014 – 10% and 2013 – 10%) which is consistent with the Group's experience of employee departures.

Details of share-based compensations are disclosed in Note 22.

4.10 Determination of the Fair Value of Assets Acquired and Liabilities Assumed in Business Combinations

The assessment of the fair value of assets acquired and liabilities assumed in business combinations is based on different valuation techniques and management's best estimates. Main areas of judgment relate to the valuation of equity instruments included in the purchase consideration paid, the identification and the valuation of intangible assets acquired and the determination of the market value of equipment acquired.

5. SEGMENT INFORMATION

The chief operating decision makers (Chief Executive Officer and vice-Chief Executive Officer) make decisions about resources to be allocated to segments and assess their performance by analyzing revenues and operating profits for business segments and sales for geographic segments. The Group does not identify or allocate assets, liabilities or cash flows to group segments nor does management evaluate the segments on this criteria on a regular basis.

5.1 Business Segments

As at December 31, 2015, the Group is organized on a worldwide basis with two main business segments.

- The "Mining" segment covers drilling services offered to the mining and energy industry during the exploration, development and production phases of mining projects.
- The "Water" segment covers all activities linked to the construction of water wells leading to the supply of drinking water, the collection of mineral water, as well as the control, maintenance and renovation of the existing installations. This segment also includes drilling services offered to the environmental and construction industry such as geological exploration and geotechnical drilling.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as discussed in Note 2.

The business segment information for the years ended December 31, 2015, 2014 and 2013 was as follows:

Year ended December 31, 2015	Mining	Water	Group
Revenue	119,358	18,326	137,684
Gross profit	10,792	809	11,601
Operating profit / (loss)	(5,036)	(1,639)	(6,675)
Finance (costs) / profits	—	—	(3,979)
Profit / (loss) before income tax	—	—	**(10,654)**
Income tax (expense) / profit	—	—	738
Profit (loss) for the year	**—**	**—**	**(9,916)**

Year ended December 31, 2014	Mining	Water	Group
Revenue	163,660	21,865	185,525
Gross profit	5,059	2,034	7,093
Operating profit / (loss)	(16,635)	(881)	(17,516)
Finance (costs) / profits	—	—	(4,733)
Profit / (loss) before income tax	—	—	**(22,249)**
Income tax (expense) / profit	—	—	2,837
Profit for the year	**—**	**—**	**(19,412)**

Year ended December 31, 2013	Mining	Water	Group
Revenue	237,720	10,037	247,757
Gross profit	1,697	308	2,005
Operating profit / (loss)	(1,172)	(1,043)	(2,215)
Finance (costs) / profits	—	—	(4,554)
Profit / (loss) before income tax	**—**	**—**	**(6,769)**
Income tax (expense) / profit	—	—	7,257
Profit for the year	**—**	**—**	**488**

There is no inter-segment revenue.

Corporate costs and overheads are allocated to each business segment based on their revenue. Management considers this approach to be a reasonable basis for determining the costs attributable to the respective segments.

5.2 Geographical Segments

The Group operates in four main geographical areas, even though the business is managed on a worldwide basis.

The following is a summary of sales to external customers by geographic area for the years ended December 31, 2015, 2014 and 2013:

			Year ended December 31,
	2015	**2014**	**2013**
South America	31,376	54,074	80,397
Europe, Middle East and Africa	44,943	46,989	66,417
Asia Pacific	31,746	36,440	59,189
North America	29,619	48,022	41,754
Revenue	**137,684**	**185,525**	**247,757**

Revenue from external customers is based on the customers' billing location. Accordingly, there are no sale transactions between operating segments. The Group does not allocate non-current assets by location for each geographical area.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Land and Buildings	Drilling Equipment and Tools	Automotive Equipment	Office Furniture and Other Equipment	Total
Year ended December 31, 2013					
Opening net book amount	5,278	117,529	22,384	1,587	146,780
Additions	86	8,412	2,752	219	11,469
Exchange differences	(168)	(10,707)	(1,956)	(82)	(12,913)
Disposals or retirements	(48)	(63)	(23)	(38)	(172)
Depreciation charge	(891)	(29,392)	(7,241)	(542)	(38,066)
Closing net book amount at December 31, 2013	**4,257**	**85,779**	**15,916**	**1,144**	**107,098**
Cost	7,499	222,298	48,887	3,651	282,336
Accumulated depreciation	(3,242)	(136,519)	(32,971)	(2,507)	(175,238)
Net book amount	**4,257**	**85,779**	**15,916**	**1,144**	**107,098**
Year ended December 31, 2014					
Opening net book amount	4,257	85,779	15,916	1,144	107,098
Additions	16	8,742	1,688	195	10,641
Exchange differences	(428)	(7,827)	(2,398)	(122)	(10,775)
Disposals or retirements	(104)	(291)	(160)	(1)	(556)
Depreciation charge	(599)	(22,201)	(7,544)	(417)	(30,761)
Closing net book amount at December 31, 2014	**3,142**	**64,202**	**7,502**	**799**	**75,647**
Cost	6,318	208,900	56,142	3,635	274,994
Accumulated depreciation	(3,176)	(144,698)	(48,640)	(2,836)	(199,347)
Net book amount	**3,142**	**64,202**	**7,502**	**799**	**75,647**
Year ended December 31, 2015					
Opening net book amount	3,142	64,202	7,502	799	75,647
Additions	37	8,967	652	150	9,806
Exchange differences	(455)	(4,203)	(2,255)	(159)	(7,072)
Disposals or retirements	—	(96)	(56)	—	(152)
Depreciation charge	(312)	(18,572)	(4,974)	(296)	(24,154)
Closing net book amount at December 31, 2015	**2,412**	**50,298**	**869**	**494**	**54,075**

