FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month period ended March 31, 2013

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Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	March 31, 2013	December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	140,526	146,780
Goodwill	(6)	133,803	133,675
Deferred income tax assets		29,716	23,111
Other non-current assets		1,302	1,416
		305,347	**304,982**
Current assets			
Inventories, net	(7)	50,169	52,288
Trade receivables, net		50,155	54,931
Other current assets		19,525	16,381
Cash and cash equivalents		29,092	35,897
		148,941	**159,497**
Total assets		**454,288**	**464,479**

Unaudited condensed consolidated interim balance sheet – Equity and Liabilities

in thousands of US$	Note	March 31, 2013	December 31, 2012
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,629	1,629
Share premium and retained earnings		214,554	219,682
Other reserves		(8,303)	(7,820)
		207,880	**213,491**
Non-controlling interests		6,699	8,415
Total equity		**214,579**	**221,906**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	66,037	61,733
Consideration payable related to acquisitions	(6)	35,195	44,358
Deferred income tax liabilities		8,466	8,756
Provisions for other liabilities and charges	(9)	848	871
Current liabilities			
Trade and other payables		58,706	53,463
Current income tax liabilities		577	3,568
Borrowings	(8)	67,482	67,301
Derivative financial instrument	(6)	1,510	1,609
Provisions for other liabilities and charges	(9)	888	914
Total liabilities		**239,709**	**242,573**
Total equity and liabilities		**454,288**	**464,479**

Unaudited condensed consolidated interim income statement

In thousands of US$	Note	Three-month period ended March 31, 2013	Three-month period ended March 31, 2012
Revenue	(4)	59,795	88,163
Cost of sales	(11)	(68,536)	(67,780)
Gross profit / (loss)		**(8,741)**	**20,383**
Selling, general and administratives expenses	(11)	(8,960)	(7,541)
Other operating income / (expense), net	(6)	9,218	-
Operating profit / loss		**(8,483)**	**12,842**
Finance costs		(1,237)	(565)
Profit / (loss) before income tax		**(9,720)**	**12,277**
Income tax (expense) / profit		5,550	(3,175)
Profit / (loss) for the period		**(4,170)**	**9,102**
Attributable to:			
Equity holders of the Company		(3,222)	9,322
Non-controlling interests (*)		(948)	(220)

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

- basic (**)	(14)	(3.66)	11.97
- diluted	(14)	(3.66)	11.83

(**) Earnings per share for profit attributable to the equity holders of the Company during the period including the non-controlling interests corresponding to Servitec which the Company is in the process of acquiring and for which the consideration payable is recorded as a liability (expressed in US cents per share) (see note 15)

- basic	*(14)*	(2.64)	*11.98*
- diluted	*(14)*	(2.64)	*11.83*

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, 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 10)	-	(1,917)	-	(1,917)	-	(1,917)
Balance at March 31, 2012	**1,468**	**166,839**	**(242)**	**168,065**	**4,380**	**172,445**
Balance at January 1, 2013	**1,629**	**219,682**	**(7,820)**	**213,491**	**8,415**	**221,906**
Profit for the period	-	(4,122)	-	(4,122)	(48)	(4,170)
Currency translation differences	-	-	(948)	(948)	(168)	(1,116)
Employee share-based compensation	-	-	465	465	-	465
Dividend relating to 2012	-	-		-	(1,500)	-
Treasury shares purchased (see Note 10)	-	(1,005)	-	(1,005)	-	(1,005)
Balance at Match 31, 2013	**1,629**	**214,554**	**(8,303)**	**207,880**	**6,699**	**216,079**

Unaudited statement of comprehensive income

in thousands of US$	**March 31, 2013**	**March 31, 2012**
Net profit for the period	(4,170)	9,101
Derivative financial intrument	-	(967)
Currency translation differences	(1,116)	3,302
Total comprehensive income for the period	**(5,286)**	**11,436**
Attributable to:		
Equity holders of the Company	*(5,070)*	*12,089*
Non-controlling interests	*(216)*	*(653)*

