FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

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

FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") relates to 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 nine-month periods ended September 30, 2011, including the notes thereto. These quarterly unaudited interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") rather than Canadian Generally Accepted Accounting Principles (Canadian "GAAP"), on the basis that the Company is a "foreign issuer" as defined under National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107"). Following the decision taken by the Accounting Standard Board, IFRS became the accounting standards for all issuers in Canada on January 1, 2011.

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, 2010. 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 November 7, 2011.

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 31, 2011, 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 18 countries and five continents. As at September 30, 2011, the Company has 2,500 employees and operates 188 drill rigs around the world, 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 including mining, energy, water, environmental and infrastructure.

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$) *(unaudited)*	Three-month period ended September 30,		Nine-month period ended September 30,	
	2011	**2010**	**2011**	**2010**
Revenue	**82,408**	**51,992**	**225,997**	**112,431**
Gross profit (1)	**19,705**	**11,741**	**52,547**	**25,894**
As a percentage of sales	*23.9%*	*22.6%*	*23.3%*	*23.0%*
EBITDA	**20,698**	**12,401**	**55,381**	**26,126**
As a percentage of sales	*25.1%*	*23.9%*	*24.5%*	*23.2%*
Operating profit	**12,938**	**6,515**	**33,339**	**11,933**
As a percentage of sales	*15.7%*	*12.5%*	*14.8%*	*10.6%*
Profit for the period	**8,652**	**4,319**	**23,163**	**7,965**
EPS (in US$ cents)				
Basic	9.45	3.39	25.75	8.08
Diluted	9.38	3.35	25.57	7.96

(1) includes amortization and depreciation expenses

On May 26, 2010, the Company acquired a 100% shareholding in Adviser Drilling SA ("Adviser"), a company based in Chile providing services to major and junior mining companies in South America, mainly in Chile and Argentina.

On May 27, 2010, the Company completed the acquisition of a 50% controlling interest in LLC Eastern Drilling Company ("EDC"). EDC's operational facilities are positionned in far east Russia and Eastern Siberia from where many mining developments are managed and located.

The three-month periods ended September 30, 2011 and 2010 are comparable as Adviser and EDC were already consolidated in Q3 2010.

Third Quarter ended September 30, 2011 – Q3 2011

Increased Revenue

- Q3 2011 revenue increased by 59% to US$ 82.4 million from US$ 52.0 million in Q3 2010, representing US$ 30.4 million in organic growth.

Increased Profitability

- Q3 2011 gross profit including depreciation within cost of sales amounted to US$ 19.7 million, an increase of US$ 8.0 million or 68% on Q3 2010.

- Q3 2011 EBITDA amounted to US$ 20.7 million (25.1% of revenue) compared to US$ 12.4 million in Q3 2010 (23.9% of revenue).

- Q3 2011 net profit after tax amounted to US$ 8.7 million, an increase of US$ 4.3 million or double the Q3

2010 equivalent.

- Q3 2011 earnings per share amounted to 9.45 US$ cents (basic) and 9.38 US$ cents (diluted), compared to 3.39 US$ cents (basic) and 3.35 US$ cents (diluted) as reported in Q3 2010.

<u>Nine-month period ended September 30, 2011 – YTD Q3 2011</u>

Increased Revenue

- YTD Q3 2011 revenue amounted to US$ 226.0 million compared to US$ 112.4 million in YTD Q3 2010, an increase of 101% or US$ 113.6 million.

- The US$ 113.6 million increase is primarily the result of:
  - US$ 67.9 million in organic growth,
  - US$ 45.7 million in revenue from South America for the five-month period ended May 31, 2011 (US$ 29.4 million for the same period in 2010 before acquisition).

Increased Profitability

- YTD Q3 2011 gross profit including depreciation within cost of sales amounted to US$ 52.5 million, an increase of US$ 26.7 million or 103% on YTD Q3 2010.

