FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month and six-month periods ended June 30, 2011

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Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	June 30, 2011	December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	86,907	78,289
Goodwill	(6)	51,227	50,667
Deferred income tax assets		8,524	10,805
Other non-current assets		1,914	1,699
		148,572	**141,460**
Current assets			
Inventories, net	(7)	40,230	32,384
Trade receivables, net		57,818	40,996
Other current assets		14,368	17,195
Cash and cash equivalents		18,087	14,920
		130,503	**105,495**
Total assets		**279,075**	**246,955**

Unaudited condensed consolidated interim balance sheet – Equity & Liabilities

in thousands of US$	Note	June 30, 2011	December 31, 2010
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,468	1,468
Share premium and retained earnings		145,762	137,342
Other reserves		8,471	4,131
		155,701	**142,941**
Non-controlling interests		5,718	3,811
Total equity		**161,419**	**146,751**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	16,982	11,359
Deferred income tax liabilities		8,305	7,213
Provisions for other liabilities and charges	(9)	1,623	1,597
Current liabilities			
Trade and other payables		51,278	39,024
Current income tax liabilities		2,192	2,374
Borrowings	(8)	36,880	30,332
Consideration payable related to acquisitions	(6)	-	7,941
Provisions for other liabilities and charges	(9)	396	364
Total liabilities		**117,656**	**100,204**
Total equity and liabilities		**279,075**	**246,955**

Unaudited condensed consolidated interim income statement

In thousands of US$	Note	Three-month period ended June 30, 2011	Three-month period ended June 30, 2010	Six-month period ended June 30 2011	Six-month period ended June 30 2010
Revenue	(4)	78,256	35,914	143,589	60,439
Cost of sales	(11)	(59,935)	(27,164)	(110,747)	(46,286)
Gross profit		**18,321**	**8,750**	**32,842**	**14,153**
Selling, general and administratives expenses	(11)	(6,525)	(5,119)	(12,441)	(8,960)
Other operating income / (expense), net	(11)	-	193	-	225
Operating profit		**11,796**	**3,824**	**20,401**	**5,418**
Finance costs		(308)	(225)	(952)	(353)
Profit before income tax		**11,488**	**3,599**	**19,449**	**5,065**
Income tax expense		(2,921)	(1,009)	(4,938)	(1,419)
Profit for the period		**8,567**	**2,590**	**14,511**	**3,646**
Attributable to:					
Equity holders of the Company		6,842	2,298	12,931	3,354
Non-controlling interests		1,725	292	1,580	292

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

	Note	Three-month 2011	Three-month 2010	Six-month 2011	Six-month 2010
- basic	(14)	8.75	3.46	16.49	5.35
- diluted	(14)	8.63	3.40	16.27	5.26

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, 2010	**1,190**	**84,134**	**7,043**	**92,367**	**224**	**92,589**
Currency translation differences	-	-	(12,041)	(12,041)	(111)	(12,152)
Employee share-based compensation	-	-	398	398	-	398
Issuance of equity instrument	278	46,418	-	46,696	-	46,696
Profit for the six-month period	-	3,354	-	3,354	292	3,646
Effect of the adoption of IFRS 3(R) (see Note 2)		(416)		(416)	-	(416)
Treasury shares purchased (see Note 10)	-	(276)	-	(276)	-	(276)
Dividend paid relating to 2009	-	(2,007)	-	(2,007)	(29)	(2,036)
recognition of EDC's minority interests	-	-	-	-	1,526	1,526
Acquisition of non-controlling Interests (see Note 2)	-	47	-	47	(65)	(18)
Balance at June 30, 2010	**1,468**	**131,254**	**(4,600)**	**128,122**	**1,836**	**129,958**
Balance at January 1, 2011	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Currency translation differences	-	-	3,838	3,838	327	4,165
Employee share-based compensation	-	-	502	502	-	502
Profit for the period	-	12,931	-	12,931	1,580	14,511
Treasury shares purchased (see Note 10)	-	(1,549)	-	(1,549)	-	(1,549)
Dividend relating to 2010	-	(2,961)	-	(2,961)	-	(2,961)
Balance at June 30, 2011	**1,468**	**145,763**	**8,471**	**155,702**	**5,718**	**161,419**