The depreciation and amortization expense has been charged to the statement of income as follows:

			December 31,
	2015	**2014**	**2013**
Cost of sales	24,046	30,651	37,759
General and administrative expenses	112	159	544
Total depreciation and amortization	**24,158**	**30,810**	**38,303**

In 2015, 2014 and 2013 the Group did not record any impairment charge on Property, Plant and equipment.

7. GOODWILL

Goodwill can be analyzed as follows:

	2015	2014	2013
As at January 1,	**100,612**	**116,612**	**133,675**
Acquisition of JND	—	—	998
Exchange differences	(23,373)	(16,000)	(18,061)
As at December 31,	**77,239**	**100,612**	**116,612**

Exchange differences mainly relate to the Brazilian currency with a negative impact of US$ 16.3 million on the goodwill at the end of the fiscal year.

Impairment Tests for Goodwill and Long-lived Assets

The current economic conditions in mining services are seen as an indicator of potential impairment of the carrying value of the Company's long lived assets. Accordingly, impairment testing, based on expected discounted cash flows was performed as at December 31, 2015 at the level of each reporting segment and geographic region.

The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of each cash generating unit. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- 2016 to 2018 management business plan with an unchanged number of rigs as at December 31, 2015
- As of 2019:
  - 8 year historical average of revenue per rig
  - 8 year historical average of EBITDA margin adjusted for significant one-off events
- 9% to 12% discount rate depending on the country´s risk (10.18% used for the impairment of South America)
- The residual value takes into account 1% long term growth

These assumptions are therefore based on future expectations for the next 3 years and historical trends from then on. Although management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion based on the actual performance achieved in the past, such assumptions are inherently subjective.

Based on the assumptions made, the expected discounted future cash flows exceeded each of the long lived asset's carrying amounts for each reporting segment and geographic region and accordingly no impairment has been recognized.

In 2015, 2014 and 2013 the Group did not record any impairment charge.

A sensitivity analysis has been performed for each CGU. An increase of 1% of the discount rate and a decrease of 1% of the long term growth have no impact on the result of impairment tests.

8. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

			December 31,
	2015	**2014**	**2013**
Loans	69	69	125
Software	25	41	72
Investment in unconsolidated affiliates	33	36	39
Deposits and guarantees	871	750	710
Other non-current receivables	40	30	113
Other non-current assets	**1,038**	**927**	**1,059**

The investment in unconsolidated affiliates corresponds to the company "Minera Chimù" (Peru), in which the Company holds 18.74%.

9. INVENTORIES

Inventories consist of the following:

	December 31, 2015	2014	2013
Spare parts, gross	14,619	17,904	22,510
Consumables, gross	13,676	17,779	20,662
Inventories, net	**28,295**	**35,683**	**43,172**

Spare parts mainly include motors, wire lines and heads. Spare parts are charged to the statement of income when used on equipment. Consumables mainly include destructive tools, hammers, muds and casing. Consumables are charged to the statement of income when delivered to the field. The Group reviews impairment loss on inventories on a regular and item by item basis.

Inventories write-down expense/(reversal) recognized in 2015 in the statement of income under the line item "Cost of sales" amounts to US$ 424 thousand (US$ 1,074 thousand in 2014 and US$ 121 thousand in 2013).

10. TRADE RECEIVABLES

Trade receivables, net, consist of the following:

	December 31, 2015	2014	2013
Trade receivable, gross	20,737	26,319	31,641
Less provision for impairment	(1,459)	(2,137)	(1,177)
Trade receivables, net	**19,279**	**24,182**	**30,464**

Impairment expense/(reversal) recognized in 2015 in the statement of income amounted to US$(489) thousand (in 2014 US$ 690 thousand and in 2013 US$ (14) thousand) under the line item "Cost of sales".

Movements in the provision for impairment of trade receivables are as follows:

	December 31, 2015	2014	2013
Provision for impairment at January 1,	(2,137)	(1,177)	(1,183)
Provision for receivables impairment	—	(690)	—
Receivables written off during the year	—	—	14
Unused amounts reversed during the year following collection of the receivable	489	—	—
Exchange differences	189	(270)	(8)
Provision for impairment at December 31,	**(1,459)**	**(2,137)**	**(1,177)**

Trade receivables, net, are broken down per location as follows:

	December 31, 2015	2014	2013
Europe	650	1,526	5,340
New Caledonia	595	1,046	1,337
Africa	7,249	6,084	6,270
South America	3,327	6,713	7,722
Australia	4,788	4,934	5,269
Canada	2,670	3,879	4,526
Trade receivables, net	**19,279**	**24,182**	**30,464**

The geographical allocation of a receivable is based on the location of the project to which the receivable relates and not to the country where the client is incorporated.