- YTD Q3 2011 EBITDA amounted to US$ 55.4 million (24.5% of revenue) compared to US$ 26.1 million in YTD Q3 2010 (23.2% of revenue).

- YTD Q3 2011 net profit after tax amounted to US$ 23.2 million, an increase of US$ 15.2 million or 100% on YTD Q3 2010.

- YTD Q3 2011 earnings per share amounted to 25.75 US$ cents (basic) and 25.57 US$ cents (diluted), compared to 8.08 US$ cents (basic) and 7.96 US$ cents (diluted) as reported in YTD Q3 2010.

Results of Operations

Comparison of the three-month periods ended September 30, 2011 and September 30, 2010

Revenue

The following table provides a breakdown of the Company's revenue for Q3 2011 and Q3 2010 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	Q3 2011	% change	Q3 2010
Revenue			
Reporting segment			
Mining	79,994	61%	49,810
Water	2,414	11%	2,182
Total revenue	***82,408***	***59%***	***51,992***
Geographic region			
South America	29,834	54%	19,344
Africa	15,709	78%	8,819
North America	16,522	76%	9,397
Asia Pacific	10,021	56%	6,423
Europe	10,322	29%	8,009
Total revenue	***82,408***	***59%***	***51,992***

Q3 2011 revenue amounted to US$ 82.4 million, an increase of US$ 30.4 million or 59% compared to Q3 2010. This quarter is the first comparable period since the integration of the South American and Russian operations at the end of May 2010.

The Mining segment, up US$ 30.2 million, is driven by the contribution of all geographic areas benefiting from a strong worldwide demand.

The Water segment was stable at US$ 2.2 million in Q3 2011 compared to US$ 2.4 million in Q3 2010. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US$ 29.8 million in Q3 2011 (US$ 19.3 million in Q3 2010) an increase of 54%. This was mainly generated by (i) a better utilization rate of equipment linked to strong demand (ii) a relocation of certain rigs within the region and (iii) 9 additional drills on long-term contracts with major companies in Chile.

In Africa, the Q3 2011 revenue increased by US$ 6.9 million or 78% compared to Q3 2010. This is mainly due to the development of mining operations in West Africa. The Water segment was stable during the quarter.

As a result of the strong market conditions in Canada, revenue in North America increased by 76% to US$ 16.5 million in Q3 2011 from US$ 9.4 million in Q3 2010. This increase is mainly due to the execution of contracts with major companies.

In Asia-Pacific, Q3 2011 revenue amounted to US$ 10.0 million, an increase of US$ 3.6 million or 56% compared to Q3 2010. Both Australia and New Caledonia contributed to this increase. In Australia, as a result of its capital expenditure program, the Company started operations with 2 new drills for Reverse Circulation contracts.

Revenue in Europe increased by US$ 2.3 million in Q3 2011 compared to Q3 2010, or 29%, due to strong demand and an additional drill compared to Q3 2010. Here again, the activity is significantly higher than last year.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q3 2011 and Q3 2010:

(In thousands of US$) *(unaudited)*	Q3 2011	% change	Q3 2010
Gross profit			
Reporting segment			
Mining	19,171	*70%*	11,275
Water	534	15%	466
Total gross profit	***19,705***	***68%***	***11,741***

Overall, Q3 2011 gross profit amounted to US$ 19.7 million (or 24% of revenue), an increase of US$ 8.0 million or 68% compared to Q3 2010 (US$ 11.7 million or 23% of revenue).

In the mining segment, gross profit as a percentage of revenue is improving in all regions.

In the Water segment, gross profit margins were stable.

Overall, the Group is still focused on risk management when entering new contracts, on optimizing the use of its production equipment through long-term contracts, and on the proper execution of contracts.

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 Q3 2011 and Q3 2010:

(In thousands of US$) *(unaudited)*	Q3 2011	% change	Q3 2010
Selling, general and administrative expenses	6,744	29%	5,247
As a percentage of revenue	*8%*		*10%*

Q3 2011 SG&A amounted to US$ 6.7 million, an increase of US$ 1.5 million or 29% compared to Q3 2010. As a percentage of revenue, SG&A are now 8% of revenue in Q3 2011 as compared to 10% of revenue in Q3 2010. As anticipated, SG&A as a percentage of revenue decreased as a result of the profitable growth strategy implemented by the Company.