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Three Month period ended March 31, 2013	2012
Profit for the period	**(4,170)**	**9,102**
Adjustments for:		
- Depreciation, amortization and impairment	10,152	8,112
- Non-cash changes in provisions and consideration payables	(9,218)	-
- (Gain) / loss on sale and disposal of assets	48	(21)
- Share-based compensation expenses	465	383
- Income tax expenses	(5,550)	3,175
- Finance costs, net	1,237	565
Cash generated from operations before changes in operating assets and liabilities	**(7,036)**	**21,315**
Changes in operating assets and liabilities:		
- Inventories	738	(3,742)
- Trade accounts receivable and other receivables	1,843	(28,111)
- Trade accounts payable and other payables	1,064	10,645
Cash generated from operations	**(3,391)**	**107**
- Interest paid, net	(1,157)	(365)
- Income tax paid	(586)	(1,861)
Net cash flow from operating activities	**(5,134)**	**(2,118)**
Purchase of property, plant and equipment (PPE) (*)	(3,571)	(8,629)
Net cash used in investing activities	**(3,571)**	**(8,629)**
Proceeds from issuance of borrowings, net of issuance costs	10,567	-
Repayments of borrowings	(4,603)	(4,025)
Proceeds from short term credit facilities	(2,179)	14,144
Acquisition of treasury shares (see Note 10)	(1,005)	(1,917)
Dividends paid to Company's shareholders	-	(2,125)
Dividends paid to non-controlling interests	-	-
Net cash from financing activities	**2,780**	**6,077**
Exchange differences on cash and cash equivalents	(880)	1,175
Net increase in cash and cash equivalents	**(6,805)**	**(3,495)**
Cash and cash equivalents at beginning of the period	35,897	24,313
Cash and cash equivalents at end of the period	**29,092**	**20,818**
(*) Excluding acquisition financed through capital lease	-	-

Selected notes to the unaudited condensed consolidated interim financial statements

1. 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, 2012. The statements of income for the periods presented are not necessarily indicative of results expected for any future period, year.

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

2. Selected notes on critical accounting policies and new accounting pronouncements

2.1.Accounting policies

The accounting policies have been consistently applied with those of the annual financial statements for the year ended December 31, 2012 except for the following: 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 during the vacation period. Certain contracts are also affected in Chile and in Argentina in July and August when the winter season peaks.

2.2.Going concern

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 (mainly related to debt service obligations) for a period of at least twelve months. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

2.3.New accounting pronouncements

Standards, amendments and interpretations to existing standards that have been adopted by the Company on January 1, 2013 with no material impact on the consolidated financial statements.

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- Amendment to IAS 27 – Separate financial statements
- Amendment to IAS 28 – Associates and joint ventures
- Amendments to IFRS 10, 11, 12 – Transition guidance
- IFRS 13 – Fair value measurement
- Amendment to IAS 1 – Presentation of financial statements
- Amendment to IAS 19 – Employee benefits
- IFRS 7 – Financial instruments – Disclosures' on offsetting
- Amendment to IAS 32 – Financial instruments: presentation
- IFRIC 20 – Stripping costs in the production phase of a surface mine
- Annual improvement 2011

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, 2013 or later periods, but have not been early adopted by the Group:

- IFRS 9, Financial instruments' - Classification of financial assets and financial liabilities

The impact resulting from the application of this standard is currently being assessed.

3. 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, Brazilian Real 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.

4. Segment information

The business segment information for the three-month periods ended March 31, 2013, and March 31, 2012, is as follows:

	Mining		Water		Group	
Three-month period ended	**March 31,**		**March 31,**		**March 31,**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue	57,559	83,028	2,236	5,135	59,795	88,163
Gross profit	(8,668)	18,808	(73)	1,575	(8,741)	20,383
Operating profit	(8,075)	11,710	(408)	1,132	(8,483)	12,842
Finance costs	n/a	n/a	n/a	n/a	(1,237)	(565)
Profit before income tax	n/a	n/a	n/a	n/a	**(9,720)**	**12,277**
Income tax expense	n/a	n/a	n/a	n/a	5,550	(3,175)
Profit for the period	n/a	n/a	n/a	n/a	**(4,170)**	**9,102**

