FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month and nine-month periods ended September 30, 2011

Table of Contents

Unaudited condensed consolidated interim balance sheet - Assets	3
Unaudited condensed consolidated interim balance sheet – Equity & Liabilities	4
Unaudited condensed consolidated interim income statement	5
Unaudited condensed consolidated interim statement of changes in equity	1
Selected notes to the unaudited condensed consolidated interim financial statements	8
1. Basis of preparation	8
2. Selected notes on critical accounting policies and new accounting pronouncements	8
3. Financial risk management	9
4. Segment information	10
5. Property, plant and equipment	11
6. Goodwill	12
7. Inventories	13
8. Borrowings	13
9. Provisions	14
10. Share capital	14
11. Expenses by nature	15
12. Commitments and contingencies	15
13. Related-party transactions	16
14. Earnings per share calculation	16
15. Post balance sheet events	16

Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	September 30, 2011	December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	88,924	78,289
Goodwill	(6)	50,327	50,667
Deferred income tax assets		7,773	10,805
Other non-current assets		1,226	1,699
		148,250	**141,460**
Current assets			
Inventories, net	(7)	38,356	32,384
Trade receivables, net		56,602	40,996
Other current assets		15,146	17,195
Cash and cash equivalents		19,321	14,920
		129,425	**105,495**
Total assets		**277,675**	**246,955**

Unaudited condensed consolidated interim balance sheet – Equity & Liabilities

in thousands of US$	Note	September 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		153,299	137,342
Other reserves		(1,417)	4,131
		153,350	**142,941**
Non-controlling interests		6,726	3,811
Total equity		**160,076**	**146,751**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	17,535	11,359
Deferred income tax liabilities		7,123	7,213
Provisions for other liabilities and charges	(9)	1,652	1,597
Current liabilities			
Trade and other payables		52,856	39,024
Current income tax liabilities		4,755	2,374
Borrowings	(8)	33,304	30,332
Consideration payable related to acquisitions	(6)	-	7,941
Provisions for other liabilities and charges	(9)	374	364
Total liabilities		**117,599**	**100,204**
Total equity and liabilities		**277,675**	**246,955**

Unaudited condensed consolidated interim income statement

In thousands of US$	Note	Three-month period ended September 30, 2011	2010	Nine-month period ended September 30 2011	2010
Revenue	(4)	82,408	51,992	225,997	112,431
Cost of sales	(11)	(62,703)	(40,251)	(173,450)	(86,537)
Gross profit		**19,705**	**11,741**	**52,547**	**25,894**
Selling, general and administratives expenses	(11)	(6,744)	(5,247)	(19,185)	(14,207)
Other operating income / (expense), net	(11)	(23)	21	(23)	246
Operating profit		**12,938**	**6,515**	**33,339**	**11,933**
Finance costs		(1,390)	(522)	(2,342)	(875)
Profit before income tax		**11,548**	**5,993**	**30,997**	**11,058**
Income tax expense		(2,896)	(1,674)	(7,834)	(3,093)
Profit for the period		**8,652**	**4,319**	**23,163**	**7,965**
Attributable to:					
Equity holders of the Company		7,363	2,659	20,149	6,013
Non-controlling interests		1,289	1,660	3,014	1,952
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):					
- basic	(14)	9.45	3.39	25.75	8.08
- diluted	(14)	9.38	3.35	25.57	7.96