Operating Profit

The following table provides a breakdown of the Company's operating profit for Q3 2011 and Q3 2010 by reporting segment:

(In thousands of US$) *(unaudited)*	Q3 2011	% change	Q3 2010
Operating profit			
Reporting segment			
Mining	12,602	*102%*	6,248
Water	336	26%	267
Total operating profit	***12,938***	***99%***	***6,515***

Operating profit increased to US$ 12.9 million (or 15.7% of revenue) in Q3 2011 compared to US$ 6.5 million (or 12.5% of revenue) in Q3 2010. This variation is primarily due to the increasing level of gross margin, together with the reduction of SG&A as a percentage of revenue.

Finance Costs

Net financial expenses totaled US$ 1.4 million in Q3 2011, compared to US$ 0.5 million for the corresponding 2010 period. New bank financing and capital lease obligations were raised to finance the capital expenditure program. During the quarter, the company also used its short term lines of credit to finance the working capital requirement following the increase in activity.

Income Tax

In the third quarter of 2011, the effective corporate income tax rate was 25%, compared to 28% 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. The estimated income tax rate takes into consideration the relative contribution expected from countries such as Chile and Russia.

Comparison of the nine-month periods ended September 30, 2011 and September 30, 2010

Revenue

The following table provides a breakdown of the Company's revenue for YTD Q3 2011 and YTD Q3 2010 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	YTD Q3 2011	% change	YTD Q3 2010
Revenue			
Reporting segment			
Mining	214,063	118%	97,998
Water	11,934	-17%	14,432
Total revenue	***225,997***	***101%***	***112,430***
Geographic region			
South America	86,204	224%	26,586
Africa	51,047	45%	35,177
North America	43,698	97%	22,147
Asia Pacific	23,588	36%	17,392
Europe	21,461	93%	11,129
Total revenue	***225,997***	***101%***	***112,430***

YTD Q3 2011 revenue amounted to US$ 226.0 million, an increase of 101% compared to YTD Q3 2010 (US$ 112.4 million).

The Mining segment, up US$ 116.0 million or 118%, is driven by the contribution of operations in South America (US$ 86.2 million in YTD Q3 2011 compared to US$ 26.6 million in YTD Q3 2010) and a generally strong demand from which all operations benefited worldwide (US$ 56.4 million increase in revenue).

Water segment revenue decreased by 17% from US$ 14.4 million to US$ 11.9 million in YTD Q3 2011. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US$ 86.2 million in YTD Q3 2011 compared to US$ 26.6 million in YTD Q3 2010 which represented only four month’s activity. Revenue is high when compared to South America on an equivalent pro forma nine-month basis for YTD Q3 2010 (US$ 56.0 million). It is generated by long-term contracts with major companies in Chile.

In Africa, the YTD Q3 2011 revenue increased by US$ 15.9 million or 45% compared to YTD Q3 2010. This is mainly the result of the Company's strategy to develop its mining operations in West Africa. The Water segment, decreased by US$ 2.5 million or 17% during the period due to the political turmoil in Ivory Coast in the first part of the year where the Company had to stop its operations, and in other countries some contracts ended during Q2 2011. New developments in the water segment are expected, in relation to the needs of the mining clients.

As a result of the continuing improvements in market conditions in Canada during the year, revenue in North America increased by 97% to US$ 43.7 million in YTD Q3 2011 from US$ 22.1 million in YTD Q3 2010. Greater demand from the oil sands activity in central Canada and the development of long-term contracts with major companies in Western Canada and Ontario contributed to this increase.

In Asia-Pacific, YTD Q3 2011 revenue amounted to US$ 23.6 million, an increase of US$ 6.2 million or 36% compared to YTD Q3 2010. Both Australia and New Caledonia contributed to this increase.

