FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month and nine-month periods ended September 30, 2012

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 nine-month periods ended September 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 November 5, 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 September 30, 2012, the Company had 3,661 employees and operated 293 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 September 30,		Nine-month period ended September 30,	
	2012	**2011**	**2012**	**2011**
Revenue	**103,240**	**82,408**	**298,008**	**225,997**
Gross profit (1)	**20,638**	**19,705**	**67,755**	**52,547**
As a percentage of sales	*20.0%*	*23.9%*	*22.7%*	*23.3%*
EBITDA	**21,260**	**20,698**	**69,052**	**55,382**
As a percentage of sales	*20.6%*	*25.1%*	*23.2%*	*24.5%*
Operating profit	**11,363**	**12,938**	**41,413**	**33,339**
As a percentage of sales	*11.0%*	*15.7%*	*13.9%*	*14.8%*
Profit for the period	**6,992**	**8,652**	**27,458**	**23,163**
EPS (in US cents)				
Basic	3.70	9.45	26.95	25.75
Diluted	3.67	9.28	26.69	25.57
EPS (in US cents) including the impact of the considered acquisition of the non-controlling interest of Servitec				
Basic	5.19	9.45	29.44	25.75
Diluted	5.15	9.28	29.16	25.57

(1) includes amortization and depreciation expenses related to operations

Acquisitions of businesses and non-controlling interests

Servitec

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 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 November 5, 2012, the best estimate of the cash consideration payable is US$ 61.1 million (a present value of US$ 57.5 million reported as the consideration payable in the balance sheet as at September 30, 2012). Servitec has been consolidated into the Foraco International financial statements since April 20, 2012. The financial statements as at September 30, 2012 include five months of Servitec activity.

The Company is currently considering the acquisition of the 49% non-controlling interests of Servitec. This will have no impact on the amount and the timing of the consideration payable which is due in 2015. This will be accretive to the profit for the period attributable to equity holders of the Company going forward. For the purpose of the MD&A, the earnings per share are presented assuming that the acquisition took place as at April 20, 2012.

John Nitschke Drilling

On September 24, 2012, the Company entered into a binding agreement to acquire a 100% shareholding in John Nitschke Drilling, ("JND"), an Australian drilling service provider, through a combination of AU$ 30 million (US$ 31.2 million) in cash, an earn-out amount, and 6,000,000 warrants giving the right to acquire, for no additional consideration, 6,000,000 Foraco International shares, with the possibility to issue up to an additional 1,000,000 warrants depending on certain market conditions. The warrants will be automatically convertible on the occurence of certain events on or after 9 months from the closing date. The earn-out amount will depend on the level of EBITDA as at December 31, 2012 and cannot exceed AU$ 6 million (US$ 6.2 million).

The closing of the transaction is scheduled to take place on November 19, 2012 and is subject to the completion of certain conditions precedent, including approval from the Toronto Stock Exchange and the shareholder approval of Foraco International at a meeting of its shareholders scheduled to be held on November 15, 2012.

Third quarter ended September 30, 2012 – Q3 2012

Revenue

- Q3 2012 revenue amounted to US$ 103.2 million compared to US$ 82.4 million in Q3 2011, an increase of 25% or US$ 20.8 million.

Profitability

- Q3 2012 gross profit including depreciation within cost of sales increased to US$ 20.6 million (20.0% of revenue) compared to US$ 19.7 million (23.9% of revenue) in Q3 2011.

- Two key contracts in Chile had a negative impact on gross profit estimated at US$ 2.7 million in Q3 2012, caused by the combination of a significant number of rigs being shut down at the client's request, preexisting unfavorable contract conditions aggravated by the significant downsizing of the allocated fleet, and lower production rates during the winter season. These two contracts are due to expire in mid 2013 and are being re tendered. Furthermore, a third key contract in Chile was stopped at the client's request during the winter season, whereas last year they requested work to be performed throughout the season. This negatively impacted gross profit in Q3 2012 by a further US$ 1.7 million.