The fair value of trade accounts receivable based on discounted cash flows does not differ from the net book value as the Group does not have trade accounts receivable with payment terms exceeding one year.

The impairment of receivables relates to various customers in both of the Group's operating segments on which a collectability risk was identified.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade receivables mentioned above.

As at December 31, 2015, trade receivables of US$ 807 thousand (US$ 1,299 thousand in 2014 and US$ 2,532 thousand in 2013) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default or with established practices of long payment terms such as States bodies in the Water segment.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

			December 31,
	2015	2014	2013
€, CFA Francs or CFP Francs *(1)*	7,832	6,621	8,100
Canadian dollars	2,637	4,384	4,690
Australian dollars	4,788	4,934	5,269
US dollars	45	681	22
Chilean Pesos	1,448	2,541	1,508
Brazilian Reals	1,585	3,510	6,191
Russian Rubles	944	1,529	4,682
Trade receivables, net	**19,279**	**24,182**	**34,464**

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

Certain receivables are provided as collateral under financing agreements (see Note 14).

11. OTHER CURRENT RECEIVABLES

Other current receivables consist of the following:

			December 31,
	2015	2014	2013
VAT / GST and other recoverable taxes	6,726	6,407	7,877
Prepaid expenses	2,622	2,120	2,396
Down payments / credit notes receivable	899	1,199	986
Other receivables	1,285	1,599	1,593
Other current receivables	**11,532**	**11,324**	**12,853**

Provisions for impairment of other current receivables is nil as at December 2015 (nil in 2014 and nil in 2013).

VAT / GST and other recoverable taxes mainly comprise tax receivables in African countries and Brazil. There is no indication that these amounts will not be recovered.

The fair value of other current receivables based on discounted cash flows does not differ from the net book value as the Group does not have other current receivables with payment terms exceeding one year.

The carrying amounts of the Group's other receivables are denominated in the following currencies:

			December 31,
	2015	2014	2013
€, CFA Francs or CFP Francs *(1)*	6,646	5,065	4,600
Canadian dollars	727	601	838
Australian dollars	788	532	1,168
Chilean Pesos	872	990	1,834
Russian Rubles	206	1,525	955
Brazilian Reals	1,828	2,221	2,147
Other currencies	304	390	1,311
Other current receivables, gross	**11,532**	**11,324**	**12,853**

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	December 31,		
	2015	2014	2013
Cash at bank and in hand	11,293	18,323	26,605
Short-term bank deposits	5,279	4,902	10,921
Cash and cash equivalents	**16,571**	**23,225**	**37,526**

Short term bank deposits are analyzed as follows at the end of each period presented:

Cash and cash equivalents consist of the following:

	December 31,		
	2015	2014	2013
Cash at bank and in hand	11,293	18,323	26,605
Short-term bank deposits	5,279	4,902	10,921
Cash and cash equivalents	**16,571**	**23,225**	**37,526**

Short term bank deposits are analyzed as follows at the end of each period presented:

Financial institution	Type	Index	Fair value as a December 31, 2015 in thousands US$
LCL	€ 1 month fixed term deposit	Fixed	1,479
Rosbank (Societe Generale Group)	US$ monetary marketable security	Fixed	1,501
Rosbank (Societe Generale Group)	RUB monetary marketable security	Fixed	1,296
Bank of Moscow	RUB monetary marketable security	Fixed	752
First Czech	RUB monetary marketable security	Fixed	205
Total			**5,233**

13. EQUITY ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

Consolidated reserves, including net income for the period and other reserves, can be analyzed as follows:

	December 31,		
	2015	2014	2013
Foraco International share premium and retained earnings	123,998	143,181	154,258
Reserves of consolidated subsidiaries	65,508	55,750	57,119
Other reserves	(97,879)	(65,861)	(45,169)
Total consolidated reserves	**91,627**	**133,070**	**166,208**

Under French law, dividends can be paid only from the reserves of the parent company (Foraco International). As at December 31, 2015, the value of distributable reserves amounted to € 113,773 thousand (€ 110,179 thousand as at December 31, 2014 and € 108,838 thousand as at December 31, 2013).

All shares issued by the Company have a par value of € 0.015 and are fully paid.

Items included in other reserves can be analyzed as follows:

	December 31,		
	2015	2014	2013
Employee share-based compensation, net of tax	6,213	5,639	4,719
Use of treasury shares (Note 13)	(3,803)	(3,735)	(3,735)
Currency translation differences and net investment hedge, net of tax	(100,289)	(67,766)	(46,153)
Other reserves	**(97,879)**	**(65,861)**	**(45,169)**

Treasury Shares Transactions over the Periods Presented

The Company filed a notice on September 22, 2015, in respect of an additional NCIB with the TSX. The Company was entitled to purchase up to 1,000,000 additional common shares. As at December 31, 2015, the Company had purchased 88,380 of its own shares at an average purchase price of CAD 0.22.

As at December 31, 2015, the Company owns 502,879 of its own shares (677,499 as at December 31, 2014 and 1,107,498 as at December 31, 2013).

Equity Incentive Plan ("Free Share Plan")

In 2007, 2010, 2013, the Group implemented free share plans. Between 2007 and 2015, 5,095,000 free shares were granted of which 2,540,000 were vested and 796,000 were forfeited.

