FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month and six-month periods ended June 30, 2012

CELEBRATING FIFTY YEARS

FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") relates the results of operations, liquidity and capital resources of Foraco International S.A. ("Foraco" or the "Company"). This report has been prepared by Management and should be read in conjunction with the Company's quarterly unaudited consolidated interim financial statements for the three-month and six-month periods ended June 30, 2012, including the notes thereto. These quarterly unaudited interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Following the decision taken by the Accounting Standards Board, IFRS became the accounting standards for all issuers in Canada on January 1, 2011. The Company adopted IFRS and made an explicit and unreserved statement that its consolidated financial statements comply with IFRS in 2004.

Except as otherwise stated in Note 2 to the unaudited consolidated interim financial statements, these quarterly unaudited consolidated interim financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2011. Except when otherwise stated, all amounts presented in this MD&A are denominated in US Dollars ("US$"). The discussion and analysis within this MD&A are as of August 7, 2012.

Caution concerning forward-looking statements

This document may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information include estimates, forecasts, information and statements as to Management's expectations with respect to, among other things, the future financial or operating performance of the Company and capital and operating expenditures. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated March 9, 2012, which is filed with Canadian regulators on SEDAR (www.sedar.com). The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise. All written and oral forward-looking statements and information attributable to Foraco or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.

This MD&A is presented in the following sections:

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Business Overview

Headquartered in Marseille, France, Foraco is a worldwide drilling service provider currently operating in 19 countries and five continents. On June 30, 2012, the Company had 4,005 employees and operated 290 drill rigs worldwide, providing a diverse range of drilling services to its customer base. The Company has developed and acquired significant expertise in destructive and non-destructive drilling, as well as proprietary drill rig design capabilities. These capabilities allow Foraco to tailor solutions to meet the specific conditions and drilling requirements of certain customers, such as mining companies, governmental organizations and international development funds. Through its global operations the Company services a range of industries focusing on mining and water.

Foraco specializes in drilling in harsh environments and isolated locations including arctic, desert and mountainous regions, generally under conditions where operations are challenged by logistical matters and geographic barriers. The Company's engineers and technicians have developed special drilling methods which respond to the requirements of certain areas in which geology prevents the use of standard techniques and equipment. The Company has specialized equipment for, among other uses, helicopter-based drilling campaigns, combination rigs able to perform multi-drilling technique contracts, desert-suited rigs and large diameter core sampling systems.

Interim Consolidated Financial Highlights

Financial highlights

(In thousands of US$) *(unaudited)*	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	**2011**	**2012**	**2011**
Revenue	**106,605**	**78,256**	**194,768**	**143,589**
Gross profit (1)	**26,735**	**18,321**	**47,117**	**32,842**
As a percentage of sales	*25.1%*	*23.4%*	*24.2%*	*22.9%*
EBITDA	**26,461**	**19,274**	**47,792**	**34,731**
As a percentage of sales	*24.8%*	*24.6%*	*24.5%*	*24.2%*
Operating profit	**17,209**	**11,796**	**30,050**	**20,401**
As a percentage of sales	*16.1%*	*15.1%*	*15.4%*	*14.2%*
Profit for the period	**11,365**	**8,567**	**20,466**	**14,511**
EPS (in US cents)				
Basic	11.50	8.75	23.45	16.49
Diluted	11.34	8.63	23.13	16.27

(1) includes amortization and depreciation expenses related to operations

Acquisitions of businesses

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$ 20.1 million in cash and 4,816,509 Foraco shares at US$ 4.99 each 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. As at August 7, 2012, the best estimate of the cash consideration payable is US$ 61.1 million (a present value of US$ 57.2 million reported as the consideration payable in the balance sheet as at June 30, 2012).

Servitec has been consolidated into Foraco financial statements since April 20, 2012. The financial statements as at June 30, 2012 include two months of Servitec activity.

Second quarter ended June 30, 2012 – Q2 2012

Increased Revenue

- Q2 2012 revenue amounted to US$ 106.6 million compared to US$ 78.3 million in Q2 2011, an increase of 36% or US$ 28.3 million including US$ 14.7 million or 18.7% in organic growth.

Increased Profitability

- Q2 2012 gross profit including depreciation within cost of sales increased to US$ 26.7 million (25.1% of revenue) compared to US$ 18.3 million (23.4% of revenue) in Q2 2011, an increase of 46% or US$ 8.4 million.

- Q2 2012 EBITDA amounted to US$ 26.5 million (24.8% of revenue) compared to US$ 19.3 million in Q2 2011 (24.6% of revenue).