- Q3 2012 EBITDA amounted to US$ 21.3 million (20.6% of revenue) compared to US$ 20.7 million in Q3 2011 (25.1% of revenue).

- Q3 2012 net profit after tax amounted to US$ 7.0 million (6.8% of revenue) compared to Q3 2011 which amounted to US$ 8.7 million (10.5% of revenue).

- Q3 2012 earnings per share 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 amounted to 5.19 US cents (basic) and 5.15 US cents (diluted), compared to 9.45 US cents (basic) and 9.28 US cents (diluted) in Q3 2011.

Nine-month period ended September 30, 2012 – YTD Q3 2012

Revenue

- YTD Q3 2012 revenue amounted to US$ 298.0 million compared to US$ 226.0 million in YTD Q3 2011, an increase of 32% or US$ 72.0 million including US$ 34.8 million generated by the Brazilian operations.

Profitability

- YTD Q3 2012 gross profit, including depreciation within cost of sales, increased to US$ 67.8 million (22.7% of revenue) compared to US$ 52.5 million (23.3% of revenue) in YTD Q3 2011, an increase of 29% or US$ 15.2 million.

- YTD Q3 2012 EBITDA amounted to US$ 69.1 million (23.2% of revenue) compared to US$ 55.4 million in Q3 2011 (24.5% of revenue). YTD Q3 2012 EBITDA includes US$ 1.2 million one-off transaction costs (nil in YTD Q3 2011).

- YTD Q3 2012 net profit after tax amounted to US$ 27.5 million (9.2% of revenue), an increase of 19% or US$ 4.3 million compared to US$ 23.2 million (10.3% of revenue) in YTD Q3 2011.

- YTD Q3 2012 earnings per share 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 amounted to 29.44 US cents (basic) and 29.16 US cents (diluted), compared to 25.75 US cents (basic) and 25.57 US cents (diluted) for YTD Q3 2011.

Results of Operations

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

Revenue

The following table provides a breakdown of the Company's revenue for Q3 2012 and Q3 2011 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	Q3 2012	% change	Q3 2011
Revenue			
Reporting segment			
Mining	101,575	27%	79,994
Water	1,665	- 31%	2,414
Total revenue	***103,240***	***25%***	***82,408***
Geographic region			
South America	52,250	75%	29,834
Europe, Middle East and Africa	24,200	-7%	26,031
North America	20,103	22%	16,522
Asia Pacific	6,687	-33%	10,021
Total revenue	***103,240***	***25%***	***82,408***

Since Q3 2012, Europe, Africa and Middle East have been grouped into one geographic region for management and reporting purposes (EMEA). Previously, Africa and Europe were presented separately.

Q3 2012 revenue amounted to US$ 103.3 million, an increase of 25% or US$ 20.8 million compared to Q3 2011.

The Mining segment, up US$ 21.6 million, is driven by strong activity in North America and the integration of Servitec in South America partially offset by decreased activity levels in the Asia Pacific and Africa regions.

The Water segment decreased to US$ 1.7 million in Q3 2012 compared to US$ 2.4 million in Q3 2011. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US$ 52.3 million in Q3 2012 (US$ 29.8 million in Q3 2011), an increase of 75%. This growth is mainly generated by the addition of Brazilian operations enabled by the Servitec acquisition in Q2 2012.

In EMEA, Q3 2012 revenue decreased by US$ 1.8 million compared to Q3 2011. This is mainly due to reduced activity levels in both the water and mining segments in Africa which has only partially been offset by strong activity in Russia.

Revenue in North America increased by 22%, from US$ 16.5 million in Q3 2011 to US$ 20.1 million in Q3 2012. This increase has been realized through increased activity in long term contracts with major companies.