Unaudited condensed consolidated interim 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	Total	Non-controlling interests	Total Equity
Balance at January 1, 2010	**1,190**	**84,134**	**7,043**	**92,367**	**224**	**92,589**
Profit for the nine-month period	-	6,013	-	6,013	1,952	7,965
Effect of the adoption of IFRS 3(R)		(416)		(416)	-	(416)
Currency translation differences	-	-	(4,319)	(4,319)	(22)	(4,341)
Employee share-based compensation	-	-	591	591	-	591
Issuance of equity instruments	278	46,418	-	46,696	-	46,696
Treasury shares purchased (see Note 10)	-	(373)	-	(373)	-	(373)
Exercise of share-based compensation (see Note 10)	-	466	(466)	-	-	-
Dividend paid relating to 2009	-	(2,007)	-	(2,007)	(29)	(2,036)
Recognition of EDC's non-controlling interests	-	-	-	-	1,526	1,526
Acquisition of non-controlling Interests	-	47	-	47	(65)	(18)
Balance at September 30, 2010	**1,468**	**134,282**	**2,849**	**138,599**	**3,585**	**142,184**
Balance at January 1, 2011	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Profit for the nine-month period	-	20,149	-	20,149	3,014	23,163
Currency translation differences	-	-	(4,994)	(4,994)	(99)	(5,093)
Employee share-based compensation	-	-	746	746	-	746
Exercise of share-based compensation (see Note 10)	-	1,300	(1,300)	-		-
Treasury shares purchased (see Note 10)	-	(2,530)	-	(2,530)	-	(2,530)
Dividend relating to 2010	-	(2,962)	-	(2,962)	-	(2,962)
Balance at September 30, 2011	**1,468**	**153,299**	**(1,417)**	**153,350**	**6,726**	**160,076**

Unaudited statement of comprehensive income

in thousands of US$	Nine-month period ended September 30, 2011	September 30, 2010
Net profit for the period	23,163	7,965
Currency translation differences	(5,093)	(4,312)
Total comprehensive income for the period	**18,070**	**3,653**
Attributable to:		
Equity holders of the Company	*15,155*	*3,472*
Non-controlling interests	*2,915*	*181*

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Nine-month period ended September 30, 2011	2010
Profit for the period	**23,163**	**7,965**
Adjustments for:		
- Depreciation, amortization and impairment	21,297	13,600
- Non-cash changes in provisions and consideration payables	382	(157)
- (Gain) / loss on sale and disposal of assets	196	-
- Share-based compensation expenses	746	592
- Income tax expenses	7,834	3,093
- Finance costs, net	2,342	875
Cash generated from operations before changes in operating assets and liabilities	**55,960**	**25,968**
Changes in operating assets and liabilities:		
- Inventories	(5,128)	(2,202)
- Trade accounts receivable and other receivables	(15,829)	(7,837)
- Trade accounts payable and other payables	12,124	3,615
Cash generated from operations	**47,127**	**19,544**
- Interest paid, net	(1,942)	(840)
- Income tax refunded (paid)	917	(6,851)
Net cash flow from operating activities	**46,102**	**11,853**
Purchase of property, plant and equipment (PPE) (*)	(24,205)	(7,658)
Acquisition of Adviser, net of cash acquired (**)	-	(2,700)
Repayment of Adviser former shareholder's loan	-	467
Acquisition of Eastern Drilling Company, net of cash acquired (**)	(7,600)	(1,588)
Acquisition of the net assets of Mosslake Drilling Services Pty Ltd, net of cash acquired	-	(3,180)
Acquisition of minority interests	-	(18)
Net cash used in investing activities	**(31,805)**	**(14,677)**
Proceeds from issuance of borrowings, net of issuance costs	8,634	-
Repayments of borrowings	(16,201)	(7,097)
Net increase / (decrease) in bank overdrafts and short-term loans	2,872	2,075
Acquisition of treasury shares (see Note 10)	(2,530)	(362)
Dividends paid to Company's shareholders	(2,957)	(2,007)
Dividends paid to minority interests	-	(32)
Net cash used in financing activities	**(10,182)**	**(7,423)**
Exchange differences on cash and cash equivalents	286	(1,981)
Net increase/(decrease) in cash and cash equivalents	**4,401**	**(12,228)**
Cash and cash equivalents at beginning of the period	14,920	25,905
Cash and cash equivalents at end of the period	**19,321**	**13,677**
(*) Excluding acquisition financed through capital lease	*(12,640)*	*(4,402)*
(**) Excluding portion of purchased consideration funded through shares and warrants	-	*46,697*
Excluding deferred cash consideration to be paid in future periods	-	*8,280*

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.