- Q2 2012 net profit after tax amounted to US$ 11.4 million (10.7% of revenue), an increase of 33% or US$ 2.8 million compared to Q2 2011 which amounted to US$ 8.6 million (10.9% of revenue).

- Q2 2012 earnings per share amounted to 11.50 US cents (basic) and 11.34 US cents (diluted), compared to 8.75 US cents (basic) and 8.63 US cents (diluted) in Q2 2011.

Six-month period ended June 30, 2012

Increased Revenue

- YTD Q2 2012 revenue amounted to US$ 194.8 million compared to US$ 143.6 million in YTD Q2 2011, an increase of 36% or US$ 51.2 million including US$ 40.5 million or 28.2% in organic growth.

Increased Profitability

- YTD Q2 2012 gross profit including depreciation within cost of sales increased to US$ 47.1 million (24.2% of revenue) compared to US$ 32.8 million (22.9% of revenue) in YTD Q2 2011, an increase of 44% or US$ 14.3 million.

- YTD Q2 2012 EBITDA amounted to US$ 47.8 million (24.5% of revenue) compared to US$ 34.7 million in Q2 2011 (24.2% of revenue).

- YTD Q2 2012 net profit after tax amounted to US$ 20.5 million (10.5% of revenue), an increase of 41% or US$ 6.0 million compared to YTD Q2 2011 which amounted to US$ 14.5 million (10.1% of revenue).

- YTD Q2 2012 earnings per share amounted to 23.45 US cents (basic) and 23.13 US cents (diluted), compared to 16.49 US cents (basic) and 16.27 US cents (diluted) for YTD Q2 2011.

Results of Operations

Comparison of the three-month periods ended June 30, 2012 and June 30, 2011

Revenue

The following table provides a breakdown of the Company's revenue for Q2 2012 and Q2 2011 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	Q2 2012	% change	Q2 2011
Revenue			
Reporting segment			
Mining	104,540	41%	74,324
Water	2,065	- 47%	3,932
Total revenue	***106,605***	***36%***	***78,256***
Geographic region			
South America	53,025	73%	30,655
Africa	19,709	7%	18,403
North America	15,775	26%	12,553
Asia Pacific	8,003	7%	7,456
Europe	10,094	10%	9,189
Total revenue	***106,605***	***36%***	***78,256***

Q2 2012 revenue amounted to US$ 106.6 million, an increase of 36% or US$ 28 million compared to Q2 2011.

The Mining segment, up US$ 30.2 million, is driven by the contribution of all geographic areas. In South America the variation includes the integration of Servitec since April 20, 2012.

The Water segment decreased to US$ 2.1 million in Q2 2012 compared to US$ 3.9 million in Q2 2011. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US$ 53.0 million in Q2 2012 (US$ 30.7 million in Q2 2011) an increase of 73%. This was mainly generated by the acquisition of Servitec and long-term contracts with major companies in the region.

In Africa, the Q2 2012 revenue increased by 7% or US$ 1.3 million compared to Q2 2011. This is mainly due to the expansion of mining operations in West Africa.

Revenue in North America increased by 26%, from US$ 12.6 million in Q2 2011 to US$ 15.8 million in Q2 2012. This increase is realized through long term contracts with major companies.

In Asia-Pacific, Q2 2012 revenue amounted to US$ 8.0 million, an increase of 7% or US$ 0.5 million compared to Q2 2011. In Australia, one additional reverse circulation rig will be delivered in Q3 2012.

Revenue in Europe (Russia) increased by US$ 0.9 million. An additional rig is operating compared to Q2 2011.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q2 2012 and Q2 2011:

(In thousands of US$) *(unaudited)*	Q2 2012	% change	Q2 2011
Gross profit			
Reporting segment			
Mining	26,218	*48%*	17,660
Water	517	*-28%*	661
Total gross profit	***26,735***	***46%***	***18,321***

Overall, Q2 2012 gross profit amounted to US$ 26.7 million (or 25.1% of revenue), an increase of US$ 8.4 million or 46% compared to Q2 2011 (US$ 18.3 million or 23.4% of revenue).

The mining segment gross profit as a percentage of revenue increased to 25.1% in Q2 2012 from 23.8% in Q2 2011, and the water segment gross profit margins increased to 25.0% in Q2 2012 from 16.8% in Q2 2011.

Focus on integration of new business, risk management when entering new contracts, optimization of production equipment through long-term contracts, and the proper execution of contracts are key contributors to margin growth.