In Asia-Pacific, Q3 2012 revenue amounted to US$ 6.7 million, a decrease of US$ 3.3 million compared to Q3 2011 as a result of reduced activity in the Western Australian mining market.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q3 2012 and Q3 2011:

(In thousands of US$) *(unaudited)*	Q3 2012	% change	Q3 2011
Gross profit			
Reporting segment			
Mining	20,255	*6%*	19,171
Water	383	*-28%*	534
Total gross profit	***20,638***	***5%***	***19,705***

Overall, Q3 2012 gross profit amounted to US$ 20.6 million, an increase of 5% compared to Q3 2011 (US$ 19.7 million).

The mining segment gross profit increased by US$ 1.1 million compared to the same period a year ago, however, gross profit as a percentage of revenue decreased to 20.0% compared to 24.0% in Q3 2011.

A proactive focus on aligning operations to the rapidly changing market conditions has resulted in preserving the profitability in all regions with the exception of Chile. In this country, two key contracts had a negative impact on gross profit estimated at US$ 2.7 million in Q3 2012, caused by the combination of a significant number of rigs being shut down at the client's request, preexisting unfavorable contract conditions aggravated by the significant downsizing of the allocated fleet, and lower production rates during the winter season. These two contracts are due to expire in mid 2013 and are being re tendered. Furthermore, a third key contract in Chile was stopped at the client's request during the winter season, whereas last year they requested work to be performed throughout the season. This negatively impacted the gross profit in Q3 2012 by a further US$ 1.7 million. Significant steps have been taken locally, including a change in the Region's Management as reported last quarter, to restore the profitability of these two contracts.

The newly acquired business in Brazil delivered a gross margin in line with expectations.

In the water segment the gross profit remains stable at 23% of revenue compared to 22.1% in Q3 2011.

Although the Company remains committed to strategic initiatives including the integration of newly acquired businesses, risk management and the optimization of production equipment through long-term contracts, significant focus in the near term is on adapting to the rapidly evolving market conditions.

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 2012 and Q3 2011:

(In thousands of US$) *(unaudited)*	Q3 2012	% change	Q3 2011
Selling, general and administrative expenses	9,275	38%	6,744
As a percentage of revenue	*9.0%*		*8.2%*

During the quarter, SG&A expenses were impacted by the integration of the Servitec acquisition in Brazil and costs associated with the reinforcement of the corporate structure. One-off costs associated with business acquisitions amounted to US$ 0.2 million (nil in Q3 2011).

Operating Profit

The following table provides a breakdown of the Company's operating profit for Q3 2012 and Q3 2011 by reporting segment:

(In thousands of US$) *(unaudited)*	Q3 2012	% change	Q3 2011
Operating profit			
Reporting segment			
Mining	11,130	*-12%*	12,602
Water	233	-30%	336
Total operating profit	***11,363***	***-12%***	***12,938***

Operating profit decreased to US$ 11.4 million in Q3 2012 compared to US$ 12.9 million in Q3 2011. The slight increase in gross profits was offset by the year on year increase in SG&A resulting in a net decrease of US$ 1.6 million.

Finance Costs

Net financial expenses amounted to US$ 1.5 million in Q3 2012, compared to US$ 1.4 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 third 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 nine-month periods ended September 30, 2012 and September 30, 2011

Revenue

The following table provides a breakdown of the Company's revenue for YTD Q3 2012 and YTD Q3 2011 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	YTD Q3 2012	% change	YTD Q3 2011
Revenue			
Reporting segment			
Mining	289,143	35%	214,063
Water	8,865	-26%	11,934
Total revenue	***298,008***	***32%***	***225,997***
Geographic region			
South America	142,572	65%	86,204
Europe, Middle East and Africa	79,338	9%	72,508
North America	52,327	20%	43,698
Asia Pacific	23,770	1%	23,588
Total revenue	***298,008***	***32%***	***225,997***

YTD Q3 2012 revenue amounted to US$ 298.0 million, an increase of 32% or US$ 72.0 million compared to YTD Q3 2011.