2.3. New accounting pronouncements

Standards, amendments and interpretations to existing standards that have been adopted by the Company on January 1, 2011 with no material impact on the consolidated financial statements

- Revised IAS 24 - "Related party disclosures
- IFRIC 19, "Extinguishing financial liabilities with equity instruments
- Amendments to IFRIC 14 - "Prepayments of a minimum funding requirement"
- Amendments to IAS 32, "classification of rights issues

The adoption of these standards has no material impact on the Company's consolidated financial statements.

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, 2012 or later periods, but the Group has not early adopted them:

- 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 – Investments in associates and joint ventures
- Amendment to IAS 19 – Employee benefits
- IFRS 13 – Fair value measurement
- Amendment to IAS 1 – Presentation of financial statements

The impact resulting from the application of these standards, amendments and interpretations 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 Chilean Pesos, Canadian Dollars, Euros, US Dollars and Australian Dollars.

4. Segment information

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

	Mining		Water		Group	
Three-month period ended	**September 30,**		**September 30,**		**September 30,**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	79,994	49,810	2,414	2,182	82,408	51,992
Gross profit	19,171	11,275	534	466	19,705	11,741
Operating profit	12,602	6,248	336	267	12,938	6,515
Finance costs	n/a	n/a	n/a	n/a	(1,390)	(522)
Profit before income tax	n/a	n/a	n/a	n/a	**11,548**	**5,993**
Income tax expense	n/a	n/a	n/a	n/a	(2,896)	(1,674)
Profit for the period	n/a	n/a	n/a	n/a	**8,652**	**4,319**

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

	Mining		Water		Group	
Nine-month period ended	**Septembre 30,**		**Septembre 30,**		**Septembre 30,**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenue	214,063	97,999	11,934	14,432	225,997	112,431
Gross profit	49,866	22,236	2,681	3,658	52,547	25,894
Operating profit	31,690	10,293	1,649	1,640	33,339	11,933
Finance costs	n/a	n/a	n/a	n/a	(2,342)	(875)
Profit before income tax	n/a	n/a	n/a	n/a	**30,997**	**11,058**
Income tax expense	n/a	n/a	n/a	n/a	(7,834)	(3,093)
Profit for the period	n/a	n/a	n/a	n/a	**23,163**	**7,965**

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

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

Three-month period ended	September 30, 2011	September 30, 2010
South America	29,834	19,344
Africa	15,709	8,819
North America	16,522	9,397
Asia Pacific	10,021	6,423
Europe	10,322	8,009
Net sales	**82,408**	**51,992**

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

Nine-month period ended	September 30, 2011	September 30, 2010
South America	86,204	26,586
Africa	51,047	35,177
North America	43,698	22,147
Asia Pacific	23,588	17,392
Europe	21,461	11,129
Net sales	**225,997**	**112,431**

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 September 30, 2011					
Opening net book amount	3,598	63,465	10,638	586	78,289
Additions	1,732	22,231	10,016	666	34,645
Exchange differences	(55)	(2,123)	(229)	(2)	(2,409)
Disposals or retirements	-	(171)	(412)	(32)	(615)
Depreciation expense	(298)	(15,469)	(4,947)	(272)	(20,986)
					-
Closing net book value	**4,977**	**67,933**	**15,066**	**946**	**88,924**

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

Period ended	September 30, 2011	September 30, 2010
Cost of sales	20,662	13,320
Selling, general & administrative expenses	324	280
Total depreciation and amortization	**20,986**	**13,600**

6. Goodwill

Goodwill can be analyzed as follows:

Period ended	September 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
Exchange differences	(340)	477
Goodwill at period ended	**50,327**	**50,667**

Period ended December 31, 2010

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.

Period ended September 30, 2011

There have been no new acquisitions during the period.