Reconciliation of the Share Capital and Premium

The reconciliation of the share capital and share premium at the beginning and end of the year presented is summarized as follows:

	Number of shares	Ordinary shares in thousand US$	Share Premium in thousands US$
As at January 1, 2013	**82,226,900**	**1,629**	**96,181**
Acquisition of treasury shares	(865,600)	—	(1,556)
Treasury shares transferred in connection with equity incentive plan (vested shares)	483,000	—	354
Conversion of warrants	7,000,000	143	(143)
As at December 31, 2013	**88,844,300**	**1,772**	**94,836**
Treasury shares transferred in connection with equity incentive plan (vested shares)	430,000	—	194
As at December 31, 2014	**89,274,300**	**1,772**	**95,030**
Acquisition of treasury shares	(88,380)	—	—
Treasury shares transferred in connection with equity incentive plan (vested shares)	263,000	—	68
As at December 31, 2015	**89,448,919**	**1,772**	**95,098**

As at December 31, 2015, the capital stock of the Company amounted to US$ 1,772 thousand, divided into 89,951,798 common shares. The total common shares and warrants of the Company are distributed as follows:

	Number of shares
Common shares held directly or indirectly by principal shareholders	37,594,498
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors *	1,161,754
Common shares held by the Company	502,879
Common shares held by the public	50,692,667
Total common shares and warrants issued and outstanding	**89,951,798**
Common shares held by the Company	(502,879)
Total common shares and warrants issued and outstanding net of treasury shares	**89,448,919**

** In the table above, the shares owned indirectly are presented for an amount corresponding to the prorata of the ownership interest*

14. BORROWINGS

Financial debt consists of the following:

	December 31, 2015	2014	2013
Non-current			
Other bank financings	45,836	60,357	63,074
Finance lease obligations	331	503	1,482
Bank overdrafts	—	48,452	4,000
	46,167	**109,312**	**68,556**
Current			
Bank overdrafts	48,982	2,842	47,658
Obligation under assignment of trade receivables	257	2,251	1,207
Other bank financings	10,146	3,864	21,674
Finance lease obligations	278	1,096	3,655
	59,663	**10,053**	**74,194**

During the year ended December 31, 2012, as part of the acquisitions of Servitec and JND, the Group obtained bank financing for an amount of € 41,000 thousand bearing interest at 2.3% and reaching maturity after 5 years.

The Chilean subsidiary of the Group transferred receivable balances amounting to US$ 257 thousand to banks in exchange for cash as at December 31, 2015 (US$ 2,252 thousand in 2014 and US$ 1,207 thousand in 2013). These transactions were accounted for as an assignment of trade receivables with recourse (or collateralized borrowing). In the event that the entities default under the assignment agreement, the banks have the right to receive the cash flows from the receivables transferred. Without default, the entities will collect the receivables and allocate new receivables as collateral.

As at December 31, 2015, the maturity of financial debt can be analyzed as follows:

Maturity in thousands of USD	Credit Lines	January 1, 2016 and December, 31 2016	January 1, 2017 and December, 31 2017	January 1, 2018 and December, 31 2018	January 1, 2019 and December, 31 2019	January 1, 2020 and December, 31 2020	Total
Drawn credit lines rolled over on a yearly basis	49,239	—	—	—	—	—	49,239
Long term financing relating to:							
- Brazil acquisition		—	3,496	3,496	3,496	—	10,488
- Australia acquisition		5,463	5,463	5,463	5,463	—	21,850
- Acquisition of fixed assets		4,683	7,848	5,480	4,185	1,448	23,644
- Acquisition of fixed assets through capital leases		278	228	95	8	—	609
Total	**49,239**	**10,424**	**17,035**	**14,533**	**13,151**	**1,448**	**105,830**

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	December 31, 2015	2014	2013
€	82,595	88,748	108,624
Canadian dollars	7,462	8,079	11,215
Australian dollars	1,167	915	820
US dollars	8,000	12,000	8,000
Chilean Pesos	5,357	5,659	9,219
Russian Rubles	3	128	705
Brazilian Real	1,246	3,837	4,168
Total financial debt	**105,830**	**119,365**	**142,751**

As previously mentioned, an agreement was reached with French lenders, principally focusing on the period until the fourth quarter of 2016, and primarily consisting of securing the roll-over of short-term credit facilities, securing bank guarantees lines. The main benefit was the postponement of € 24.8 million of installments due in connection with long term debts by 24 months through increasing the duration of these debts.

As part of this agreement, a covenant related to acquisition loans at December 31, 2015 was agreed, the margins on short term loans will increase by 20 bps and an excess cash flow clause was included. Additionally, the Company committed not to pay dividends before October 31, 2016. The Company complied with the financial covenant as at December 31, 2015.

Credit facilities which do not require confirmation within 12 months are presented within long-term financing. The Company has used and unused short-term credit facilities amounting to US$ 58.5 million out of which US$ 49.2 million was drawn down as of December 31, 2015.

These facilities are granted individually by various banks, mainly in France, Chile, Brazil, Australia and Canada. They are generally granted on a yearly basis and are subject to review at certain dates.

Total financial debts include collateralized borrowings of US$ 0.9 million:

- Obligations under assignment of receivables for US$257 thousand have been secured for an equivalent amount by receivables that have been transferred; and
- Finance lease obligations amounting to US$ 609 thousand have been secured by related leased assets.