Revenue in Europe amounted to US$ 21.5 million in YTD Q3 2011, an increase of US$ 10.3 million (or 93%) compared to YTD Q3 2010 due to the early restart of operations in Russia where all rigs were in operation during the second and third quarter. Revenue is high when compared to EDC on an equivalent pro forma nine-month basis for YTD Q3 2010 (US$ 13.8 million).

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for YTD Q3 2011 and YTD Q3 2010:

(In thousands of US$) *(unaudited)*	**YTD Q3 2011**	**% change**	**YTD Q3 2010**
Gross profit			
Reporting segment			
Mining	49,866	*124%*	22,236
Water	2,681	-27%	3,658
Total gross profit	***52,547***	***103%***	***25,894***

For the nine-month period ended September 30, 2011, gross profit amounted to US$ 52.5 million (or 23.3% of revenue), an increase of US$ 26.7 million or 103% compared to YTD Q3 2010 (US$ 25.9 million or 23.0% of revenue).

In general, contracts performed well worldwide in the Mining segment.

In the Water segment, gross profit margins decreased by 27% mainly due to the low level of activity during Q2 2011 which reduced the Company’s capacity to absorb fixed costs.

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 Q3 2011 and YTD Q3 2010:

(In thousands of US$) *(unaudited)*	**YTD Q3 2011**	**% change**	**YTD Q3 2010**
Selling, general and administrative expenses	19,185	35%	14,207
As a percentage of revenue	*8%*		*13%*

For the nine-month period ended September 30, 2011, SG&A amounted to US$ 19.2 million, an increase of US$ 5.0 million or 35% compared to the same period a year ago. As a percentage of revenue, SG&A are now 8% of revenue in YTD Q3 2011 as compared to 13% of revenue in YTD Q3 2010. As anticipated, SG&A as a percentage of revenue decreased as a result of the profitable growth strategy implemented by the Company.

Operating Profit

The following table provides a breakdown of the Company's operating profit for YTD Q3 2011 and YTD Q3 2010 by reporting segment:

(In thousands of US$) *(unaudited)*	YTD Q3 2011	% change	YTD Q3 2010
Operating profit			
Reporting segment			
Mining	31,690	*208%*	10,293
Water..	1,649	-	1,640
Total operating profit	***33,339***	***179%***	***11,933***

Operating profit increased to US$ 33.3 million in YTD Q3 2011 compared to US$ 11.9 million in YTD Q3 2010. This variation is primarily due to the satisfying level of gross margin, together with the reduction of SG&A as a percentage of revenue.

Finance Costs

Net financial expenses totaled US$ 2.3 million in YTD Q3 2011, compared to US$ 0.9 million for the corresponding 2010 period. The increase is mainly explained by the consolidation of the debts assumed as part of the acquisitions realized in May 2010 and the related financial expenses and the new financial debts to finance the strong capital expenditure and working capital. It is partially offset by the impact of certain currency exchange gains.

Income Tax

For the nine-month period ended September 30, 2011, the effective corporate income tax rate was 25%, compared to 28% 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. The estimated income tax rate takes into consideration the relative contribution expected from countries such as Chile and Russia.

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 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. No hedging transactions have been entered into in 2011. The exchange rates for the periods under review are as follows against the US$:

	Closing Q3 2011	**Average Q3 2011**	**Average YTD Q3 2011**	**Closing Q4 2010**	**Average Q3 2010**	**Average YTD Q3 2010**
€	0.74	0.71	0.71	0.76	0.78	0.77
CAD$	1.03	0.98	0.98	1.01	1.04	1.04
AUD$	1.02	0.95	0.96	1.01	1.11	1.12
CLP	515	471	476	461	522	532

Liquidity and Capital Resources

The following table provides a summary of the Company's cash flows for YTD Q3 2011 and YTD Q3 2010:

