FORACO INTERNATIONAL S.A.

Unaudited Condensed Consolidated Interim Financial Statements

Three-month period and year ended December 31, 2012

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Unaudited condensed consolidated interim balance sheet - Assets

in thousands of US$	Note	December 31, 2012	December 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment	(5)	146,780	92,500
Goodwill	(6)	133,675	50,629
Deferred income tax assets		23,111	7,984
Other non-current assets		1,416	1,006
		304,982	**152,119**
Current assets			
Inventories, net	(7)	52,288	40,754
Trade receivables, net		54,931	45,490
Other current assets		16,381	12,464
Cash and cash equivalents		35,897	24,313
		159,497	**123,021**
Total assets		**464,479**	**275,140**

Unaudited condensed consolidated interim balance sheet – Equity and Liabilities

in thousands of US$	Note	December 31, 2012	December 31, 2011
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,629	1,468
Share premium and retained earnings		219,682	159,434
Other reserves		(7,820)	(3,393)
		213,491	**157,510**
Non-controlling interests		8,415	5,033
Total equity		**221,906**	**162,542**
LIABILITIES			
Non-current liabilities			
Borrowings	(8)	61,733	17,292
Consideration payable related to acquisitions	(6)	44,358	-
Deferred income tax liabilities		8,756	3,976
Provisions for other liabilities and charges	(9)	871	677
Current liabilities			
Trade and other payables		53,463	51,535
Current income tax liabilities		3,568	5,840
Borrowings	(8)	67,301	31,912
Derivative financial instrument	(6)	1,609	-
Consideration payable related to acquisitions	(6)	-	470
Provisions for other liabilities and charges	(9)	914	896
Total liabilities		**242,573**	**112,598**
Total equity and liabilities		**464,479**	**275,140**

Unaudited condensed consolidated interim income statement

In thousands of US$	Note	Three-month period ended December 31, 2012	Three-month period ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Revenue	(4)	69,511	75,142	367,519	301,139
Cost of sales	(11)	(69,333)	(58,264)	(299,586)	(231,714)
Gross profit		**178**	**16,878**	**67,933**	**69,425**
Selling, general and administratives expenses	(11)	(9,905)	(6,798)	(36,247)	(25,983)
Other operating income / (expense), net	(6)	13,303	-	13,303	(23)
Operating profit		**3,576**	**10,080**	**44,989**	**43,419**
Finance costs		(1,383)	(1,047)	(4,630)	(3,389)
Profit before income tax		**2,193**	**9,033**	**40,359**	**40,030**
Income tax expense		2,966	(1,782)	(7,742)	(9,616)
Profit for the period		**5,159**	**7,251**	**32,617**	**30,414**
Attributable to:					
Equity holders of the Company		5,382	6,878	27,130	27,027
Non-controlling interests (*)		(223)	373	5,487	3,387
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US cents per share):					
- basic (**)	(14)	6.31	8.79	33.15	34.51
- diluted	(14)	6.23	8.72	32.69	34.25

(**) 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)*	6.31	*8.79*	*35.67*	*34.51*
- diluted	*(14)*	6.23	*8.72*	*35.18*	*34.25*

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

Unaudited condensed consolidated interim statement of changes in equity

in thousands of US$	Attributable to equity holders of the Company				Non-controlling interests	Total Equity
	Share Capital	Share Premium and Retained Earnings	Other Reserves	Total		
Balance at January 1, 2011	**1,468**	**137,342**	**4,131**	**142,941**	**3,811**	**146,751**
Profit for the period	-	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
Exercice 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**
Balance at January 1, 2012	**1,468**	**159,434**	**(3,393)**	**157,510**	**5,033**	**162,542**
Profit for the period	-	29,198	-	29,198	3,419	32,617
Currency translation differences	-	-	(927)	(927)	(37)	(964)
Employee share-based compensation	-	-	1,566	1,566	-	1,566
Exercice of share-based compensation (See Note 10)	-	1,331	(1,331)	-	-	-
Conversion of warrants	91	(91)		-		-
Issuance of equity instruments (Note 6)	70	34,684	-	34,754		34,754
Transfer of shares (Note 6)	-	3,735	(3,735)	-	-	-
Dividend relating to 2011	-	(4,943)		(4,943)	-	(4,943)
Treasury shares purchased (see Note 10)	-	(3,667)	-	(3,667)	-	(3,667)
Balance at December 31, 2012	**1,629**	**219,682**	**(7,820)**	**213,491**	**8,415**	**221,906**