Unaudited statement of comprehensive income

in thousands of US$	Three month period ended	
	June 30, 2011	June 30, 2010
Net profit for the period	14,511	3,646
Currency translation differences	4,165	(12,152)
Total comprehensive income for the period	**18,676**	**(8,506)**
Attributable to:		
Equity holders of the Company	*16,468*	*(8,687)*
Non-controlling interests	*1,907*	*181*

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Six-month period ended June 30, 2011	Six-month period ended June 30, 2010
Profit for the period	**14,511**	**3,646**
Adjustments for:		
- Depreciation, amortization and impairment	13,829	7,908
- Non-cash changes in provisions and consideration payables	(8)	305
- (Gain) / loss on sale and disposal of assets	209	-
- Share-based compensation expenses	502	366
- Income tax expenses	4,938	1,419
- Finance costs, net	952	353
Cash generated from operations before changes in operating assets and liabilities	**34,933**	**13,997**
Changes in operating assets and liabilities:		
- Inventories	(5,064)	(1,142)
- Trade accounts receivable and other receivables	(13,299)	(5,841)
- Trade accounts payable and other payables	7,228	494
Cash generated from operations	**23,798**	**7,508**
- Interest paid, net	(1,352)	(328)
- Income tax refunded (paid)	1,818	(4,066)
Net cash flow from operating activities	**24,264**	**3,114**
Purchase of property, plant and equipment (PPE) (*)	(15,717)	(4,380)
Acquisition of Adviser Drilling, net of cash acquired	-	(2,700)
Repayment of Adviser Drilling former shareholder's loan	-	467
Earn out payable related to the acquisition of EDC (Note 6)	(7,600)	(1,588)
Acquisition of non-controlling interests	-	(18)
Net cash used in investing activities	**(23,317)**	**(8,219)**
Proceeds from issuance of borrowings, net of issuance costs	8,634	-
Repayments of borrowings	(9,720)	(2,713)
Net increase / (decrease) in bank overdrafts and short-term loans	6,177	1,351
Acquisition of treasury shares (see Note 10)	(1,549)	(254)
Dividends paid to Company's shareholders	(2,605)	(1,837)
Dividends paid to non-contolling interests	-	(32)
Net cash used in financing activities	**937**	**(3,485)**
Exchange differences on cash and cash equivalents	1,283	(4,557)
Net increase/(decrease) in cash and cash equivalents	**3,167**	**(13,147)**
Cash and cash equivalents at beginning of the period	14,920	25,905
Cash and cash equivalents at end of the period	**18,087**	**12,758**
(*) Excluding PPE purchased through a leasing agreement	*6,375*	-

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, 2010. 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.

2. 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, 2010 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 geographical expansion of the Company progressively reduces the overall exposure to seasonality. 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. In Asia Pacific, Russia 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 where the winter season peaks.

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 Chilean Pesos, Canadian Dollars, Euros, US Dollars and Australian Dollars.

4. Segment information

The business segment information for the three-month periods ended June 30, 2011, and June 30, 2010, is as follows:

	Mining		Water		Group	
Three-month period ended	**June 30,**		**June 30,**		**June 30,**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	74,324	29,377	3,932	6,537	78,256	35,914
Gross profit	17,660	7,099	661	1,651	18,321	8,750
Operating profit	11,463	3,105	333	719	11,796	3,824
Finance costs	n/a	n/a	n/a	n/a	(308)	(225)
Profit before income tax	n/a	n/a	n/a	n/a	**11,488**	**3,599**
Income tax expense	n/a	n/a	n/a	n/a	(2,921)	(1,009)
Profit for the period	n/a	n/a	n/a	n/a	**8,567**	**2,590**

The business segment information for the six-month periods ended June 30, 2011, and June 30, 2010, is as follows:

	Mining		Water		Group	
Six-month period ended	**June 30,**		**June 30,**		**June 30,**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	134,069	48,188	9,520	12,251	143,589	60,439
Gross profit	30,695	10,961	2,147	3,192	32,842	14,153
Operating profit	19,088	4,045	1,313	1,373	20,401	5,418
Finance costs	n/a	n/a	n/a	n/a	(952)	(353)
Profit before income tax	n/a	n/a	n/a	n/a	**19,449**	**5,065**
Income tax expense	n/a	n/a	n/a	n/a	(4,938)	(1,419)
Profit for the period	n/a	n/a	n/a	n/a	**14,511**	**3,646**

Corporate costs and overheads are allocated to each business segment based on their revenue.

