FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month period and year ended December 31, 2011

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Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	December 31, 2011	December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	92,500	78,289
Goodwill	(6)	50,629	50,667
Deferred income tax assets		7,984	10,805
Other non-current assets		1,006	1,699
		152,119	**141,460**
Current assets			
Inventories, net	(7)	40,754	32,384
Trade receivables, net		45,490	40,996
Other current assets		12,464	17,195
Cash and cash equivalents		24,313	14,920
		123,021	**105,495**
Total assets		**275,140**	**246,955**

Unaudited condensed consolidated interim balance sheet – Equity and Liabilities

in thousands of US$	Note	December 31, 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		159,434	137,342
Other reserves		(3,393)	4,131
		157,509	**142,941**
Non-controlling interests		5,033	3,811
Total equity		**162,542**	**146,751**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	17,292	11,359
Deferred income tax liabilities		3,976	7,213
Provisions for other liabilities and charges	(9)	677	1,597
Current liabilities			
Trade and other payables		51,535	39,024
Current income tax liabilities		5,840	2,374
Borrowings	(8)	31,912	30,332
Consideration payable related to acquisitions	(6)	470	7,941
Provisions for other liabilities and charges	(9)	896	364
Total liabilities		**112,598**	**100,204**
Total equity and liabilities		**275,140**	**246,955**

Unaudited condensed consolidated interim income statement

In thousands of US$	Note	Three-month period ended December 31, 2011	Three-month period ended December 31, 2010	Year ended December 31 2011	Year ended December 31 2010
Revenue	(4)	75,142	51,609	301,139	164,040
Cost of sales	(11)	(58,264)	(41,395)	(231,714)	(127,932)
Gross profit		**16,878**	**10,214**	**69,425**	**36,108**
Selling, general and administratives expenses	(11)	(6,798)	(5,301)	(25,983)	(19,508)
Other operating income / (expense), net	(11)	-	55	(23)	301
Operating profit		**10,080**	**4,968**	**43,419**	**16,901**
Finance costs		(1,047)	(551)	(3,389)	(1,426)
Profit before income tax		**9,033**	**4,417**	**40,030**	**15,475**
Income tax expense		(1,782)	(1,051)	(9,616)	(4,144)
Profit for the period		**7,251**	**3,366**	**30,414**	**11,331**
Attributable to:					
Equity holders of the Company		6,878	3,060	27,027	9,073
Non-controlling interests		373	306	3,387	2,258
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):					
- basic	(14)	8.79	3.89	34.51	12.85
- diluted	(14)	8.72	3.85	34.25	12.69

Unaudited condensed consolidated interim statement of changes in equity

in thousands of US$	Share Capital	Share Premium and Retained Earnings	Other Reserves	Total	controlling interests	Equity
Balance at January 1, 2010	**1,190**	**84,134**	**7,043**	**92,367**	**224**	**92,589**
Profit for the year	-	9,073	-	9,073	2,258	11,331
Effect of the adoption of IFRS 3(R)		(416)		(416)	-	(416)
Currency translation differences	-	-	(3,284)	(3,284)	5	(3,279)
Employee share-based compensation	-	-	838	838	-	838
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	-	-	-	-	1,419	1,419
Acquisition of non-controlling Interests	-	47	-	47	(65)	(18)
Balance at December 31, 2010	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Balance at January 1, 2011	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Profit for the year	-	27,027	-	27,027	3,387	30,414
Currency translation differences	-	-	(7,307)	(7,307)	(88)	(7,395)
Employee share-based compensation	-	-	1,083	1,083	-	1,083
Exercise of share-based compensation (see Note 10)	-	1,300	(1,300)	-		-
Treasury shares purchased (see Note 10)	-	(3,272)	-	(3,272)	-	(3,272)
Dividend relating to 2010	-	(2,962)	-	(2,962)	(2,077)	(5,039)
Balance at December 31, 2011	**1,468**	**159,434**	**(3,393)**	**157,510**	**5,033**	**162,542**

Unaudited statement of comprehensive income

in thousands of US$	Years ended December 31, 2011	December 31, 2010
Net profit for the period	30,414	11,331
Currency translation differences	(7,395)	(3,279)
Total comprehensive income for the period	**23,019**	**8,052**
Attributable to:		
Equity holders of the Company	*19,720*	*5,789*
Non-controlling interests	*3,299*	*2,263*