15. CONSIDERATION PAYABLE RELATED TO ACQUISITIONS

As at December 31, 2015, there was no consideration payable related to acquisitions.

As at December 31, 2014, as outlined in Note 7, the present value of the cash consideration payable for the second step of the acquisition of Servitec amounts to US$ 528 thousand.

In 2013, as outlined in Note 7, the present value of the cash consideration payable for the second step of the acquisition of Servitec was revised for an amount of US$ 27.0 million.

16. DEFERRED INCOME TAX

The French companies of the Group fall under the French consolidation tax regime.

The components of the deferred tax assets and liabilities recorded as at December 31, 2015, 2014 and 2013 are as follows:

			December 31,
	2015	**2014**	**2013**
Assets			
Pension obligations	190	484	103
Property and equipment depreciation differences	2,167	3,073	897
Losses carried forward	16,922	13,326	13,164
Tax deductible goodwill	5,308	8,303	11,969
Other tax temporary differences	1,268	1,684	2,153
Total	**25,854**	**26,870**	**28,286**
To be recovered after 12 months	*25,854*	*26,870*	*22,457*
To be recovered within 12 months	—	—	*5,829*
Liabilities			
Finance leases	(824)	(1,329)	(2,978)
Property and equipment depreciation differences	(75)	(177)	(1,082)
Revenue recognition	(335)	(259)	(723)
Other tax temporary differences	(1,792)	(1,832)	(481)
Total	**(3,026)**	**(3,598)**	**(5,264)**
To be recovered after 12 months	*(3,026)*	*(3,598)*	*(3,509)*
To be recovered within 12 months	—	—	*(1,755)*

The gross movement on the deferred income tax net position is as follows:

	December 31, 2015	2014	2013
Beginning of the year	23,272	23,022	14,355
(Charged)/Credited to the statement of income	2,755	3,118	9,960
Exchange differences	(3,199)	(2,868)	(1,293)
End of the year	**22,828**	**23,272**	**23,022**

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through the future taxable profits is probable. As at December 31, 2015, US$ 13,670 thousand (2014 - US$ 12,529 thousand, 2013 – US$ 7,215 thousand) in tax losses carried forward are not recognized.

17. PROVISIONS

Provisions comprise of the following elements:

	Pension & Retirement Indemnities Provision	Provision for tax uncertainty	Claims & Other Provisions	Total
At January 1, 2013	**481**	**908**	**396**	**1,785**
Charged to income statement:				
— Additional provisions	83	—	43	126
— Unused amounts reversed	(131)	—	—	(131)
Used during year	(8)	—	—	(8)
Exchange differences	32	45	15	92
At December 31, 2013	**457**	**953**	**454**	**1,864**
At January 1, 2014	**457**	**953**	**454**	**1,864**
Charged to income statement:				
— Additional provisions	60	88	2,364	2,512
— Unused amounts reversed	(56)	—	—	(56)
Used during year	(17)	—	—	(17)
Exchange differences	(42)	(162)	(78)	(282)
Reclassifications	—	309	(309)	—
At December 31, 2014	**401**	**1,188**	**2,431**	**4,021**
At January 1, 2015	**401**	**1,188**	**2,431**	**4,021**
Charged to income statement:				
— Additional provisions	69	—	801	870
— Unused amounts reversed	(53)	—	(111)	(165)
Used during year	(11)	(58)	(722)	(792)
Exchange differences	(45)	(85)	(769)	(899)
At December 31, 2015	**361**	**1,045**	**1,630**	**3,036**

The analysis of total provisions is as follows:

	December 31,		
	2015	2014	2013
Current	2,675	3,620	457
Non-current (retirement and litigation)	361	401	1,407
Provisions	**3,036**	**4,021**	**1,864**

The Group faces various forms of litigation and legal proceedings throughout the normal course of business. The Group records a provision for these risks based on its past experience and on facts and circumstances known on the balance sheet date. The Group's Management is of the opinion that the expenses to be incurred in resolving such affairs will not have a significant additional impact on its consolidated financial situation, income or cash flows.

In 2013, JND's former shareholders filed a claim against the Company as their assessment of the earn-out clause differed from that of the Company. Based on their assessment, the former shareholders of JND are claiming an amount of AU$ 4 million (US$ 2.9 million). A defense was filed with the Supreme Court of South Australia on April 22, 2014. The outcome of this claim is not expected before end of 2016. The Company is confident in its position that no earn-out is due and accordingly, no provision has been recorded.

A certain number of claims have been filed by former employees of the Brazilian subsidiary. These claims may result in a cash outflow for the Company. Given the uncertainty surrounding such claims, an amount of US$ 1,630 thousand has been provided for.

The Company operates in various countries and may be subject to tax audits and employee related risks. The Company is currently facing such risks in certain countries. The Company regularly reassesses its exposure and accounts for provisions accordingly.

18. RETIREMENT BENEFIT OBLIGATIONS

Substantially all of the Group's employees, with the exception of those in France, are covered under Government-sponsored health and life insurance benefit plans. Accordingly, the Group has no significant liability to its employees in terms of post-retirement benefits other than pensions and therefore no provision is made.