The following is a summary of sales to external customers by geographic area for the three-month periods ended June 30, 2011 and June 30, 2010:

Three-month period ended	June 30, 2011	June 30, 2010
South America	30,655	7,243
Africa	18,403	15,020
North America	12,553	5,761
Asia Pacific	7,456	5,367
Europe	9,189	2,523
Net sales	**78,256**	**35,914**

The following is a summary of sales to external customers by geographic area for the six-month periods ended June 30, 2011 and June 30, 2010:

Six-month period ended	June 30, 2011	June 30, 2010
South America	56,370	7,243
Africa	35,338	26,358
North America	27,176	12,749
Asia Pacific	13,567	10,969
Europe	11,139	3,120
Net sales	**143,589**	**60,439**

5. Property, plant and equipment

Property, plant and equipment (PPE) consists of the following:

	Land & Buildings	Drilling equipment & tools	Automotive equipment	Office furniture & other equipment	Total
Year ended December 31, 2010					
Opening net book amount	3,674	32,961	6,477	522	43,636
Additions	154	12,119	3,212	223	15,708
Exchange differences	(133)	3,339	954	(78)	4,082
Disposals or retirements	(1)	(69)	(59)	(5)	(134)
Acquisition of Adviser (Note 6)	228	26,143	3,792	150	30,313
Acquisition of EDC (Note 6)	-	4,453	220	6	4,679
Depreciation expense	(324)	(15,481)	(3,958)	(232)	(19,995)
Closing net book value	**3,598**	**63,465**	**10,638**	**586**	**78,289**
Period ended June 30, 2011					
Opening net book amount	3,598	63,465	10,638	586	78,289
Additions	662	14,596	4,495	339	20,092
Exchange differences	173	2,075	338	22	2,608
Disposals or retirements	-	(108)	(311)	(32)	(451)
Depreciation expense	(182)	(9,904)	(3,376)	(169)	(13,631)
Closing net book value	**4,251**	**70,124**	**11,784**	**746**	**86,907**

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

Period ended	June 30, 2011	June 30, 2010
Cost of sales	13,455	7,715
Selling, general & administrative expenses	176	165
Total depreciation and amortization	**13,631**	**7,880**

6. Goodwill

Goodwill can be analyzed as follows:

Period ended	June 30, 2011	December 31, 2010
Goodwill at period beginning	**50,667**	**14,879**
Acquisition of Adviser Drilling SA	-	27,130
Acquisition of Eastern Drilling Company LLC	-	8,181
Impairment loss	-	-
Exchange differences	560	477
Goodwill at period ended	**51,227**	**50,667**

Acquisition of Adviser Drilling SA

In March 2010, the Company acquired 100% of the shares of Adviser Drilling SA ("Adviser") in Chile. The Company completed the acquisition on May 26, 2010, from which date the Group's interest in Adviser is consolidated.

The final purchase price amounting to US$ 52.4 million included (i) a cash consideration of US$ 5.35 million upon the closing of the transaction, (ii) the issuance of 14,935,750 new shares of the Company and (iii) the issuance of 4,756,539 warrants to acquire shares of the Company, exercisable after two years following closing at no additional consideration, warrant holders being indemnified for dividends paid until the exercise date.

The fair value of the net assets acquired is US$ 25.3 million and the goodwill resulting from the acquisition is US$ 27.1 million.

LLC Eastern Drilling Company Acquisition

On May 27, 2010, the Company completed the acquisition of a 50% controlling interest in LLC Eastern Drilling Company ("EDC"), a Russian company.

The final purchase price amounting to US$9.6 million included (i) a cash consideration of US$ 2 million paid in May 2010 and (ii) an earn-out payable based on EDC's 2010 financial performance amounting to US$ 7.6 million, of which US$ 3.8 million were paid in March 2011 and the remainder of US$ 3.8 million were paid in the second quarter of 2011.

The fair value of the net assets acquired is US$ 1.4 million and the goodwill resulting from the acquisition is US$8.2 million.

7. Inventories

Inventories consist of the following:

Period ended	June 30, 2011	December 31, 2010
Spare parts and consumables, gross	40,230	32,384
Less inventory allowance	-	-
Inventories, net	**40,230**	**32,384**

8. Borrowings

As of June 30, 2011, 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	5,672	-	-	5,672
Assignment of trade receivables with recourse	15,121	-	-	15,121
Bank financing	6,860	7,928	-	14,788
Capital lease obligations	9,227	9,054	-	18,281
Total	**36,880**	**16,982**	**-**	**53,862**

Used and unused short-term credit facilities amounted to US$ 72,371 thousand as of June 30, 2011. This facility is granted on a yearly basis and is subject to review at various dates.

