FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month period and year ended December 31, 2011

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 period and year ended December 31, 2010, 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 March 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 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:

- **Business Overview**
- **Interim Consolidated Financial Highlights**
- **Results of Operations**
- **Seasonality**
- **Effect of Exchange Rates**
- **Liquidity and Capital Resources**
- **Related Party Transactions**
- **Capital Stock**
- **Critical Accounting Estimates**
- **Litigation**
- **Subsequent Events**
- **Outlook**
- **Risk Factors**

Business Overview

Headquartered in Marseille, France, Foraco is a worldwide drilling service provider currently operating in 18 countries and five continents. On December 31, 2011, the Company had 2,759 employees and operated 192 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$) *(unaudited)*	Three-month period ended December 31, 2011	2010	Year ended December 31, 2011	2010
Revenue	**75,142**	**51,609**	**301,139**	**164,040**
Gross profit (1)	**16,878**	**10,214**	**69,425**	**36,108**
As a percentage of sales	*22.5%*	*19.8%*	*23.1%*	*22.0%*
EBITDA	**17,924**	**11,632**	**73,306**	**37,757**
As a percentage of sales	*23.9%*	*22.5%*	*24.3%*	*23.0%*
Operating profit	**10,080**	**4,968**	**43,419**	**16,901**
As a percentage of sales	*13.4%*	*9.6%*	*14.4%*	*10.3%*
Profit for the period	**7,251**	**3,366**	**30,414**	**11,331**
EPS (in US$ cents)				
Basic	8.79	3.89	34.51	12.85
Diluted	8.72	3.85	34.25	12.69

(1) includes amortization and depreciation expenses related to operations

Acquisitions of businesses

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 positioned in far east Russia and Eastern Siberia.

The comparibility of the three-month periods ended December 31, 2011 and December 31, 2010 is not affected by these acquisitions, which took place in May 2010 whereas the financial performance for the years ended December 31, 2011 and December 31, 2010 is.

On March 2, 2012, the Company entered into a binding agreement to acquire a 51% shareholding in WFS Sondagem S.A. (“Servitec”), a Brazilian drilling service provider, for a predetermined price to be paid in cash and Company shares. As part of this agreement, the Company has an option to acquire and the current shareholders of Servitec have an option to sell the remaining 49% after three years at a price based on a formula principally taking into account EBITDA and net debt.

Order backlog

As at December 31, 2011, the order backlog amounts to US$ 418 million of which US$ 294 million is expected to be executed in 2012 (US$ 289 million and US$ 209 million respectively as at December 31, 2010). The order backlog as at December 31, 2011 does not include the impact of the acquisition of Servitec.

Fourth Quarter ended December 31, 2011 – Q4 2011

Increased Revenue

- Q4 2011 revenue amounted to US$75.1 million compared to US$ 51.6 million in Q4 2010, an increase of 46% or US$ 23.5 million in organic growth.

Increased Profitability

- Q4 2011 gross profit including depreciation within cost of sales increased to US$ 16.9 million compared to US$10.2 million in Q4 2010, an increase of 65% or US$ 6.7 million.

- Q4 2011 EBITDA amounted to US$ 17.9 million (23.9% of revenue) compared to US$ 11.6 million in Q4 2010 (22.5% of revenue).

- Q4 2011 net profit after tax amounted to US$ 7.3 million, an increase of 115% or US$ 3.9 million compared to Q4 2010.

- Q4 2011 earnings per share amounted to 8.79 US$ cents (basic) and 8.72 US$ cents (diluted), compared to 3.89 US$ cents (basic) and 3.85 US$ cents (diluted) in Q4 2010.

Year ended December 31, 2011 – FY 2011

Increased Revenue

- FY 2011 revenue amounted to US$ 301.1 million compared to US$ 164.0 million in FY 2010, an increase of 84% or US$ 137.1 million.

- The US$ 137.1 million increase is primarily the result of:
  - US$ 91.4 million in organic growth,
  - US$ 45.7 million in revenue from South America for the five-month period ended May 31, 2011. Adviser generated US$ 16.3 million more for the five month period ended May 31, 2011 than for the corresponding period in 2010 when it operated on a standalone basis.

Increased Profitability

- FY 2011 gross profit including depreciation within cost of sales amounted to US$ 69.4 million, an increase of 92% or US$ 33.3 million compared to FY 2010.

- FY 2011 EBITDA amounted to US$ 73.3 million (24.3% of revenue) compared to US$ 37.8 million in FY 2010 (23.0% of revenue).

- FY 2011 net profit after tax amounted to US$ 30.4 million, an increase of 168% or US$ 19.1 million compared to FY 2010.

- FY 2011 earnings per share amounted to 34.51 US$ cents (basic) and 34.25 US$ cents (diluted), compared to 12.85 US$ cents (basic) and 12.69 US$ cents (diluted) as reported in FY 2010.