In France, the Group contributes to the national pension system whereby its obligations to employees in terms of pensions are restricted to a lump-sum length of service award payable at the date the employee reaches retirement age, such an award being determined for each individual based upon years of service provided and projected final salary.

The pension obligation has been estimated on the basis of actuarial assumptions and retirement ages conforming with the law applicable in France, including:

	December 31,		
	2015	2014	2013
Discount rate	1.68%	1.55%	2.8%
Inflation rate	2.25%	2.25%	2.25%

These retirement indemnities are not funded or covered by pension plan assets. Except in France, the Group does not maintain defined benefit obligations in any country where it operates.

Payments made by the Group for defined contribution plans are accounted for as expenses in the income statement during the period in which they were incurred.

19. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	December 31,		
	2015	2014	2013
Trade payables	10,185	11,073	12,039
Social security and other taxes	5,992	8,422	11,520
VAT / GST and other tax payable	3,663	2,913	3,278
Down payments from customers	1,471	3,090	3,631
Deferred income	200	148	469
Other miscellaneous payable	1,271	506	795
Trade and other payables	**22,782**	**26,152**	**31,732**

VAT / GST and other tax payable mainly comprise tax payables in African countries.

Trade and other payables are denominated in the following currencies:

			December 31,
	2015	2014	2013
€, CFA Francs or CFP Francs *(1)*	9,730	10,520	11,261
Canadian dollars	2,078	3,571	3,654
Australian dollars	1,964	1,894	3,627
US dollars	1,548	1,614	2,977
Chilean Pesos & UF	1,763	2,897	3,947
Russian Rubles	1,786	2,317	1,786
Brazilian Reals	3,138	2,459	3,112
Other currencies	775	880	1,368
Trade and other payables	**22,782**	**26,152**	**31,732**

(1) CFA Francs and CFP Francs have a fixed exchange rate with €

20. EXPENSES BY NATURE

Operating expense / (income), net by nature are as follows:

			December 31,
	2015	2014	2013
Depreciation, amortization and impairment charges	24,158	30,810	38,303
Provision increase/(reversal)	(591)	3,132	(3)
Raw materials, consumables used, and other external costs	61,900	90,897	124,698
Employee benefit expense	59,419	79,920	112,103
Other tax expense	1,113	1,185	1,967
Other operating expense/(income), net	(1,639)	(2,902)	(27,096)
Total of operating expenses	**144,359**	**203,042**	**249,972**
Number of employees (unaudited)	*1,497*	*1,683*	*1,697*

21. OTHER OPERATING INCOME (EXPENSE), NET

In 2012, the Company acquired a 51% shareholding in Servitec. As part of this transaction, the Company had the option to acquire, and the former minority shareholders had the option to sell, the remaining 49% after three years. The corresponding purchase consideration which was recorded under the line item "Consideration payable related to acquisitions" and which applies to the minority shareholders who did not waive their put option, depended on the 2012, 2013 and 2014 EBITDA of the company and its net cash as at December 31, 2014.

The consideration payable has been adjusted in each period based on the latest financial data available and estimates made at each closing. In accordance with IFRS 3, the adjustment was accounted for within other operating income. During 2015, the final payment of the second tranche was made to the former shareholders of Servitec.

Additionally, within other income and expenses is the provision recorded during the period regarding claims from former employees of the Brazilian subsidiary mainly related to prior periods, including prior to its acquisition, as disclosed in Note 17 for an amount of US$ 691 thousand (US$ 2,363 for the year ended December 31, 2014).

			December 31,
	2015	2014	2013
Other operating income	169	2,902	27,020
Other operating expense	(691)	(2,363)	_
Other operating income (expense), net	**(522)**	**539**	**27,020**

22. SHARE-BASED COMPENSATION

The effect on the income statement of equity instruments awarded as part of the IPO and the Group's Equity Incentive Plan are as follows:

	December 31,		
	2015	2014	2013
512,000 free common shares in 2007	—	—	—
424,000 free common shares in 2008	—	—	—
531,000 free common shares in 2009	—	—	46
500,000 free common shares in 2010	—	119	160
809,000 free common shares in 2011	257	413	854
804,000 free common shares in 2012	252	555	643
Nil in 2013	—	—	—
775,000 free common shares in 2014	68	28	—
765,000 free common shares in 2015	9	—	—
Total of non-cash share-based compensation expenses	**586**	**1,114**	**1,703**

Movements in the number of free shares and warrants outstanding are as follows:

	Free shares	Warrants
Granted in 2007	512,000	833,350
Granted in 2008	424,000	—
Granted in 2009	531,000	—
Vested in 2009	(156,000)	—
Forfeited in 2009	(7,000)	(833,350)
Granted in 2010	500,000	—
Vested in 2010	(253,000)	—
Forfeited in 2010	(10,000)	—
Granted in 2011	809,000	—
Vested in 2011	(626,000)	—
Forfeited in 2011	(123,000)	—
Granted in 2012	804,000	—
Vested in 2012	(329,000)	—
Forfeited in 2012	(298,000)	—
Vested in 2013	(483,000)	—
Forfeited in 2013	(281,000)	—
Granted in 2014	775,000	—
Vested in 2014	(430,000)	—
Forfeited in 2014	(16,000)	—
Granted in 2015	765,000	—
Vested in 2015	(263,000)	—
Forfeited in 2015	(86,000)	—
Outstanding as at December 31, 2015	**1,759,000**	**—**