The Mining segment, up US$ 75.1 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$ 34.8 million to revenue.

The Water segment decreased to US$ 8.9 million in YTD Q3 2012 compared to US$ 11.9 million in YTD Q3 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$ 142.6 million in YTD Q3 2012 (US$ 86.2 million in YTD Q3 2011) an increase of 65%. This was mainly generated by the acquisition of Servitec and activity from long-term contracts with major companies in the region.

In EMEA, the YTD Q3 2012 revenue increased by 9% or US$ 6.8 million compared to YTD Q3 2011. This is mainly due to the expansion of mining operations in West Africa and to the growth in Russia supported by the operation of an additional rig.

Revenue in North America increased by 20%, from US$ 43.7 million in YTD Q3 2011 to US$ 52.3 million in YTD Q3 2012. This increase is realized through long term contracts with major companies.

In Asia-Pacific, YTD Q3 2012 revenue was flat (US$ 23.8 million) compared to the same period last year (US$ 23.6 million).

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for YTD Q3 2012 and YTD Q3 2011:

(In thousands of US$) *(unaudited)*	YTD Q3 2012	% change	YTD Q3 2011
Gross profit			
Reporting segment			
Mining	65,281	*31%*	49,866
Water	2,474	-8%	2,681
Total gross profit	***67,755***	***29%***	***52,547***

Overall, YTD Q3 2012 gross profit amounted to US$ 67.8 million (or 22.7% of revenue), an increase of US$ 15.2 million or 29% compared to YTD Q3 2011 (US$ 52.5 million or 23.3% of revenue).

The mining segment gross profit as a percentage of revenue decreased slightly to 22.6% in YTD Q3 2012 from 23.3% in YTD Q3 2011, and the water segment gross profit margins increased to 27.9% in YTD Q3 2012 from 22.5% in YTD Q3 2011.

Although the Company remains committed to strategic initiatives including the integration of newly acquired businesses, risk management and the optimization of production equipment through long-term contracts, significant focus in the near term is on adapting to the rapidly evolving market conditions.

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 2012 and YTD Q3 2011:

(In thousands of US$) *(unaudited)*	YTD Q3 2012	% change	YTD Q3 2011
Selling, general and administrative expenses	26,342	37%	19,185
As a percentage of revenue..	*8.8%*		*8.5%*

During the period, SG&A expenses were impacted by the integration of Servitec and the one-off transaction costs related to the acquisitions amounting to US$ 1.2 million (nil in YTD Q3 2011) and costs associated with the reinforcement of the corporate structure. Excluding the impact of the one off transaction costs, SG&A as a percentage of revenue remains stable.

Operating Profit

The following table provides a breakdown of the Company's operating profit for YTD Q3 2012 and YTD Q3 2011 by reporting segment:

(In thousands of US$) *(unaudited)*	YTD Q3 2012	% change	YTD Q3 2011
Operating profit			
Reporting segment			
Mining	39,717	*25%*	31,690
Water	1,696	3%	1,649
Total operating profit	***41,413***	***24%***	***33,339***

Operating profit increased to US$ 41.4 million (or 13.9% of revenue) in YTD Q3 2012 compared to US$ 33.3 million (or 14.8% of revenue) in YTD Q3 2011. This increase of US$ 8.1 million is primarily due to the growth in revenue and the increasing level of gross margin.