Results of Operations

Comparison of the three-month periods ended December 31, 2011 and December 31, 2010

Revenue

The following table provides a breakdown of the Company's revenue for Q4 2011 and Q4 2010 by reporting segment and geographic region:

(In thousands of US$) *(unaudited)*	Q4 2011	% change	Q4 2010
Revenue			
Reporting segment			
Mining	72,381	50%	48,116
Water	2,761	-21%	3,493
Total revenue	***75,142***	***46%***	***51,609***
Geographic region			
South America	31,574	39%	22,739
Africa	20,994	83%	11,478
North America	12,056	62%	7,451
Asia Pacific	8,884	27%	6,987
Europe	1,635	-45%	2,955
Total revenue	***75,142***	***46%***	***51,609***

Q4 2011 revenue amounted to US$ 75.1 million, an increase of 46% or US$ 23.5 million compared to Q4 2010.

The Mining segment, up US$ 24.3 million, is driven by the contribution of all geographic areas benefiting from a strong worldwide demand except for in Europe (Russia) where the activity stopped earlier compared to Q4 2010 due to the early completion of contracts.

The Water segment decreased to US$ 2.8 million in Q4 2011 compared to US$ 3.5 million in Q4 2010 following the termination of certain contracts. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US$ 31.6 million in Q4 2011 (US$ 22.8 million in Q4 2010) an increase of 39%. This was mainly generated by a new long-term contract with a major company in Chile and a better utilization rate of equipment linked to continued strong demand.

In Africa, the Q4 2011 revenue increased by 83% or US$ 9.5 million compared to Q4 2010. This is mainly due to the expansion of mining operations in West Africa. This is slightly offset by the decrease in the water segment.

Continued strong market conditions in Canada drove a 62% growth in revenue in North America to US$ 12.1 million in Q4 2011 from US$ 7.5 million in Q4 2010, primarily due to increased activity with major companies.

In Asia-Pacific, Q4 2011 revenue amounted to US$ 8.9 million, an increase of 27% or US$ 1.9 million compared to Q4 2010. In Australia, as a result of its capital expenditure program, the Company started operations with 2 new Reverse Circulation rigs in Q3 2011.

Revenue in Europe decreased by US$ 1.3 million in Q4 2011 compared to Q4 2010, due to the early completion of contracts in Russia.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q4 2011 and Q4 2010:

(In thousands of US$) *(unaudited)*	Q4 2011	% change	Q4 2010
Gross profit			
Reporting segment			
Mining	16,299	*72%*	9,499
Water	579	-19%	715
Total gross profit	***16,878***	***65%***	***10,214***

Overall, Q4 2011 gross profit amounted to US$ 16.9 million (or 23% of revenue), an increase of US$ 6.7 million or 65% compared to Q4 2010 (US$ 10.2 million or 20% of revenue).

The mining segment gross profit as a percentage of revenue improved in all regions while the water segment gross profit margins remained stable.

Focus on risk management when entering new contracts, optimization of production equipment through long-term contracts, and 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 Q4 2011 and Q4 2010:

(In thousands of US$) *(unaudited)*	Q4 2011	% change	Q4 2010
Selling, general and administrative expenses	6,798	28%	5,301
As a percentage of revenue	*9%*		*10%*

As anticipated, SG&A decreased to 9% of revenue in Q4 2011 as compared to 10% in Q4 2010, as a result of the growth strategy implemented by the Company.

Operating Profit

The following table provides a breakdown of the Company's operating profit for Q4 2011 and Q4 2010 by reporting segment:

(In thousands of US$) *(unaudited)*	Q4 2011	% change	Q4 2010
Operating profit			
Reporting segment			
Mining	9,751	*112%*	4,598
Water..	329	-11%	370
Total operating profit	***10,080***	***103%***	***4,968***

Operating profit increased to US$ 10.1 million (or 13.4% of revenue) in Q4 2011 compared to US$ 5.0 million (or 9.6% of revenue) in Q4 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 amounted to US$ 1.0 million in Q4 2011, compared to US$ 0.6 million for the corresponding 2010 period due to the increase in working capital requirement and new long term financing linked to the increase of activity.

Income Tax

In the fourth quarter of 2011, the Company finalized its annual corporate income tax rate which is estimated on a quarterly basis. The cumulative effective income tax rate for the year 2011 is 24% compared to a previous estimate of 25% in the third quarter 2011. The effective corporate income tax rate is affected by the relative weight of income tax payable in the various tax jurisdictions where the Company operates, in particular in Chile and Russia which benefit from comparatively low income tax rates.