Selling, General and Administrative Expenses

The following table provides an analysis of the selling, general and administrative expenses (SG&A), which represent the vast majority of operating expenses other than cost of sales, for Q2 2012 and Q2 2011:

(In thousands of US$) *(unaudited)*	Q2 2012	% change	Q2 2011
Selling, general and administrative expenses	9,526	46%	6,525
As a percentage of revenue	*8.9%*		*8.3%*

During the quarter, SG&A expenses were impacted by the integration of the Servitec SG&A, the one-off costs related to the acquisition of Servitec (US$ 0.7 million) and costs associated with the reinforcement of the corporate structure.

Operating Profit

The following table provides a breakdown of the Company's operating profit for Q2 2012 and Q2 2011 by reporting segment:

(In thousands of US$) *(unaudited)*	Q2 2012	% change	Q2 2011
Operating profit			
Reporting segment			
Mining	16,877	*47%*	11,463
Water	332	0%	333
Total operating profit	***17,209***	***46%***	***11,796***

Operating profit increased to US$ 17.2 million (or 16.1% of revenue) in Q2 2012 compared to US$ 11.8 million (or 15.1% of revenue) in Q2 2011. This increase of US$ 5.4 million is primarily due to the growth in revenue and the increasing level of gross margin.

Finance Costs

Net financial expenses amounted to US$ 1.2 million in Q2 2012, compared to US$ 0.3 million for the corresponding 2011 period. This increase is mainly due to the impact of the bank loan and the discounting of the consideration payable related to the second tranche of the Servitec acquisition.

Income Tax

In the second quarter of 2012, the effective corporate income tax rate was estimated at 29%, compared to 25% in the same period last 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.

Comparison of the six-month periods ended June 30, 2012 and June 30, 2011

Revenue

The following table provides a breakdown of the Company's revenue for YTD Q2 2012 and YTD Q2 2011 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	YTD Q2 2012	% change	YTD Q2 2011
Revenue			
Reporting segment			
Mining	187,568	40%	134,069
Water	7,200	-24%	9,520
Total revenue	***194,768***	***36%***	***143,589***
Geographic region			
South America	90,322	60%	56,370
Africa	43,153	22%	35,338
North America	32,224	19%	27,176
Asia Pacific	17,083	26%	13,567
Europe	11,985	8%	11,139
Total revenue	***194,768***	***36%***	***143,589***

YTD Q2 2012 revenue amounted to US$ 194.8 million, an increase of 36% or US$ 51.2 million compared to YTD Q2 2011.

The Mining segment, up US$ 53.5 million, is driven by the contribution of all geographic areas. In South America, the variation includes the consolidation of Servitec since April 20, 2012 which contributed US$ 13.8 million to revenue.

The Water segment decreased to US$ 7.2 million in YTD Q2 2012 compared to US$ 9.5 million in YTD Q2 2011. Activities in this segment are principally carried out in Africa. Offsetting the decline in traditional water drilling services has been the significant growth in mining related water projects.

Revenue in South America amounted to US$ 90.3 million in YTD Q2 2012 (US$ 56.4 million in YTD Q2 2011) an increase of 60%. This was mainly generated by the acquisition of Servitec and long-term contracts with major companies in the region.

In Africa, the YTD Q2 2012 revenue increased by 22% or US$ 7.8 million compared to YTD Q2 2011. This is mainly due to the expansion of mining operations in West Africa.

Revenue in North America increased by 19%, from US$ 27.2 million in YTD Q2 2011 to US$ 32.2 million in YTD Q2 2012. This increase is realized through long term contracts with major companies.

In Asia-Pacific, YTD Q2 2012 revenue amounted to US$ 17.1 million, an increase of 26% or US$ 3.5 million compared to YTD Q2 2011. In Australia, two new reverse circulation rigs started operating in Q3 2011 and one additional rig is expected in Q3 2012.

Revenue in Europe increased from US$ 11.1 million to US$ 12.0 million. An additional rig is operating in Russia compared to the same period a year ago.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for YTD Q2 2012 and YTD Q2 2011:

(In thousands of US$) *(unaudited)*	**YTD Q2 2012**	**% change**	**YTD Q2 2011**
Gross profit			
Reporting segment			
Mining	45,026	*47%*	30,695
Water	2,091	-3%	2,147
Total gross profit	***47,117***	***43%***	***32,842***

Overall, YTD Q2 2012 gross profit amounted to US$ 47.1 million (or 24.2% of revenue), an increase of US$ 14.3 million or 44% compared to YTD Q2 2011 (US$ 32.8 million or 22.9% of revenue).