Unaudited statement of comprehensive income

in thousands of US$	December 31, 2012	December 31, 2011
Net profit for the period	32,618	30,414
Currency translation differences	(964)	(7,395)
Total comprehensive income for the period	**31,654**	**23,019**
Attributable to:		
Equity holders of the Company	*28,272*	*19,720*
Non-controlling interests	*3,382*	*3,299*

Unaudited condensed consolidated interim cash flow statement

in thousands of US$	Year ended December 31, 2012	Year ended December 31, 2011
Profit for the period	**32,618**	**30,414**
Adjustments for:		
- Depreciation, amortization and impairment	36,540	28,804
- Non-cash changes in provisions and consideration payables	(13,052)	374
- (Gain) / loss on sale and disposal of assets	73	409
- Share-based compensation expenses	1,566	1,083
- Income tax expenses	7,743	9,615
- Finance costs, net	4,631	3,389
Cash generated from operations before changes in operating assets and liabilities	**70,119**	**74,088**
Changes in operating assets and liabilities:		
- Inventories	(3,609)	(9,168)
- Trade accounts receivable and other receivables	556	(1,649)
- Trade accounts payable and other payables	(9,271)	7,717
Cash generated from operations	**57,795**	**70,988**
- Interest paid, net	(3,731)	(2,989)
- Income tax paid	(12,091)	(231)
Net cash flow from operating activities	**41,973**	**67,768**
Purchase of property, plant and equipment (PPE) (*)	(39,512)	(35,702)
Acquisition of Servitec, net of cash acquired (Note 6)	(18,223)	-
Acquisition of JND, net of cash acquired (Note 6)	(31,212)	-
Earn out payable related to the acquisition of EDC	-	(7,600)
Net cash used in investing activities	**(88,947)**	**(43,302)**
Proceeds from issuance of borrowings, net of issuance costs	67,104	8,634
Repayments of borrowings	(18,430)	(20,525)
Proceeds from short term credit facilities	20,161	3,910
Acquisition of treasury shares (see Note 10)	(3,667)	(3,272)
Dividends paid to Company's shareholders	(4,943)	(2,957)
Dividends paid to non-controlling interests	(2,125)	-
Net cash from financing activities	**58,100**	**(14,210)**
Exchange differences on cash and cash equivalents	458	(863)
Net increase in cash and cash equivalents	**11,584**	**9,393**
Cash and cash equivalents at beginning of the period	24,313	14,920
Cash and cash equivalents at end of the period	**35,897**	**24,313**
(*) Excluding acquisition financed through capital lease	*(2,128)*	*(15,608)*

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, 2011. 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

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

2.1. Income tax

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

2.2. Seasonal fluctuations

The continuing geographical expansion of the Company progressively reduces its overall exposure to seasonality and its influence on business activity. In West Africa, most of the Company's operations are suspended between July and October due to the rainy season. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mine sites continue throughout the year. Russia is also affected by the winter period during which operations are suspended. In Asia Pacific and in South America, where the Company operates exclusively in the Mining segment, a seasonal slowdown in activity occurs around year-end during the vacation period. Certain contracts are also affected in Chile and in Argentina in July and August when 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, 2012 with no material impact on the consolidated financial statements

Improvements to IFRS 2011
Amendment to IAS 12 – "Income taxes" – deferred taxes accounting for investment properties
IFRS 7 – "Financial instruments: Disclosures"– disclosures on transfers of financial assets

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

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

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 December 31, 2012, and December, 2011, is as follows:

Three-month period ended	Mining December 31, 2012	Mining December 31, 2011	Water December 31, 2012	Water December 31, 2011	Group December 31, 2012	Group December 31, 2011
Revenue	68,232	72,381	1,279	2,761	69,511	75,142
Gross profit	(136)	16,299	314	579	178	16,878
Operating profit	3,444	9,751	132	329	3,576	10,080
Finance costs	n/a	n/a	n/a	n/a	(1,383)	(1,047)
Profit before income tax	n/a	n/a	n/a	n/a	**2,193**	**9,033**
Income tax expense	n/a	n/a	n/a	n/a	2,966	(1,782)
Profit for the period	n/a	n/a	n/a	n/a	**5,159**	**7,251**

The business segment information for the year ended December 31, 2012, and December 31, 2011, is as follows:

Year ended	Mining December 31, 2012	Mining December 31, 2011	Water December 31, 2012	Water December 31, 2011	Group December 31, 2012	Group December 31, 2011
Revenue	357,375	286,444	10,144	14,695	367,519	301,139
Gross profit	65,145	66,165	2,788	3,260	67,933	69,425
Operating profit	43,161	41,441	1,828	1,978	44,989	43,419
Finance costs	n/a	n/a	n/a	n/a	(4,630)	(3,389)
Profit before income tax	n/a	n/a	n/a	n/a	**40,359**	**40,030**
Income tax expense	n/a	n/a	n/a	n/a	(7,742)	(9,615)
Profit for the period	n/a	n/a	n/a	n/a	**32,617**	**30,414**

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

Three-month period ended	December 31, 2012	December 31, 2011
South America	37,462	31,574
Europe, Middle East and Africa	12,890	22,629
North America	9,241	12,056
Asia Pacific	9,918	8,884
Net sales	**69,511**	**75,142**

The following is a summary of sales to external customers by geographic area for the year ended December 31, 2012 and December 31, 2011:

Year ended	December 31, 2012	December 31, 2011
South America	180,034	117,779
Europe, Middle East and Africa	92,228	95,135
North America	61,568	55,754
Asia Pacific	33,688	32,472
Net sales	**367,519**	**301,139**

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, 2011					
Opening net book amount	3,598	63,465	10,638	586	78,289
Additions	2,452	30,656	12,754	743	46,605
Exchange differences	(505)	(2,537)	(101)	(131)	(3,274)
Disposals or retirements	-	(247)	(431)	(32)	(710)
Depreciation expense	(496)	(21,000)	(6,523)	(391)	(28,410)
Closing net book value	**5,049**	**70,337**	**16,337**	**775**	**92,500**
Period ended 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**

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, 2012	December 31, 2011
Cost of sales	35,994	28,324
Selling, general and administrative expenses	546	480
Total depreciation and amortization	**36,540**	**28,804**

6. Goodwill

Goodwill can be analyzed as follows:

Period ended	December 31, 2012	December 31, 2011
Goodwill at period beginning	**50,629**	**50,667**
Earn-out of Northwest Sequoia	-	300
Acquisition of Servitec	74,255	-
Acquisition of JND	8,395	-
Exchange differences	396	(338)
Goodwill at period ended	**133,675**	**50,629**

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 shareholders of Servitec have an option to sell the remaining 49% after three years. The corresponding purchase consideration will depend upon a formula based on the average 2012, 2013 and 2014 EBITDA of Servitec and on the net cash as at December 31, 2014. The maximum amount payable for this tranche is capped at US$ 75 million.

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

Transaction costs related to the acquisition amounted to US$1.2 million and were reported under selling, general and administrative expenses.

Considering the recent date of the acquisition, the purchase price allocation was determined at that stage on a preliminary basis. The Company will reassess the fair value of acquired assets and assumed liabilities during the course of fiscal year 2013.

The present value of the cash consideration payable for the second step of the acquisition amounts to US$ 44,358 thousand as at December 31, 2012.

During the second half of 2012, Servitec, along with other subsidiaries of the Company, has faced a change in market conditions, which could not have been anticipated at the acquisition date. This has led the Company to reestimate the projected activity and results for the period 2012 to 2014 which serve as the basis for calculation to determine the second phase of the consideration payable in 2015. As a result, the best estimate of the present value of the consideration payable is now US$ 43,689 thousand. The adjustment amounting to US$ 13,303 thousand has been accounted for within other operating income and expense in accordance with IFRS 3.

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.

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.

Transaction costs related to the acquisition amounted to US$1.4 million and were reported under selling, general and administrative expenses.

Considering the recent date of the acquisition, the purchase price allocation was determined at that stage on a preliminary basis. The Company will reassess the fair value of acquired assets and assumed liabilities during the course of fiscal year 2013.

As at December 31, 2012, the fair value of additional warrants to be issued amounts to US$ 1,609 thousand and is recorded as a current liability.

7. Inventories

Inventories consist of the following:

Period ended	December 31, 2012	December 31, 2011
Spare parts and consumables, gross	52,288	40,754
Less inventory allowance	-	-
Inventories, net	**52,288**	**40,754**

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

Maturity	Less than one year	One to five years	Over five years	Total
Bank overdraft	26,115	-	-	26,115
Assignment of trade receivables with recourse	13,026	-	-	13,026
Bank financing	18,043	56,305	-	74,348
Capital lease obligations	10,117	5,428	-	15,545
Total	**67,301**	**61,733**	**-**	**129,034**

This table does not include the consideration payable for the acquisition of the remaining shares of Servitec totaling US$ 46,862 thousand as at December 31, 2012, and due to be paid in 2015.