The following is a summary of sales to external customers by geographic area for the three-month periods ended March 31, 2013 and March 31, 2012:

Three-month period ended	**March 31, 2013**	**March 31, 2012**
South America	24,451	37,297
Europe, Middle East and Africa	13,279	25,335
North America	11,135	16,449
Asia Pacific	10,930	9,080
Net sales	**59,795**	**88,163**

5. 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, 2012					
Opening net book amount	5,049	70,337	16,337	775	92,500
Additions	567	32,500	6,931	901	40,899
Acquisition of Servitec (Note 6)	528	11,357	2,872	494	15,251
Acquisition of JND (Note 6)	-	30,394	2,816	-	33,210
Exchange differences	173	1,276	772	(66)	2,155
Disposals or retirements	(2)	(585)	(112)	(2)	(701)
Depreciation expense	(1,037)	(27,750)	(7,232)	(515)	(36,534)
Closing net book value	**5,278**	**117,529**	**22,384**	**1,587**	**146,780**
Period ended March 31, 2013					
Opening net book amount	5,278	117,529	22,384	1,587	146,780
Additions	58	2,806	581	126	3,571
Exchange differences	30	244	117	60	451
Disposals or retirements		(73)	(50)	(1)	(124)
Depreciation expense	(329)	(7,844)	(1,840)	(139)	(10,152)
Closing net book value	**5,037**	**112,662**	**21,192**	**1,633**	**140,526**

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, 2013**	**March 31, 2012**
Cost of sales	9,864	7,798
Selling, general and administrative expenses	288	314
Total depreciation and amortization	**10,152**	**8,112**

6. Goodwill

Goodwill can be analyzed as follows:

Period ended	**March 31, 2013**	**December 31, 2012**
Goodwill at period beginning	**133,675**	**50,629**
Acquisition of Servitec	-	74,255
Acquisition of JND	-	8,395
Exchange differences	128	396
Goodwill at period ended	**133,803**	**133,675**

Period ended December 31, 2012

Servitec Sondagem

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$ 44.2 million through a combination of US$ 20.2 million cash and 4,816,509 Foraco shares at US$ 4.99 representing US$ 24.0 million. As part of this agreement, the Company has an option to acquire and the current minority 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. A first estimate at transaction date of the present value of the amount payable was US$ 57.0 million.

The Group's interest in Servitec is consolidated since April 20, 2012.

As a result of the change in market conditions in the last part of FY 2012, the Company has revised the estimate of the amount payable for the remaining 49% shares and adjusted the amount payable to US$43.7 million as at December 31, 2012. The further deterioration of these market conditions in the first part of 2013 led the Company to reassess the present value of the amount payable. In accordance with IFRS 3, the adjustment amounting to US$ 9.2 million has been accounted for within other operating income in Q1 2013. The best estimate of the present value of the amount payable is US$ 34.5 million as at March 31, 2013.

The estimated purchase price, the fair value of the net assets acquired and the goodwill resulting from the acquisition are as follows:

				In thousands of US$
Fair value of cash consideration for the first step				
- Cash payable at closing date of the Acquisition (1)	35,650	R$		20,163
Foraco International common shares to be issued for the first step				
- Number of common shares to be issued	4,816,509			
- Stock price on April 20, 2012	4.99			
- Estimated fair value of shares to be issued				24,038
Fair value of cash consideration for the second step				
- Payable estimated at completion of the second step (2)			61,132	
- Discount rate (3)			2.30%	
- Expected date of completion			May 31, 2015	
- Discounted estimated payable				56,993
Total fair value of the consideration payable				**101,194**

(1) Translated at conversion rate on April 20, 2012 of 1.88 R$ to the US$ and 1.01 CAD to the US$
(2) Based on Management's best estimate of the consideration payable at acquisition date
(3) Discount rate using the Foraco marginal interest rate

	Estimated fair value in thousands of US$
Cash and cash equivalents	1,764
Shareholder loan to be repaid upon closing	149
Customers relationship	405
Equipment	15,251
Intangible assets	62
Inventories	2,697
Trade and other receivables	10,501
Trade and other payables	(8,422)
Provision	(962)
Borrowings	(6,472)
Deferred tax, net	11,967
Net assets acquired in KUSD	**26,939**
Goodwill	**74,255**

The above goodwill is attributable to the expertise of the acquired company in diamond core, directional, geotechnical and large diameter drilling services for top tier companies in the mining industry. This goodwill is allocated to the Mining segment.