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

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Year ended December 31, 2011	Year ended December 31, 2010
Profit for the period	**30,414**	**11,331**
Adjustments for:		
- Depreciation, amortization and impairment	28,804	20,018
- Non-cash changes in provisions and consideration payables	374	55
- (Gain) / loss on sale and disposal of assets	409	-
- Share-based compensation expenses	1,083	838
- Income tax expenses	9,615	3,798
- Finance costs, net	3,389	1,426
Cash generated from operations before changes in operating assets and liabilities	**74,088**	**37,466**
Changes in operating assets and liabilities:		
- Inventories	(9,168)	(2,450)
- Trade accounts receivable and other receivables	(1,649)	(10,106)
- Trade accounts payable and other payables	7,717	2,767
Cash generated from operations	**70,988**	**27,677**
- Interest paid, net	(2,989)	(1,386)
- Income tax refunded (paid)	(231)	(8,928)
Net cash flow from operating activities	**67,768**	**17,363**
Purchase of property, plant and equipment (PPE) (*)	(35,702)	(13,735)
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	**(43,302)**	**(20,754)**
Proceeds from issuance of borrowings, net of issuance costs	8,634	7,039
Repayments of borrowings	(20,525)	(14,520)
Net increase / (decrease) in bank overdrafts and short-term loans	3,910	5,327
Acquisition of treasury shares (see Note 10)	(3,272)	(373)
Dividends paid to Company's shareholders	(2,957)	(2,007)
Dividends paid to minority interests	-	(32)
Net cash used in financing activities	**(14,210)**	**(4,566)**
Exchange differences on cash and cash equivalents	(863)	(3,028)
Net increase/(decrease) in cash and cash equivalents	**9,393**	**(10,985)**
Cash and cash equivalents at beginning of the period	14,920	25,905
Cash and cash equivalents at end of the period	**24,313**	**14,920**
(*) Excluding acquisition financed through capital lease	*(15,608)*	*(4,402)*
(**) Excluding portion of purchased consideration funded through shares and warrants	*-*	*46,697*
Excluding deferred cash consideration to be paid in future periods	*-*	*7,941*

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
- Improvements to IFRS 2010

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 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 12 – Income taxes
- Amendment to IAS 19 – Employee benefits
- Amendment to IAS 27 - Separate financial statements
- Amendment to IAS 28 – Associates and joint ventures

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 Euros, Canadian Dollars, Australian Dollars, US Dollars and Chilean Pesos. Following the change to US$ as the presentation currency since April 1, 2010, 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 December 31, 2011, and December 31, 2010, is as follows:

Three-month period ended	Mining		Water		Group	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
Revenue	72,381	48,116	2,761	3,493	75,142	51,609
Gross profit	16,299	9,499	579	715	16,878	10,214
Operating profit	9,751	4,598	329	370	10,080	4,968
Finance costs	n/a	n/a	n/a	n/a	(1,047)	(551)
Profit before income tax	n/a	n/a	n/a	n/a	**9,033**	**4,417**
Income tax expense	n/a	n/a	n/a	n/a	(1,782)	(1,051)
Profit for the period	n/a	n/a	n/a	n/a	**7,251**	**3,366**

The business segment information for the year ended December 31, 2011, and December 31, 2010, is as follows:

Year ended	Mining		Water		Group	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
Revenue	286,444	146,114	14,695	17,925	301,139	164,040
Gross profit	66,165	31,735	3,260	4,373	69,425	36,108
Operating profit	41,441	14,891	1,978	2,010	43,419	16,901
Finance costs	n/a	n/a	n/a	n/a	(3,389)	(1,426)
Profit before income tax	n/a	n/a	n/a	n/a	**40,030**	**15,475**
Income tax expense	n/a	n/a	n/a	n/a	(9,615)	(4,144)
Profit for the period	n/a	n/a	n/a	n/a	**30,414**	**11,331**

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 December 31, 2011 and December 31, 2010:

Three-month period ended	December 31, 2011	December 31, 2010
South America	31,574	22,739
Africa	20,994	11,478
North America	12,056	7,451
Asia Pacific	8,884	6,987
Europe	1,635	2,955
Net sales	**75,142**	**51,609**

The following is a summary of sales to external customers by geographic area for the years ended December 31, 2011 and December 31, 2010:

Years ended	December 31, 2011	December 31, 2010
South America	117,779	49,325
Africa	72,039	46,655
North America	55,754	29,598
Asia Pacific	32,472	24,379
Europe	23,096	14,084
Net sales	**301,139**	**164,040**

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, 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 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**

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

Period ended	December 31, 2011	December 31, 2010
Cost of sales	28,324	19,638
Selling, general & administrative expenses	480	380
Total depreciation and amortization	**28,804**	**20,018**

6. Goodwill

Goodwill can be analyzed as follows:

Period ended	**December 31, 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
Earn-out of Northwest Sequoia	300	-
Exchange differences	(338)	477
Goodwill at period ended	**50,629**	**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. This represents US$ 170 thousand as at December 31, 2011 recognized under the heading "Consideration payable related to acquisitions".

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.

