FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month period ended March 31, 2012

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Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	March 31, 2012	December 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	97,434	92,500
Goodwill	(6)	51,035	50,629
Deferred income tax assets		6,981	7,984
Other non-current assets		1,133	1,006
		156,583	**152,119**
Current assets			
Inventories, net	(7)	45,720	40,754
Trade receivables, net		72,076	45,490
Other current assets		16,154	12,464
Cash and cash equivalents		20,818	24,313
		154,768	**123,021**
Total assets		**311,351**	**275,140**

Unaudited condensed consolidated interim balance sheet – Equity and Liabilities

in thousands of US$	Note	March 31, 2012	December 31, 2011
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,468	1,468
Share premium and retained earnings		166,839	159,434
Other reserves		(242)	(3,393)
		168,065	**157,510**
Non-controlling interests		4,380	5,033
Total equity		**172,445**	**162,542**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	16,152	17,292
Deferred income tax liabilities		5,691	3,976
Provisions for other liabilities and charges	(10)	697	677
Current liabilities			
Trade and other payables		62,292	51,535
Current income tax liabilities		5,599	5,840
Borrowings	(8)	46,115	31,912
Derivative financial instruments	(9)	967	-
Consideration payable related to acquisitions	(6)	470	470
Provisions for other liabilities and charges	(10)	923	896
Total liabilities		**138,906**	**112,598**
Total equity and liabilities		**311,351**	**275,140**

Unaudited condensed consolidated interim income statement

In thousands of US$		Three-month period ended	
	Note	March 31, 2012	March 31, 2011
Revenue	(4)	88,163	65,333
Cost of sales	(12)	(67,780)	(50,812)
Gross profit		**20,383**	**14,521**
Selling, general and administratives expenses	(12)	(7,541)	(5,916)
Other operating income / (expense), net	(12)	-	-
Operating profit		**12,842**	**8,605**
Finance costs		(565)	(644)
Profit before income tax		**12,277**	**7,961**
Income tax expense		(3,175)	(2,017)
Profit for the period		**9,102**	**5,944**
Attributable to:			
Equity holders of the Company		9,322	6,089
Non-controlling interests		(220)	(145)

Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):

- basic	(15)	11.97	7.75
- diluted	(15)	11.83	7.65

The accompanying notes to the financial statements form an integral part
of these unaudited consolidated interim financial statements

Unaudited condensed consolidated interim statement of changes in equity

in thousands of US$	Attributable to equity holders of the Company				Non-controlling interests	Total Equity
	Share Capital	Share Premium and Retained Earnings	Other Reserves	Total		
Balance at January 1, 2011	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Profit for the period	-	6,089	-	6,089	(145)	5,944
Currency translation differences	-	-	2,915	2,915	243	3,158
Employee share-based compensation	-	-	245	245	-	245
Treasury shares purchased (see Note 11)	-	(484)	-	(484)	-	(484)
Balance at March 31, 2011	**1,468**	**142,947**	**7,291**	**151,706**	**3,909**	**155,614**
Balance at January 1, 2012	**1,468**	**159,434**	**(3,393)**	**157,510**	**5,033**	**162,542**
Profit for the period	-	9,322	-	9,322	(220)	9,102
Currency translation differences	-	-	3,735	3,735	(433)	3,302
Employee share-based compensation	-	-	383	383	-	383
Derivative financial instrument	-	-	(967)	(967)	-	(967)
Treasury shares purchased (see Note 11)	-	(1,917)	-	(1,917)	-	(1,917)
Balance at March 31, 2012	**1,468**	**166,839**	**(242)**	**168,065**	**4,380**	**172,445**

Unaudited statement of comprehensive income

in thousands of US$	Three month period ended	
	March 31, 2012	March 31, 2011
Net profit for the period	9,101	5,944
Derivative financial intrument	(967)	-
Currency translation differences	3,302	3,158
Total comprehensive income for the period	**11,436**	**9,102**
Attributable to:		
Equity holders of the Company	*12,089*	*9,004*
Non-controlling interests	*(653)*	*98*