The mining segment gross profit as a percentage of revenue improved to 24.0% in YTD Q2 2012 from 22.9% in YTD Q2 2011, and the water segment gross profit margins increased to 29% in YTD Q2 2012 from 22.6% in YTD Q2 2011. Focus on integration of new business, risk management when entering new contracts, optimization of production equipment through long-term contracts and the proper execution of contracts are key contributors to margin growth.

Selling, General and Administrative Expenses

The following table provides an analysis of the selling, general and administrative expenses (SG&A), which represent the vast majority of operating expenses other than cost of sales, for YTD Q2 2012 and YTD Q2 2011:

(In thousands of US$) *(unaudited)*	YTD Q2 2012	% change	YTD Q2 2011
Selling, general and administrative expenses	17,067	37%	12,441
As a percentage of revenue	*8.8%*		*8.7%*

During the period, SG&A expenses were impacted by the integration of Servitec and the one-off transaction costs related to the acquisition amounting to US$ 1.0 million and costs associated with the reinforcement of the corporate structure. SG&A are stable as a percentage of revenue.

Operating Profit

The following table provides a breakdown of the Company's operating profit for YTD Q2 2012 and YTD Q2 2011 by reporting segment:

(In thousands of US$) *(unaudited)*	YTD Q2 2012	% change	YTD Q2 2011
Operating profit			
Reporting segment			
Mining	28,787	*50%*	19,088
Water	1,463	11%	1,313
Total operating profit	***30,050***	***47%***	***20,401***

Operating profit increased to US$ 30.1 million (or 15.4% of revenue) in YTD Q2 2012 compared to US$ 20.4 million (or 14.2% of revenue) in YTD Q2 2011. This increase of US$ 9.6 million is primarily due to the growth in revenue and the increasing level of gross margin.

Finance Costs

Net financial expenses amounted to US$ 1.8 million in YTD Q2 2012, compared to US$ 1.0 million for the corresponding 2011 period. This increase is mainly due to the impact of the bank loan and the discounting of the consideration payable related to the second tranche of the Servitec acquisition.

Income Tax

For the six-month-period ended June 30, 2012, the effective corporate income tax rate was estimated at 28%, compared to 25% in the same period last 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.

Seasonality

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 and in August in Chile and Argentina when the winter season peaks.

Effect of Exchange Rates

The Company mitigates its exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The exchange rates for the periods under review are as follows against the US$:

	Closing Q2 2012	Average Q2 2012	Closing Q1 2012	Average Q1 2012	Closing Q4 2011	Average Q2 2011	Average Q1 2011
€	0.79	0.78	0.75	0.76	0,77	0.69	0.73
CAD	1.02	1.01	1.00	1.00	1,02	0.98	1.01
AUD	0.98	0.99	0.97	0.95	0,98	0.94	1.00
CLP	500	497	487	479	519	541	486
BRL	2.07	1.96					

Liquidity and Capital Resources

The following table provides a summary of the Company's cash flows for YTD Q2 2012 and YTD Q2 2011:

(In thousands of US$)	YTD Q2 2012	YTD Q2 2011
Cash generated from operations before working capital requirements	47,990	34,933
Working capital requirements, interest and tax	(29,449)	(10,669)
Net cash flow from operating activities	**18,541**	**24,264**
Purchase of equipment in cash	(20,412)	(15,711)
Consideration payable related to acquisitions	(17,223)	(7,600)
Net cash used in investing activities	**(37,635)**	**(23,317)**
Proceeds from short term credit facilities, net	26,479	5,091
Acquisition of treasury shares	(1,917)	(1,549)
Dividends paid	(6,391)	(2,605)
Net cash from financing activities	**18,171**	**937**
Exchange differences	1,104	1,283
Variation in cash and cash equivalents	**181**	**3,167**

For the six-month period ended June 30, 2012, cash generated from operations before changes in operating assets and liabilities increased to US$ 48.0 million in YTD Q2 2012 compared to US$ 34.9 million in YTD Q2 2011.

Working capital requirements increased in YTD Q2 2012 compared to YTD Q2 2011 mainly due to the increase in activity in all regions.

As a result the cash generated from operations decreased to US$18.6 million from US$ 24.3 million for the same period a year ago.

During the six-month period, the Company acquired operating equipment through US$ 20.4 million in cash purchases. This compares to a total of US$ 13.3 million in cash purchases and US$ 6.4 million in finance leases during the same period in 2011.

In April 2012 the cash paid for the acquisition of Servitec net of the cash available in the company amounted to US$ 17.2 million.

During the period, the Company paid dividends to its minority shareholders in Russia amounting to US$ 2.1 million and dividends to its shareholders amounting to US$ 4.3 million.