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) .

7. Inventories

Inventories consist of the following:

Period ended	December 31, 2011	December 31, 2010
Spare parts and consumables, gross	40,754	32,384
Less inventory allowance	-	-
Inventories, net	**40,754**	**32,384**

8. Borrowings

As of December 31, 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	7,640	-	-	7,640
Assignment of trade receivables with recourse	10,886	-	-	10,886
Bank financing	4,574	6,205	-	10,779
Capital lease obligations	8,812	11,087	-	19,899
Total	**31,912**	**17,292**	**-**	**49,204**

Used and unused short-term credit facilities amounted to US$ 82.6 million as of December 31, 2011. This facility is granted on a yearly basis and is subject to review at various dates.

Total financial debts as of December 31, 2011, include collateralized borrowings of US$ 30.8 million:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 10.9 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.

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	7	-	-	7
- Used amounts reversed	(22)	(328)	-	(350)
- Unused amounts reversed	-	-	-	-
- Exchange differences	(10)	(28)	(7)	(45)
At December 31, 2011	**395**	**896**	**282**	**1,573**

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, 2011, the number of shares issued, including warrants and net of treasury shares, is 78,163,589.

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	37,596,497	-	37,596,497
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors	1,754,249	500,071	2,254,320
Commons shares held by the Company	1,271,700	-	1,271,700
Common shares held by the public	34,056,304	4,256,468	38,312,772
Total shares and warrants issued and outstanding	**74,678,750**	**4,756,539**	**79,435,289**
Common shares held by the Company	(1,271,700)	-	(1,271,700)
Total common shares and warrants issued and outstanding	**73,407,050**	**4,756,539**	**78,163,589**

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 may 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. For the year ended December 31, 2011, the Company purchased 1,052,200 of its own shares at an average purchase price of Can$ 3.11 per share.

As at December 31, 2011, the Company owns 1,271,700 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, December 31,		Years ended December 31,	
	2011	2010	2011	2010
Depreciation and amortization	(7,507)	(6,418)	(28,804)	(20,018)
Accruals increases / (reversals)	8	(102)	(373)	55
Raw materials, consumables used and external charges	(30,284)	(22,921)	(125,414)	(71,088)
Employee benefit expense	(26,770)	(17,023)	(101,307)	(54,651)
Taxes other than on income	(665)	(232)	(2,149)	(1,476)
Other operating expenses (profit), net	157	55	328	40
Total operating expenses	**(65,061)**	**(46,641)**	**(257,719)**	**(147,139)**

Share-based compensation expenses recognized within Employee benefit expense for the year ended December 31, 2011 amounts to US$ 1,083 thousand (US$ 838 thousand in 2010).

12. Commitments and contingencies

The guarantees given are as follows:

Period ended	December 31, 2011	December 31, 2010
Bid bonds	197	482
Advance payment guarantees and performance guarantees	13,364	18,351
Retention guarantees	2,805	4,545
Financial guarantees	2,785	4,243
Total	**19,151**	**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 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$ 636 thousand revenue for the three-month period ended December 31, 2011 and US$ 2,129 thousand for the year ended December 31, 2011 (US$ 596 thousand for the three-month period ended December 31, 2010 and US$ 1,602 thousand for the year ended December 31, 2010).

The Company accounted for certain related party transactions including lease rentals amounting to US$ 80 thousand for the three-month period ended December 31, 2011 and US$ 336 thousand for the year ended December 31, 2011 (US$ 91 thousand for the three-month period ended December 31, 2010 and US$ 324 for the year ended December 31, 2010).

Key Management compensations for the three-month period ended December 31, 2011 amounted to US$ 274 thousand and US$1,060 thousand for the year ended December 31, 2011 (US$ 242 thousand for the three-month period ended December 31, 2010 and US$ 927 thousand for the year ended December 31, 2010).

14. Earnings per share calculation

For the three month period ended December 31, 2011, the weighted basic average number of shares was 78,270,812 (78,583,000 in 2010) and the weighted diluted average number of shares was 78,901,728 (79,440,537 in 2010).

For the year ended December 31, 2011, the weighted basic average number of shares was 78,323,743 (70,634,453 in 2010) and the weighted diluted average number of shares was 78,901,466 (71,491,989 in 2010).

15. Post balance sheet events

On March 2, 2012, the Company entered into a binding agreement to acquire a 51% shareholding in WFS Sondagem S.A. ("Servitec"), a Brazilian drilling service provider, for a predetermined price to be paid in cash and Company shares. 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 at a price based on a formula principally taking into account EBITDA and net debt.

On March 5, 2012, the Board of Directors proposed a dividend payment of €0.053 per common share to be approved by shareholders at the Company's Annual General Meeting on April 16, 2012.