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Three Month period ended March 31, 2012	Three Month period ended March 31, 2011
Profit for the period	**9,102**	**5,944**
Adjustments for:		
- Depreciation, amortization and impairment	8,112	6,606
- Non-cash changes in provisions and consideration payables	-	7
- (Gain) / loss on sale and disposal of assets	(21)	188
- Share-based compensation expenses	383	245
- Income tax expenses	3,175	2,017
- Finance costs, net	565	644
Cash generated from operations before changes in operating assets and liabilities	**21,315**	**15,651**
Changes in operating assets and liabilities:		
- Inventories	(3,742)	(4,989)
- Trade accounts receivable and other receivables	(28,111)	(16,087)
- Trade accounts payable and other payables	10,645	10,027
Cash generated from operations	**107**	**4,602**
- Interest paid, net	(365)	(644)
- Income tax paid	(1,861)	(485)
Net cash flow from (used in) operating activities	**(2,118)**	**3,473**
Purchase of property, plant and equipment (PPE) (*)	(8,629)	(6,411)
Acquisition of Eastern Drilling Company, net of cash acquired	-	(3,800)
Net cash used in investing activities	**(8,629)**	**(10,211)**
Proceeds from issuance of borrowings, net of issuance costs	-	-
Repayments of borrowings	(4,025)	(4,990)
Proceeds from short term credit facilities	14,144	10,169
Acquisition of treasury shares (see Note 11)	(1,917)	(484)
Dividends paid to Company's shareholders	-	-
Dividends paid to minority interests	(2,125)	-
Net cash from financing activities	**6,077**	**4,695**
Exchange differences on cash and cash equivalents	1,175	396
Net increase/(decrease) in cash and cash equivalents	**(3,495)**	**(1,647)**
Cash and cash equivalents at beginning of the period	24,313	14,920
Cash and cash equivalents at end of the period	**20,818**	**13,273**
(*) Excluding acquisition financed through capital lease	*-*	*4,785*

Selected notes to the unaudited condensed consolidated interim financial statements

Basis of preparation

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. Because all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of Foraco International S.A. and its subsidiaries ("Foraco" or the "Company") for the year ended December 31, 2011. The statements of income for the periods presented are not necessarily indicative of results expected for any future period, nor for the entire year.

Except when otherwise stated, all amounts are presented in thousands of US$, which is the presentation currency of the Company.

Selected notes on critical accounting policies and new accounting pronouncements

The accounting policies have been consistently applied with those of the annual financial statements for the year ended December 31, 2011 except for the following policies that were modified.

2.1. Income tax

During the year, the income tax expense is recognized based on Management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis. In the last quarter of each fiscal year, Management determines the effective income tax rate for the full year based on the anticipated actual tax returns to be filed and the effective contribution of each tax jurisdiction to the consolidated financial statements.

2.2. Seasonal fluctuations

The continuing geographical expansion of the Company progressively 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 mine 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 and in August when the winter season peaks.

This seasonality may have a significant impact on working capital requirements.

2.3. New accounting pronouncements

Standards, amendments and interpretations to existing standards that have been adopted by the Company on January 1, 2012 with no material impact on the consolidated financial statements

- Improvements to IFRS 2011
- Amendment to IAS 12 – Income taxes

Standards, amendments and interpretations to existing standards that are not yet 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, 2013 or later periods, but the Group has not early adopted them:

- IFRS 7 – Financial instruments – disclosures
- IFRS 9 –Financial instruments
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair value measurement
- Amendment to IAS 1 – Presentation of financial statements
- Amendment to IAS 19 – Employee benefits
- Amendment to IAS 27 – Separate financial statements
- Amendment to IAS 28 – Associates and joint ventures
- Amendment to IAS 32 – Financial instruments : presentation
- IFRIC 20 – Stripping costs in the production phase of a surface mine

The impact resulting from the application of these standards, amendments and interpretations is currently being assessed.

Financial risk management

The Company is exposed to a variety of financial risks through its activity, including: currency risk, cash transfer restriction, interest rate / re-investment risk, financial counter-party risk and credit risk.

A significant portion of the cash flows of the Company are denominated in Euros, Canadian Dollars, Australian Dollars, US Dollars and Chilean Pesos. The financial performance and position as reported in US$ are dependent on the fluctuations of the US$ against the other mentioned currencies of the Group.

Segment information

The business segment information for the three-month periods ended March 31, 2012, and March 31, 2011, is as follows:

	Mining		Water		Group	
Three-month period ended	**March 31,**		**March 31,**		**March 31,**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue	83,028	59,745	5,135	5,588	88,163	65,333
Gross profit	18,808	13,035	1,575	1,486	20,383	14,521
Operating profit	11,710	7,625	1,132	980	12,842	8,605
Finance costs	-	-	-	-	(565)	(644)
Profit before income tax	-	-	-	-	**12,277**	**7,961**
Income tax expense	-	-	-	-	(3,175)	(2,017)
Profit for the period	-	-	-	-	**9,102**	**5,944**

Corporate costs and overheads are allocated to each business segment based on their relative revenues except when they relate directly to one segment.