7. Inventories

Inventories consist of the following:

Period ended	September 30, 2011	December 31, 2010
Spare parts and consumables, gross	38,356	32,384
Less inventory allowance	-	-
Inventories, net	**38,356**	**32,384**

8. Borrowings

As of September 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	6,972	-	-	6,972
Assignment of trade receivables with recourse	10,516	-	-	10,516
Bank financing	5,652	7,020	-	12,672
Capital lease obligations	10,164	10,515	-	20,679
Total	**33,304**	**17,535**	**-**	**50,839**

Used and unused short-term credit facilities amounted to US$ 86.2 million as of September 30, 2011. This facility is granted on a yearly basis and is subject to review at various dates.

Total financial debts as of September 30, 2011, include collateralized borrowings of US$ 31.2 million:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 10.5 million is secured by receivables that have been transferred; and
- Capital lease obligations amounting to US$ 20.7 million are secured by related leased assets.

9. Provisions

Provisions comprise 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	20	-	-	20
- Used amounts reversed	(24)	-	-	(24)
- Unused amounts reversed	-	-	-	-
- Exchange differences	10	46	13	69
At September 30, 2011	**426**	**1,298**	**302**	**2,026**

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 September 30, 2011, the number of shares issued, including warrants and net of treasury shares, is 78,376,889.

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	1,058,400	-	1,058,400
Common shares held by the public	34,305,607	4,256,468	38,562,075
Total shares and warrants issued and outstanding	**74,678,750**	**4,756,539**	**79,435,289**
Common shares held by the Company	(1,058,400)	-	(1,058,400)
Total commom shares and warrants issued and outstanding	**73,620,350**	**4,756,539**	**78,376,889**

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 September 30, 2011, the Company had purchased 838,900 of its own shares at an average purchase price of Can$ 2.97 per share.

As at September 30, 2011, the Company owns 1,058,400 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, September 30,		Nine-month period ended September 30,	
	2011	2010	2011	2010
Depreciation and amortization	(7,468)	(5,692)	(21,297)	(13,600)
Accruals increases / (reversals)	(390)	56	(381)	157
Raw materials, consumables used and external charges	(33,923)	(20,712)	(95,130)	(48,171)
Employee benefit expense	(27,046)	(18,620)	(74,537)	(37,628)
Taxes other than on income	(606)	(530)	(1,484)	(1,244)
Other operating expenses (profit), net	(37)	21	171	(11)
Total operating expenses	**(69,470)**	**(45,477)**	**(192,658)**	**(100,497)**

Share-based compensation expenses recognized within Employee benefit expense for the nine month period ended September 30, 2011 amounts to US$ 746 thousand (US$ 591 thousand in 2010).

12. Commitments and contingencies

The guarantees given are as follows:

Period ended	**September 30, 2011**	**December 31, 2010**
Bid bonds	189	482
Advance payment guarantees and performance guarantees	13,639	18,351
Retention guarantees	3,259	4,545
Financial guarantees	2,911	4,243
Total	**19,998**	**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 second quarter of 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$ 570 thousand revenue for the three-month period ended September 30, 2011 (nil for the nine-month period ended September 30, 2010).

The Company accounted for certain related party transactions including lease rentals amounting to US$ 85 thousand for the three-month period ended September 30, 2011 (US$ 76 thousand for the three-month period ended September 30, 2010).

Key Management compensations for the three-month period ended September 30, 2011 amounted to US$ 285 thousand (US$ 230 thousand for the three-month period ended September 30, 2010).

14. Earnings per share calculation

For the three month period ended September 30, 2011, the weighted basic average number of shares was 77,949,593 (78,366,260 in 2010) and the weighted diluted average number of shares was 78,534,083 (79,482,067 in 2010).

For the nine month period ended September 30, 2011, the weighted basic average number of shares was 78,248,593 (74,442,669 in 2010) and the weighted diluted average number of shares was 78,795,895 (75,558,477 in 2010).

15. Post balance sheet events

There is nothing to report.