Considering the vesting conditions described below, free shares outstanding at year end have the following expiry dates:

	December 31,		
	2015	2014	2013
2012	—	—	—
2013	—	—	—
2014	—	—	414,000
2015	—	263,000	263,000
2016	467,000	532,000	332,000
2017	197,000	—	—
2018	527,000	543,000	—
2019	568,000	—	—
Free shares outstanding	**1,759,000**	**1,338,000**	**1,009,000**

Other Share-Based Payment Transaction with Employees (see Note 13)

Awards under the Group's free share plan are within the scope of IFRS 2, Share-based payment as they are issued at a price that is less than the fair value of those equity instruments. From the grant date, the Group will amortize over the corresponding vesting period the fair value of the free common shares granted to employees. There are no performance conditions under the Group's equity incentive plan.

The main provisions of these share plans are as follows:

Third Free Share Plan

FIRST TRANCHE AWARDED IN 2014

- Grant date .... August 2014
- Number of free shares issued 775,000
- Vesting period for the French plan .... 2 years *(1)*
- Vesting period for the International plan .... 4 years
- Fair value of common shares at grant date............................ Can$ 0.50
- Anticipated turnover.. 10%

Total fair value of the plan .... Can$ 271 thousand

SECOND TRANCHE AWARDED IN 2015

- Grant date .... August 2015
- Number of free shares issued 765,000
- Vesting period for the French plan .... 2 years *(1)*
- Vesting period for the International plan .... 4 years
- Fair value of common shares at grant date............................ Can$ 0.22
- Anticipated turnover.. 10%

Total fair value of the plan .... Can$ 114 thousand

(1) Plus an additional 2-year lock up period following the vesting date

The impact of this non-cash share-based compensation is presented within "Cost of sales" or "General and administrative expenses" depending on the employee benefiting from the award.

The dilutive effect of these awards, if any, is taken into account in the calculation of the diluted earnings per share (see Note 25).

23. FINANCE INCOME AND FINANCIAL EXPENSE

Financial income and expense consists of the following:

	December 31,		
	2015	**2014**	**2013**
Interest expense	(4,273)	(5,006)	(4,598)
Gains on short term deposits	309	363	235
Other	(16)	(90)	(191)
Finance costs	**(3,979)**	**(4,732)**	**(4,554)**

24. INCOME TAX EXPENSE

The income tax rate applicable in France is 33.33% in 2015 excluding the impact of certain additional considerations depending upon the size of the company. The Group also operates in certain countries in which effective rates of tax may be different.

Income tax expense is presented as follows:

	December 31,		
	2015	**2014**	**2013**
Current tax	(2,016)	(281)	(2,703)
Deferred tax	2,755	3,118	9,960
Total	**738**	**2,837**	**7,257**

The reconciliation between the income tax expense using the French statutory rate and the Group's effective tax rate can be analyzed as follows:

	December 31,		
	2015	**2014**	**2013**
Income / (loss) before taxes and share of profit from associates	**(10,654)**	**(22,249)**	**(6,769)**
Tax calculated at French tax rate (33.33% for 2015)	(3,552)	(7,416)	(2,256)
Tax impact of the adjustment of the consideration payable for the second phase of the acquisition of Servitec	—	(967)	(9,544)
Effect of different tax rates in different countries	679	(138)	2,212
Tax provision (see Note 19)	—	(243)	(300)
Share-based payment expense	195	373	568
Expenses not deductible for tax purposes	200	240	280
Unrecognized deferred tax assets	1,740	5,314	6,208
Total	**(738)**	**(2,837)**	**(7,257)**

25. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares issued during the year excluding shares purchased by the Group and held as treasury shares. The Group has also issued certain dilutive equity instruments under its free share plans (see Note 13 and 22).

	December 31,		
	2015	**2014**	**2013**
Profit / (loss) attributable to equity holders of the Company in thousands of US$	**(9,686)**	**(16,155)**	**(1,508)**
Weighted average number of ordinary shares in issue before dilution	89,342,143	88,361,300	87,839,347
Basic earnings per share (US cents per share)	**(10.76)**	**(18.28)**	**(1.71)**
Weighted average number of ordinary shares in issue after dilution *(1)*	90,057,033	88,706,918	87,735,153
Diluted earnings per share (US cents per share)	**(10.76)**	**(18.28)**	**(1.71)**

(1) Reflect the effect of free shares issued and outstanding at each reporting period end (see Note 22). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value attached to outstanding free shares and warrants. The number of shares calculated as above is compared with the number of shares that would have been issued. Only free shares have a dilutive effect over the period presented.

In previous periods, the Company reported certain information on the face of the condensed consolidated income statement, so as to include the impact of the put and call option regarding Servitec, as described in Note 10. Indeed, in accordance with IFRS, the Company recorded a legal obligation as a liability in its balance sheet, and also the related non-controlling interest in the income statement. This presentation is no longer deemed necessary as the put and call option has been waived. The recognition of the non-controlling interest continues to apply, but the liability is no longer recognized.

26. DIVIDENDS PER SHARE

On March 30, 2016, the Board of Directors proposed that no dividends are paid out in 2015 (nil in 2014 and 2013), this decision is yet to be approved by shareholders at the Company's Annual General Meeting on May 25, 2016.