As of June 30, 2012, cash and cash equivalents totaled US$ 24.5 million compared to US$ 24.3 million as at December 31, 2011. Cash and cash equivalents are held at or invested within top tier financial institutions.

On June 30, 2012, financial debts and equivalents amounted to US$ 140.3 million (US$ 49.2 million as at December 31, 2011), including the present value of the consideration payable in 2015 for the acquisition of the remaining shares of Servitec totaling US$ 57.2 million.

As at June 30, 2012, the maturity of the financial debts (borrowing and other financial debts) breaks down as follows (in thousands of US$):

Maturity	Less than one year	Between one and five years	More than five years	Total
Bank overdraft	13,587	—	—	**13,587**
Assignment of trade receivables with recourse	11,117	—	—	**11,117**
Bank financing	10,464	29,206	122	**39,792**
Capital lease obligations	9,936	8,664	__	**18,600**
Total financial debt	**45,104**	**37,870**	**122**	**83,096**

Assignment of trade receivables with recourse, which is presented in the table above as "less than one year", is backed by trade receivables and can be renewed as necessary. The Company has used and unused short-term credit facilities of US$ 103 million available as at June 30, 2012 (US$ 82.6 million as at December 31, 2011), corresponding to bank overdrafts and the assignment of trade receivables. US$ 29.7 million has been drawn down as at June 30, 2012.

As at June 30, 2012, the net debt amounted to US$ 115.8 million. The ratio of debt (net of cash) to shareholders' equity increased to 0.59 from 0.15 as at December 31, 2011 mainly as a result of the Servitec acquisition and the seasonal variation of working capital requirements.

Bank guarantees as at June 30, 2012, totaled US$ 19.0 million compared to US$ 19.2 million as at December 31, 2011.

Cash Transfer Restrictions

Foraco operates in a number of different countries where cash transfer restrictions may exist. The Company organizes its business so as to ensure that the majority of the payments are collected in countries where there are no such restrictions. No excess cash is held in countries where cash transfer restrictions exist.

Related-Party Transactions

For details on related-party transactions, please refer to Note 13 of the unaudited consolidated interim financial statements.

Capital Stock

As at June 30, 2012, the capital stock of the Company amounted to US$ 1,538 thousand, divided into 82,951,798 common shares. Warrants issued as part the acquisition of Adviser were converted for no consideration into 4,756,539 common shares in May 2012. The common shares of the Company are distributed as follows:

	Number of shares	%
Common shares held directly or indirectly by principal shareholders	37,596,497	45.32%
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors *	2,254,322	2.72%
Common shares held by the Company**	419,498	0.51%
Common shares held by the public	42,681,481	51.45%
Total common shares issued and outstanding	**82,951,798**	
Common shares held by the Company	(419,498)	
Total common shares issued and outstanding excluding shares held by the Company	**82,532,300**	

**In the table above, the shares owned indirectly are presented for an amount corresponding to the pro rata of the ownership interest*

***419,498 common shares are held by the Company to meet the Company's obligations under the employee free share plan and for the purposes of potential acquisitions.*

Critical Accounting Estimates

The unaudited consolidated interim financial statements have been prepared in accordance with IFRS. The Company's significant accounting policies are described in Note 2 to the annual and unaudited consolidated interim financial statements. As required by IAS 1, the depreciation of property, plant and equipment related to operations is included within cost of sales.

Non-IFRS measures

EBITDA represents Net income before interest expense, income taxes, depreciation, amortization and non-cash share based compensation expenses. EBITDA is a non-IFRS quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. The Company believes that the presentation of EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the drilling industry. EBITDA is not defined in IFRS and should not be considered to be an alternative to Profit for the period or Operating profit or any other financial metric required by such accounting principles.

The reconciliation of the EBITDA with the operating profit is as follows:

(In thousands of US$) *(unaudited)*	YTD Q2 2012	YTD Q2 2011
Operating profit	30,050	20,401
Depreciation expense	16,998	13,828
Non-cash employee share-based compensation	744	502
EBITDA	***47,792***	***34,731***

Litigation

There is no significant pending litigation.

Subsequent Events

Nothing to report.

Outlook

The Company's business strategy is to continue to grow through the development and optimization of the services it offers across geographical regions and industry segments, as well as through the expansion of its customer base. Foraco expects to continue to execute its strategy through a combination of organic growth and development and acquisitions of complementary businesses in the drilling services industry.

Risk Factors

For a comprehensive discussion of the important factors that could impact the Company's operating results, please refer to the Company's Annual Information Form dated March 9, 2012, under the heading "Risk Factors", which has been filed with Canadian regulators on SEDAR (www.sedar.com).