The following is a summary of sales to external customers by geographic area for the three-month periods ended March 31, 2012 and March 31, 2011:

Three-month period ended	**March 31, 2012**	**March 31, 2011**
South America	37,297	25,715
Africa	23,444	16,935
North America	16,449	14,623
Asia Pacific	9,080	6,111
Europe	1,891	1,950
Net sales	**88,163**	**65,333**

Property, plant and equipment

Property, plant and equipment (PP&E) consists of the following:

	Land & Buildings	Drilling equipment & tools	Automotive equipment	Office furniture & other equipment	Total
Year ended December 31, 2011					
Opening net book amount	3,598	63,465	10,638	586	78,289
Additions	2,452	30,656	12,754	743	46,605
Exchange differences	(505)	(2,537)	(101)	(131)	(3,274)
Disposals or retirements	-	(247)	(431)	(32)	(710)
Depreciation expense	(496)	(21,000)	(6,523)	(391)	(28,410)
					-
Closing net book value	**5,049**	**70,337**	**16,337**	**775**	**92,500**
Period ended March 31, 2012					
Opening net book amount	5,049	70,337	16,337	775	92,500
Additions	232	6,157	1,977	263	8,629
Exchange differences	185	3,376	809	33	4,403
Disposals or retirements	-	(59)	(20)	(2)	(81)
Depreciation expense	(240)	(5,984)	(1,658)	(135)	(8,017)
Closing net book value	**5,226**	**73,827**	**17,445**	**934**	**97,434**

The depreciation expense of PP&E and the amortization expense of intangible assets have been charged to the income statement as follows:

Period ended	**March 31, 2012**	**March 31, 2011**
Cost of sales	7,798	6,518
Selling, general and administrative expenses	314	88
Total depreciation and amortization	**8,112**	**6,606**

Goodwill

Goodwill can be analyzed as follows:

Period ended	March 31, 2012	December 31, 2011
Goodwill at period beginning	**50,629**	**50,667**
Earn-out of Northwest Sequoia	-	300
Exchange differences	406	(338)
Goodwill at period ended	**51,035**	**50,629**

Period ended December 31, 2011

Northwest Sequoia Drilling Ltd

Northwest Sequoia was acquired in September 2008. An earn-out clause stipulated that above a certain ratio of EBITDA to sales, the former shareholders would be entitled to an additional payment. Following the better than expected performance of the company in 2011, the ratio of EBITDA to sales exceeded the threshold. The additional payment amounting to US$0.3 million has been provided for and recorded against goodwill on the basis that the acquisition took place before the Company first applied IFRS 3 (R) .

Inventories

Inventories consist of the following:

Period ended	March 31, 2012	December 31, 2011
Spare parts and consumables, gross	45,720	40,754
Less inventory allowance	-	-
Inventories, net	**45,720**	**40,754**

Borrowings

As of March 31, 2012, the maturity of financial debt can be analyzed as follows:

Maturity	Less than one year	One to five years	Over five years	Total
Bank overdraft	19,350	-	-	19,350
Assignment of trade receivables with recourse	13,321	-	-	13,321
Bank financing	3,771	5,905	-	9,676
Capital lease obligations	9,673	10,247	-	19,920
Total	**46,115**	**16,152**	**-**	**62,267**

Used and unused short-term credit facilities amounted to US$ 106.9 million as of March 31, 2012. These facilities are granted on a yearly basis and are subject to review at various dates.

Total financial debts as of March 31, 2012, include collateralized borrowings of US$ 33.2 million:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 13.3 million is secured by receivables that have been transferred; and
- Capital lease obligations amounting to US$ 19.9 million are secured by related leased assets.

Derivative financial instruments

As part of the acquisition of Servitec which took place in April 2012 as described in note 16, the Company entered into a forward contract to hedge against fluctuations in the exchange rate between the Brazilian Real, in which the consideration payable is denominated, and the Euro, the functional currency of Foraco International. The fair value as at March 31, 2012 of this contract, which qualifies as a hedging instrument under IAS 39, was recognized within other comprehensive income (US$ 967 thousand).