Used and unused short-term credit facilities amounted to US$ 106 million out of which US$ 39.1 million was used as of December 31, 2012. These facilities are granted on a yearly basis and are subject to review at various dates.

Total financial debts as of December 31, 2012, include collateralized borrowings of US$ 28.6 million:

- Assignment of trade receivables with recourse against the Company for an amount of US$ 13.0 million is secured by receivables that have been transferred; and
- Capital lease obligations amounting to US$ 15.6 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, 2012	**395**	**896**	**282**	**1,573**
Charged to consolidated income statement				
- Addition to provisions	73	-	101	174
- Used amounts reversed	(11)	-	-	(11)
- Unused amouts reversed	(8)	-	-	(8)
- Exchange differences	32	12	13	57
As at December 31, 2012	**481**	**908**	**396**	**1,785**

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 82,226,900. Warrants issued as part of the acquisition of Adviser were converted for no consideration into 4,756,539 common shares in May 2012.

The variation in the number of shares is explained as follows:

	Number of shares
Total shares issued and outstanding As at December 31, 2011	74,678,750
Increase in share capital related to acquisition of Servitec (note 6)	3,516,509
Conversion of warrants	4,756,539
As at December 31, 2012	**82,951,798**
Common shares held by the Company **As at December 31, 2011**	**(1,271,700)**
Purchase of treasury shares	(1,082,198)
Treasury shares used in Servitec acquisition (note 6)	1,300,000
Treasury shares granted for Free Share Plan	329,000
As at December 31, 2012	**(724,898)**

As at December 31, 2012, 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	724,898
Common shares held by the public	42,376,081
Total shares issued and outstanding	**82,951,798**
Common shares held by the Company	(724,898)
Total common shares issued and outstanding	**82,226,900**

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 6,665,620. These shares not yet issued are not included in the table above.

Treasury shares

The Company filed a notice on March 11, 2011, in respect of an additional Normal Course Issuer-Bid (NCIB) with the TSX. The Company was entitled to purchase up to 1,000,000 additional common shares. On December 23, 2011, the Company filed a notice to increase the NCIB from 1,000,000 to 1,500,000 shares. As at June 30, 2012, the Company finalized the purchase of these 1,500,000 treasury shares at a total average purchase price of Can$ 3.44 per share.

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 December 31, 2012, the Company had purchased 634,400 of its own shares at an average purchase price of Can$ 2.66.

As at December 31, 2012, the Company owns 724,898 of its own shares (1,271,700 as at December 31, 2011).

11. Expenses by nature

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

	Three-month period ended December 31,		Year ended December 31,	
	2012	2011	2012	2011
Depreciation and amortization	(10,014)	(7,507)	(36,540)	(28,804)
Accruals increases / (reversals)	(50)	8	(251)	(373)
Raw materials, consumables used and external charges	(33,043)	(30,284)	(158,227)	(125,414)
Employee benefit expense	(35,753)	(26,770)	(138,479)	(101,307)
Taxes other than on income	(337)	(665)	(2,408)	(2,149)
Other operating expenses (profit), net	13,262	157	13,375	328
Total operating expenses	**(65,935)**	**(65,061)**	**(322,530)**	**(257,719)**

Share-based compensation expenses recognized within Employee benefit expense for the period ended December 31, 2012 amounts to US$ 1,566 thousand (US$ 1,083 thousand in 2011).

12. Commitments and contingencies

The guarantees given are as follows:

Period ended	December 31, 2012	December 31, 2011
Bid bonds	364	197
Advance payment guarantees and performance guarantees	19,013	13,364
Retention guarantees	1,319	2,805
Financial guarantees	2,113	2,785
Total	**22,809**	**19,151**

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

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$ 2,129 thousand revenue for the year ended December 31, 2011. During 2012, there is 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$ 301 thousand for the year ended December 31, 2012 (US$ 336 thousand for the year ended December 31, 2011).

Key Management compensation for the year ended December 31, 2012 amounted to US$ 1,044 thousand (US$ 1,060 thousand for the year ended December 31, 2011).

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 December 31, 2012, the weighted basic average number of shares was 85,235,018 (78,270,812 in 2011) and the weighted diluted average number of shares was 86,326,016 (78,901,728 in 2011).

For the year ended December 31, 2012, the weighted basic average number of shares was 81,849,841 (78,248,539 in 2011) and the weighted diluted average number of shares was 82,987,554 (78,795,895 in 2011).

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.

15. Post balance sheet events

On March 4, 2013, the Board of Directors proposed a Dividends payment of Cdn$0.055 per common share to be approved by shareholders at the Company’s Annual General Meeting on May 22, 2013.