Finance Costs

Net financial expenses amounted to US$ 3.3 million in YTD Q3 2012, compared to US$ 2.3 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

For the nine-month-period ended September 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 Q3 2012	**Average Q3 2012**	**Closing Q4 2011**	**Average Q3 2011**
€	0.78	0.80	0,77	0.71
CAD	0.98	1.00	1,02	0.98
AUD	0.96	0.96	0,98	0.95
CLP	473	483	519	471
BRL	2.03	2.02		

Liquidity and Capital Resources

The following table provides a summary of the Company's cash flows for YTD Q3 2012 and YTD Q3 2011:

(In thousands of US$)	**YTD Q3 2012**	**YTD Q3 2011**
Cash generated from operations before working capital requirements	69,367	55,960
Working capital requirements, interest and tax	(32,536)	(9,858)
Net cash flow from operating activities	**36,831**	**46,102**
Purchase of equipment in cash	(32,284)	(24,205)
Consideration payable related to acquisitions	(17,223)	(7,600)
Net cash used in investing activities	**(49,507)**	**(31,805)**
Proceeds from short term credit facilities, net	28,711	(4,695)
Acquisition of treasury shares	(1,945)	(2,530)
Dividends paid	(7,068)	(2,957)
Net cash from financing activities	**19,698**	**(10,182)**
Exchange differences	426	286
Variation in cash and cash equivalents	**7,448**	**4,401**

For the nine-month period ended September 30, 2012, cash generated from operations before changes in operating assets and liabilities increased to US$ 69.4 million in YTD Q3 2012 compared to US$ 56.0 million in YTD Q3 2011.

Working capital requirements increased in YTD Q3 2012 compared to YTD Q3 2011 mainly due to the increase in activity in all regions.

As a result the cash generated from operations decreased to US$36.8 million from US$ 46.1 million for the same period a year ago.

During the nine-month period, the Company acquired operating equipment through US$ 32.3 million in cash purchases and US$ 2.1 million through financial lease. This compares to a total of US$ 24.2 million in cash purchases and US$ 12.6 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$ 4.9 million.

As of September 30, 2012, cash and cash equivalents totaled US$ 31.8 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 September 30, 2012, financial debts and equivalents amounted to US$ 146.9 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$ 57.5 million.

As at September 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	21,852	—	—	**21,852**
Assignment of trade receivables with recourse	8,991	—	—	**8,991**
Bank financing	11,409	28,943	—	**40,352**
Capital lease obligations	11,285	6,932	—	**18,217**
Total financial debt	53,537	35,875	—	**89,412**

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$ 106 million available as at September 30, 2012 (US$ 82.6 million as at December 31, 2011), corresponding to bank overdrafts and the assignment of trade receivables. US$ 30.8 million has been drawn down as at September 30, 2012.

As at September 30, 2012, the net debt amounted to US$ 115.2 million. The ratio of debt (net of cash) to shareholders’ equity increased to 0.56 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 September 30, 2012, totaled US$ 21.2 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 September 30, 2012, the capital stock of the Company amounted to US$ 1,629 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**	99,398	0.11%
Common shares held by the public	43,001,581	51.85%
Total common shares issued and outstanding	**82,951,798**	
Common shares held by the Company	(99,398)	
Total common shares issued and outstanding excluding shares held by the Company	**82,852,400**	

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

***99,398 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 Q3 2012	YTD Q3 2011
Operating profit	41,413	33,339
Depreciation expense	26,526	21,297
Non-cash employee share-based compensation	1,113	746
EBITDA	***69,052***	***55,382***
One-off transaction costs	1,186	-
EBITDA excluding one-off transaction costs	***70,238***	***55,382***
EBITDA excluding one-off transaction costs as a percentage of revenue	*23.6%*	*24.5%*

Litigation

There is no significant pending litigation.

Subsequent Events

The closing of the JND transaction is scheduled to take place on November 19, 2012 and is subject to the completion of certain conditions, including the approval from the Toronto Stock Exchange and from the shareholders of Foraco International at a meeting of its shareholders scheduled to take place on November 15, 2012.

The Company is currently considering anticipating the acquisition of the remaining 49% non-controlling interests of Servitec. It is management's intention to close the transaction before December 31, 2012. This will have no impact on the amount and the timing of the consideration payable which is due in 2015. This will be accretive going forward to the profit for the period attributable to equity holders of the Company.

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).