(In thousands of US$)	**YTD Q3 2011**	**YTD Q3 2010**
Cash generated from operations before working capital requirements	55,960	25,968
Working capital requirements, interest and tax	(9,858)	(14,115)
Net cash flow from operating activities	**46,102**	**11,853**
Purchase of equipment in cash	(24,205)	(7,658)
Consideration payable related to acquisitions	(7,600)	(7,019)
Net cash used in investing activities	**(31,805)**	**(14,677)**
Repayment of financial debts, net of proceeds	(4,695)	(5,022)
Acquisition of treasury shares	(2,530)	(362)
Dividends paid	(2,957)	(2,039)
Net cash used in financing activities	**(10,182)**	**(7,423)**
Exchange differences	286	(1,981)
Variation in cash and cash equivalents	**4,401**	**(12,228)**

For the nine-month period ended September 30, 2011, cash generated from operations before changes in operating assets and liabilities increased to US$ 56.0 million in 2011 compared to US$ 26.0 million for the same period a year ago.

During the nine-month period, the Company was able to maintain its working capital requirements at a comparable level to last year in spite of the increased level of activity. The working capital requirements amounted to US$ 9.9 million compared to US$ 14.1 million for the same period last year.

During the nine-month period, the Company acquired operating equipment through US$ 24.2 million in cash purchases and US$ 12.6 million in finance leases not shown in the table above as they were non-cash transactions. This compares to a total of US$ 7.7 million in cash purchases and US$ 4.4 million in finance leases during the same period in 2010.

During the period, the Company paid the final payment due to EDC's former shareholders for an amount of US$ 7.6 million.

During the period, the Company paid dividends to its common shareholders amounting to US$ 3.0 million.

As at September 30, 2011, cash and cash equivalents totaled US$ 19.3 million compared to US$ 13.7 million as at September 30, 2010. Cash and cash equivalents are held at or invested within top tier financial institutions.

As at September 30, 2011, financial debts and equivalents amounted to US$ 50.8 million (US$ 49.6 million as at December 31, 2010). In Q2 2011, the Company finalized US$ 8.6 million in additional long-term financing agreements with French banks and continues to increase its short-term credit lines in order to align them with its enlarged operations.

As at September 30, 2011, the maturity of the financial debt (borrowing and other financial debts) can be analyzed as follows (in thousands of US$):

Maturity	Less than one year	Between one and five years	More than 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 financial debt	**33,304**	**17,535**		**50,839**

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$ 86.2 million available as at September 30, 2011, corresponding to bank overdrafts and assignment of trade receivables. US$ 17.5 million had been drawn down as at September 30, 2011.

As at September 30, 2011, the net debt amounted to US$ 31.5 million. The ratio of debt (net of cash) to shareholders' equity decreased to 0.20 from 0.22 as at June 30, 2011.

Bank guarantees as at September 30, 2011, totaled US$ 20.0 million compared to US$ 27.6 million as at December 31, 2010.

The Company is not subject to any financial covenants.

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 September 30, 2011, the capital stock of the Company amounted to US$ 1,468 thousand, divided into 74,678,750 common shares. Warrants issued as part the acquisition of Adviser are expected to be converted for no consideration into 4,756,539 common shares in May 2012. 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	47.33%
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	2.79%
Common shares held by the Company**	1,058,400	-	1,058,400	1.33%
Common shares held by the public	34,305,607	4,256,468	38,562,075	48.55%
Total common 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 common shares and warrants issued and outstanding excluding shares held by the Company	**73,620,350**	**4,756,539**	**78,376,889**	

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

***1,058,400 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 rather than Canadian GAAP and may not be comparable to the financial statements of other Canadian issuers. The Company's significant accounting policies are described in Note 2 to the annual and unaudited consolidated interim financial statements.

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 alternate to Net income or Operating profit or any other financial metric required by such accounting principles.

Litigation

There is no pending litigation.

Subsequent Events

There are no subsequent events 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 30, 2011, under the heading "Risk Factors", which has been filed with Canadian regulators on SEDAR (www.sedar.com).