John Nitschke Drilling Pty Ltd

On November 19, 2012, the Company completed the acquisition of a 100% shareholding in John Nitschke Drilling Pty Ltd ("JND"), an Australian drilling service provider, for an amount of US$ 47.2 million.

This purchase price is a combination of:

- A cash consideration,
- Foraco shares: a minimum of 6,000,000 and a maximum of 7,000,000 warrants giving right to a minimum of 6,000,000 to a maximum of 7,000,000 common shares of Foraco International, to be converted before or in 9 months from the transaction date.
- An earn-out payable based on the 2012 EBITDA generated by JND.

The Group's interest in JND is consolidated since November 19, 2012.

The estimated purchase price, the fair value of the net assets acquired and the goodwill resulting from the acquisition are as follows:

	In thousands of transaction currency		In thousand of US$	
Cash consideration at completion date				
- Payable at completion date	30,000	AUD	31,212	US$
Fair value of warrants to be issued				
- Number of warrants to be issued	6,000,000			
- Stock price on November 19, 2012	2.40	CAD	2.41	US$
- Estimated fair value of warrants to be issued			14,452	US$
Fair value of additional warrants to be issued			1,541	US$
Fair value of cash consideration - Earn-out clause				
- Estimated EBITDA for the 12 month period ending December 31, 2012	< 11,000	AUD		
- Earn-out payable			-	US$
Total fair value of the consideration payable			**47,205**	

	Estimated fair value in thousands of US$
Property, plant and equipment	33,210
Inventories, net	3,423
Trade receivables, net	8,933
Other current assets	91
Provisions for other liabilities and charges	(324)
Trade and other payables	(3,503)
Current income tax liabilities	(1,889)
Provisions for other liabilities and charges	(1,132)
Net assets acquired	**38,809**
Goodwill	**8,395**

The above goodwill is allocated to the Mining segment.

The purchase price allocation is determined at this stage on a preliminary basis. As per IFRS, the Company has a one year window to reassess the fair value of acquired assets and assumed liabilities.

As at March 31, 2013, the fair value of additional warrants to be issued amounts to US$ 1,509 thousand and is recorded as a current liability.

7. Inventories

Inventories consist of the following:

Period ended	**March 31, 2013**	**December 31, 2012**
Spare parts and consumables, gross	50,169	52,288
Less inventory allowance	-	-
Inventories, net	**50,169**	**52,288**

The Company is performing ongoing assessments of the spare parts and consumables and writes off obsolete inventories as soon as they are identified.

8. Borrowings

As of March 31, 2013, 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	29,072	-	-	29,072
Assignment of trade receivables with recourse	7,890	-	-	7,890
Bank financing	21,248	61,829	-	83,077
Capital lease obligations	9,272	4,208	-	13,480
Total	**67,482**	**66,037**	**-**	**133,519**

This table does not include the consideration payable for the acquisition of the remaining shares of Servitec totaling US$ 35,195 thousand as at March 31, 2013, and due to be paid in 2015.

Used and unused short-term credit facilities amounted to US$ 107.7 million out of which US$ 37.0 million was used as of March 31, 20123. These facilities are granted on a yearly basis and are subject to review at various dates.

Total financial debts as of March 31, 2013, include collateralized borrowings of US$ 21.4 million:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 7.9 million is secured by receivables that have been transferred; and
- Capital lease obligations amounting to US$ 13.5 million are secured by related leased assets.