Total financial debts as of June 30, 2011, include collateralized borrowings of US$ 33,402 thousand:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 15,121 thousand is secured by receivables that have been transferred; and
- Capital lease obligations amounting to US$ 18,281 thousand are secured by related leased assets.

9. Provisions

Provisions comprise of the following elements:

	Pension & retirement indemnities	Provision for tax uncertainty	Other provisions	Total
At January 1, 2011	**420**	**1,252**	**289**	**1,961**
Charged to consolidated income statement				
- Addition to provisions	18	-	-	18
- Used amounts reversed	(24)	-	-	(24)
- Unused amounts reversed	-	-	-	-
- Exchange differences	15	39	10	64
At June 30, 2011	**429**	**1,291**	**299**	**2,019**

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 June 30, 2011, the number of shares issued, including warrants and net of treasury shares, is 78,051,989.

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

	Number of shares	Warrants	Total
Common shares held directly or indirectly by principal shareholders	37,594,498	-	37,594,498
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	1,720,245	500,071	2,220,316
Commons shares held by the Company	1,383,300	-	1,383,300
Common shares held by the public	33,980,707	4,256,468	38,237,175
Total shares and warrants issued and outstanding	**74,678,750**	**4,756,539**	**79,435,289**
Common shares held by the Company	(1,383,300)	-	(1,383,300)
Total commom shares and warrants issued and outstanding	**73,295,450**	**4,756,539**	**78,051,989**

Dividends

On June 23, 2011, the Company paid a dividend of € 0.028 per share.

Treasury shares

The Company filed a notice on March 11, 2011, in respect of an additional NCIB with the TSX. The Company may purchase additional common shares up to 1,000,000. As of June 30, 2011, the Company had purchased 537,800 of its own shares at an average purchase price of Can$ 2.78 per share.

As at June 30, 2011, the Company owns 1,383,300 of its own shares (845,500 as at December 31, 2010).

11. Expenses by nature

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

	Three-month period ended, June 30,		Six-month period ended June 30,	
	2011	2010	2011	2010
Depreciation and amortization	(7,222)	(4,903)	(13,828)	(7,908)
Accruals increases / (reversals)	15	112	8	101
Raw materials, consumables used and external charges	(32,968)	(15,346)	(61,207)	(27,459)
Employee benefit expense	(25,811)	(11,525)	(47,491)	(19,008)
Taxes other than on income	(494)	(360)	(878)	(714)
Other operating expenses (profit), net	21	(68)	209	(32)
Total operating expenses	**(66,459)**	**(32,090)**	**(123,187)**	**(55,021)**

Share-based compensation expenses recognized within Employee benefit expense for the three month period ended June 30, 2011 amounts to US$ 502 thousand (US$ 398 thousand in 2010).

12. Commitments and contingencies

The guarantees given are as follows:

Period ended	June 30, 2011	December 31, 2010
Bid bonds	327	482
Advance payment guarantees and performance guarantees	12,881	18,351
Retention guarantees	4,284	4,545
Financial guarantees	3,006	4,243
Total	**20,498**	**27,622**

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 last quarter, the Company entered into a new 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$ 923 thousand revenue for the six-month period ended June 30, 2011 (nil for the six-month period ended June 30, 2010).

The Company accounted for certain related party transactions including lease rentals amounting to US$ 170 thousand for the six-month period ended June 30, 2011 (US$ 157 thousand for the six-month period ended June 30, 2010).

Key Management compensations for the six-month period ended June 30, 2011 amounted to US$ 501 thousand (US$ 455 thousand for the six-month period ended June 30, 2010).

14. Earnings per share calculation

For the three month period ended June 30, 2011, the weighted basic average number of shares was 78,231,607 (66,509,256 in 2010) and the weighted diluted average number of shares was 79,318,681 (67,557,606 in 2010).

For the six-month period ended June 30, 2011, the weighted basic average number of shares was 78,404,180 (62,686,082 in 2010) and the weighted diluted average number of shares was 79,491,255 (63,734,432 in 2010).

15. Post balance sheet events

Nothing to report.