27. COMMITMENTS AND CONTINGENCIES

The guarantees given are the following:

			December 31,
	2015	**2014**	**2013**
Bid bonds	241	410	1,111
Advance payment guarantees and performance guarantees	5,988	11,589	12,796
Retention guarantees	1,620	1,698	1,295
Financial guarantees	15,098	16,496	13,346
Total	**22,947**	**30,193**	**28,548**

The Group entered into an operating lease with a related party in respect of its premises in Lunel (see Note 27) for a term of nine years with an annual rent of € 215 thousand for 2015. This lease will end in 2016 representing a total remaining commitment amounting to € 160 thousand.

Other operating lease commitments for future periods are not material as at December 31, 2015, 2014 and 2013.

Generally, the Group is subject to legal proceedings, claims and legal actions arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

28. RELATED PARTY TRANSACTIONS

As at December 31, 2015, the companies under the control of management hold 41.8% of the shares. 56.0% of the shares are listed on the Toronto Stock Exchange (excluding treasury shares owned by the Company).

Key management compensation is as follows:

In thousands €	**Wages, attendance fees and bonuses**	**Share-based payment expense**	**Other benefits**	**Total**
Key management	1,189	—	—	1,189
Board of Directors members other than key management	60	—	—	60
Year ended December 31, 2015	**1,249**	**—**	**—**	**1,249**
Key management	1,380	—	—	1,380
Board of Directors members other than key management	60	—	—	60
Year ended December 31, 2014	**1,440**	**—**	**—**	**1,440**
Key management	1,334	—	—	1,334
Board of Directors members other than key management	80	—	—	80
Year ended December 31, 2013	**1,414**	**—**	**—**	**1,414**

The Group did not contribute to any special pension scheme for management.

During the year, the Group paid lease rental amounting to € 215 thousand to a related party (€ 215 thousand in 2014 and € 212 thousand in 2013).

The Group has not carried out any other transactions with related parties.

29. EVENTS AFTER THE BALANCE SHEET DATE

There are no post balance sheet events to be reported.

30. CONSOLIDATED SUBSIDIARIES

As at December 31, 2015, consolidated subsidiaries are as follows:

Subsidiaries	Country of incorporation	Direct and indirect percentage of shareholdings
Foraco International S.A.	France	n.a.
Foraco SASU	France	100%
Géode International SASU	France	100%
Foraco Management SASU	France	100%
Foraco Resources SASU	France	100%
Foraco Canada Ltd.	Canada	100%
Foraco Pacifique SASU	New Caledonia	100%
Foraco Australia Pty Ltd	Australia	100%
John Nitschke Drilling Pty Ltd	Australia	100%
Foraco CI S.A	Ivory Coast	100%
Foremi S.A.	Ivory Coast	51%
Foraco Subsahara	Chad	100%
Foraco Senegal	Senegal	100%
Foraco Niger S.A.	Niger	100%
Foraco Sahel Sarl	Mali	100%
Foraco Guinée Sarl	Guinea	100%
Foraco Ghana Ltd	Ghana	100%
Foraco Congo Sarl	Congo	100%
Foraco Burkina Faso	Burkina Faso	100%
Foraco Sondaj Ticaret Sirteki Ltd	Turkey	100%
Foraco Peru SAC	Peru	100%
Foraco Chile SA	Chile	100%
Foraco Argentina SA	Argentina	100%
Foraco Mexico SA	Mexico	100%
Eastern Drilling Company Llc	Russia	50%
Foraco Kazakhstan	Kazakhstan	100%
Foraco Servitec S.A.	Brazil	73%
Foraco Holding Participações Ltda	Brazil	100%
Foraco UK	England	100%
Foraco Singapore	Singapore	100%

NOTES

NOTES

NOTES

NOTES

Corporate Head Office

26 Plage de L'Estaque
13016 Marseille, France
T: +33.(0)4.96.15.13.60
F: +33.(0)4.96.15.13.61
www.foraco.com

Board of Directors

Daniel Simoncini (Chairman)
Jean-Pierre Charmensat
Bruno Chabas
Warren Holmes
Jorge Hurtado

Transfer Agent

Computershare Trust Company of Canada
510 Burrard Street
Vancouver, BC
V6C 3B9

Auditors

PricewaterhouseCoopers

Legal Counsel

Fasken Martineau DuMoulin LLP

Market Data

Shares of Foraco International S.A.
are listed on the Toronto Stock Exchange under the symbol FAR

Annual General Meeting

May 25, 2016 @ 10:00am
26 Plage de L'Estaque
13016 Marseille, France

Investor Contact

Brenda Patterson-Mack
T: 1-647-351-5483 or 1-877-795-6363
E: patterson@foraco.com

Integrity.

We run our business with the highest level of integrity and this value is embedded in all of our daily operations, from the field to our corporate offices.

Innovation.

The global economic, political and geographic landscape is constantly changing and as a result, so is our work environment.

Involvement.

A winning culture and entrepreneurial spirit are two of our key differentiators in the industry. We practice a fluid bottom-up-top-down communication.

Foraco International
26 Plage de l'Estaque
13016 Marseille, France
www.foraco.com