9. Provisions

Provisions comprise the following elements:

	Pension and retirement indemnities	Provision for tax uncertainty	Other provisions	Total
As at January 1, 2013	**481**	**908**	**396**	**1,785**
Charged to consolidated income statement				
- Addition to provisions	30	-	-	30
- Used amounts reversed	(30)	-	-	(30)
- Unused amouts reversed	-			-
- Exchange differences	(13)	(25)	(11)	(49)
As at March 31, 2013	**468**	**883**	**385**	**1,736**

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.

10. Share capital

Number of shares outstanding

As at December 31, 2012, the number of shares issued, net of treasury shares, is 81,817,500.

As at March 31, 2013, the total common shares of the Company are distributed as follows:

	Number of shares
Common shares held directly or indirectly by principal shareholders	37,596,497
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	2,254,322
Commons shares held by the Company	1,134,298
Common shares held by the public	41,966,681
Total shares issued and outstanding	**82,951,798**
Common shares held by the Company	(1,134,298)
Total common shares issued and outstanding	**81,817,500**

As part of the acquisition of JND, the Company is likely to issue shares following the granting of warrants to the benefit of the sellers. The best estimate of the corresponding number of shares to be issued is 6,960,403 as at March 31, 2013. These shares not yet issued are not included in the table above.

Treasury shares

The Company filed a notice on September 27, 2012, in respect of an additional NCIB with the TSX. The Company was entitled to purchase up to 1,500,000 additional common shares. As of March 31, 2013, the Company had purchased 1,043,800 of its own shares at an average purchase price of Can$ 2.58.

As at March 31, 2013, the Company owns 1,134,298 of its own shares (724,898 as at December 31, 2012).

11. Expenses by nature

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

	Three-month period ended March 31,	
	2013	**2012**
Depreciation and amortization	(10,152)	(8,112)
Accruals increases / (reversals)	-	-
Raw materials, consumables used and external charges	(34,105)	(40,940)
Employee benefit expense	(32,673)	(25,739)
Taxes other than on income	(613)	(509)
Other operating expenses (profit), net	47	(21)
Total operating expenses	**(77,496)**	**(75,321)**

Share-based compensation expenses recognized within Employee benefit expense for the period ended March 31, 2013 amounts to US$ 465 thousand (US$ 383 thousand in 2012).

12. Commitments and contingencies

The guarantees given are as follows:

Period ended	**March 31, 2013**	**December 31, 2012**
Bid bonds	213	364
Advance payment guarantees and performance guarantees	14,094	19,013
Retention guarantees	1,280	1,319
Financial guarantees	2,096	2,113
Total	**17,683**	**22,809**

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.

13. Related-party transactions

During the period, 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$ 63 thousand revenue for the period ended March 31, 2013. During 2012, there was no drilling contract with a company of which one of Foraco's Board members is a Director.

The Company accounted for certain related party transactions including lease rentals amounting to US$ 79 thousand for the period ended March 31, 2013 (US$ 79 thousand for the period ended March 31, 2012).

Key Management compensation for the period ended March 31, 2013 amounted to US$ 263 thousand (US$ 266 thousand for the period ended March 31, 2012).

14. Earnings per share calculation

Excluding the impact of the considered acquisition of the non-controlling interest related to Servitec

For the three month period ended March 31, 2013, the weighted basic average number of shares was 87,997,143 (77,873,452 in 2012) and the weighted diluted average number of shares was 88,738,346 (78,779,189 in 2012).

Including the impact of the considered acquisition of the non-controlling interest related to Servitec

As disclosed in note 15, the Company is in the process of acquiring the non-controlling interests of Servitec for which the consideration payable is recorded as a liability and for which no dividends will be paid prior to the acquisition. The earnings per share assuming that the acquisition of the non-controlling interest has taken place are presented on the face of the income statement.

Diluted earnings per share

The Company incurred a loss for the three month period ended March 31, 2013. Dilutive instruments cannot have an anti-dilutive effect in case of a net loss. Therefore, the basic and diluted earnings per share are the same for this period.

15. Post balance sheet events

There are no post balance sheet events to be reported.