Provisions

Provisions comprise the following elements:

	Pension and retirement indemnities	Provision for tax uncertainty	Other provisions	Total
At January 1, 2012	**395**	**896**	**282**	**1,573**
Charged to consolidated income statement				
- Addition to provisions	11	-	-	11
- Used amounts reversed	(11)	-	-	(11)
- Unused amouts reversed	-	-	-	-
- Exchange differences	12	27	8	47
At March 31, 2012	**407**	**923**	**290**	**1,620**

The Company operates in various tax jurisdictions and may be subject to tax audits. The Company accounts for provisions for tax uncertainties to reflect management's best estimate of its potential exposure.

Share capital

Number of shares outstanding

As at March 31, 2012, the number of shares issued, including warrants and net of treasury shares, is 77,715,791.

The total common shares and warrants of the Company are distributed as follows:

Common shares held directly or indirectly by principal shareholders	37,596,497	-	37,596,497
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	1,754,251	500,071	2,254,322
Commons shares held by the Company	1,719,498	-	1,719,498
Common shares held by the public	33,608,504	4,256,468	37,864,972
Total shares and warrants issued and outstanding	**74,678,750**	**4,756,539**	**79,435,289**
Common shares held by the Company	(1,719,498)	-	(1,719,498)
Total common shares and warrants issued and outstanding	**72,959,252**	**4,756,539**	**77,715,791**

Treasury shares

The Company filed a notice on March 11, 2011, in respect of an additional Normal Course Issuer-Bid (NCIB) with the TSX. The Company was entitled to purchase up to 1,000,000 additional common shares. On December 23, 2011, the Company filed a notice to increase the NCIB from 1,000,000 to 1,500,000 shares. As at March 31, 2012, the Company finalized the purchase of these 1,500,000 treasury shares at a total average purchase price of Can$ 3.44 per share.

As at March 31, 2012, the Company owns 1,719,498 of its own shares (1,271,700 as at December 31, 2011).

Expenses by nature

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

	Three-month period ended	
	March 31, 2012	March 31, 2011
Depreciation and amortization	(8,112)	(6,606)
Accruals increases / (reversals)	-	(7)
Raw materials, consumables used and external charges	(40,940)	(28,239)
Employee benefit expense	(25,739)	(21,680)
Taxes other than on income	(509)	(384)
Other operating expenses (profit), net	(21)	188
Total operating expenses	**(75,321)**	**(56,728)**

Share-based compensation expenses recognized within Employee benefit expense for the period ended March 31, 2012 amounts to US$ 383 thousand (US$ 245 thousand in 2011).

Commitments and contingencies

The guarantees given are as follows:

Period ended	March 31, 2012	December 31, 2011
Bid bonds	12	197
Advance payment guarantees and performance guarantees	10,264	13,364
Retention guarantees	1,729	2,805
Financial guarantees	2,851	2,785
Total	**14,856**	**19,151**

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

Related-party transactions

During 2011, the Company entered into a drilling contract with a company of which one of Foraco’s Board members is a Director. This transaction was negotiated independently from the related party and represented US$ 520 thousand revenue for the three-month period ended March 31, 2011 (nil for 2012).

The Company accounted for certain related party transactions including lease rentals amounting to US$ 79 thousand for the three-month period ended March 31, 2012 (US$ 83 thousand for the three-month period ended March 31, 2011).

Key Management compensation for the three-month period ended March 31, 2012 amounted to US$ 266 thousand (US$ 244 thousand for the three-month period ended March 31, 2011).

Earnings per share calculation

For the three month period ended March 31, 2012, the weighted basic average number of shares was 77,873,452 (78,576,753 in 2011) and the weighted diluted average number of shares was 78,779,189 (79,559,488 in 2011).

Post balance sheet events

On April 20, 2012, the Company completed the acquisition of a 51% shareholding in WFS Sondagem S.A. ("Servitec"), a Brazilian drilling service provider, for an amount of US$ 44.4 million through a combination of US$ 20.1 million cash and 4,816,509 Foraco shares at US$ 5.05 representing US$ 24.3 million. As part of this agreement, the Company has an option to acquire and the current shareholders of Servitec have an option to sell the remaining 49% after three years. The corresponding purchase consideration will depend upon a formula based on the average 2012, 2013 and 2014 EBITDA of Servitec and on the net cash as at December 31, 2014. The maximum amount payable for this tranche is capped at US$ 75 million.

On April 16, 2012, at the Company's Annual General Meeting, the shareholders approved a dividend payment of €0.053 or C$ 0.069 per common share and the issuance of 3,516,509 new shares reserved to the Shareholders of Servitec.