Revenue

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

(In thousands of US$) *(unaudited)*	FY 2011	% change	FY 2010
Revenue			
Reporting segment			
Mining...	286,444	96%	146,114
Water..	14,695	-18%	17,925
Total revenue...	***301,139***	***84%***	***164,040***
Geographic region			
South America	117,779	139%	49,325
Africa..	72,039	54%	46,655
North America	55,754	88%	29,598
Asia Pacific	32,472	33%	24,379
Europe	23,096	64%	14,084
Total revenue...	***301,139***	***84%***	***164,040***

FY 2011 revenue amounted to US$ 301.1 million, an increase of 84% compared to FY 2010 (US$ 164.0 million).

The Mining segment increased by 96% or US$ 140.0 million, driven by the contribution of operations in South America (US$ 117.8 million in FY 2011 compared to US$ 49.3 million in 2010) and a generally strong demand from which all operations benefited worldwide (US$ 71.5 million increase in revenue).

Water segment revenue decreased by 18% from US$ 17.9 million to US$ 14.7 million in FY 2011. New developments in the water segment are expected in relation to the needs of the mining clients.

Revenue in South America amounted to US$ 117.8 million in FY 2011 compared to US$ 49.3 million in FY 2010 which corresponded to a seven- month period of activity. The increase in revenue on an equivalent pro forma twelve-month basis for 2010 (US$ 78.7 million) is mainly generated by long-term contracts with major companies in Chile.

In Africa, the FY 2011 revenue increased by 54% or US$ 25.4 million compared to FY 2010 as a result of the Company's continued strategy to develop its mining operations in West Africa. The Water segment, decreased by 18% or US$ 3.2 million during the year partly due to the political turmoil in Ivory Coast in the first part of the year and the ending of some contracts in 2011.

As a result of the continuing improvements in market conditions in Canada during the year, revenue in North America increased by 88% to US$ 55.8 million in FY 2011 from US$ 29.6 million in FY 2010. Greater demand from the oil sands activity and the development of long-term contracts with major companies in Western Canada and Ontario contributed to this increase.

In Asia-Pacific, FY 2011 revenue amounted to US$ 32.5 million, an increase of 33% or US$ 8.1 million compared to FY 2010. Both Australia and New Caledonia contributed to this increase.

Revenue in Europe amounted to US$ 23.1 million in FY 2011, an increase of US$ 9.0 million (or 64%) compared to FY 2010. This increase is due to stronger activity in Russia during the second and third quarters, when all rigs were in operation.

Gross Profit

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

(In thousands of US$) *(unaudited)*	**FY 2011**	**% change**	**FY 2010**
Gross profit			
Reporting segment			
Mining	66,165	*108%*	31,735
Water	3,260	-25%	4,373
Total gross profit	***69,425***	***92%***	***36,108***

For the year ended December 31, 2011, gross profit amounted to US$ 69.4 million (or 23.1% of revenue), an increase of US$ 33.3 million or 92% compared to FY 2010 (US$ 36.1 million or 22.0% of revenue).

In general, the Mining segment gross profit benefited from improvements in utilization, contract terms, pricing and operational performance.

In the Water segment, gross profit margins decreased slightly from 24.4% in 2010 to 22.2% in 2011 mainly due to the reduced level of activity which resulted in a lower utilization of equipment.

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 FY 2011 and FY 2010:

(In thousands of US$) *(unaudited)*	**FY 2011**	**% change**	**FY 2010**
Selling, general and administrative expenses	25,983	35%	19,508
As a percentage of revenue	*9%*		*12%*

As anticipated SG&A decreased to 9% of revenue in 2011 as compared to 12% in 2010, as a result of the growth strategy implemented by the Company.

Operating Profit

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

(In thousands of US$) *(unaudited)*	**FY 2011**	**% change**	**FY 2010**
Operating profit			
Reporting segment			
Mining	41,441	*178%*	14,891
Water...	1,978	*-2%-*	2,010
Total operating profit **...............................**	***43,419***	***157%***	***16,901***

Operating profit increased to US$ 43.4 million (14.4% of revenue) in FY 2011 compared to US$ 16.9 million (10.3% of revenue) in FY 2010. This improvement is primarily due to the increased level of gross margin, together with the reduction of SG&A as a percentage of revenue.

Finance Costs

Net financial expenses totaled US$ 3.4 million in FY 2011, compared to US$ 1.4 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 new financial debts to finance the significant capital expenditure and working capital. It is partially offset by the impact of currency exchange gains.

Income Tax

The effective corporate income tax rate is affected by the relative weight of income tax payable in the various tax jurisdictions where the Company operates. The cumulative effective income tax rate for the year is 24% compared to 27% in 2010. The effective corporate income tax rate is affected by the relative weight of income tax payable in the various tax jurisdictions where the Company operates, in particular in Chile and Russia which benefit from comparatively low income tax rates.

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 Q4 2011	**Average Q4 2011**	**Average FY 2011**	**Closing Q4 2010**	**Average Q4 2010**	**Average FY 2010**
€	0.77	0.74	0.72	0.76	0.74	0.75
CAD$	1.02	1.02	0.99	1.01	0.99	1.03
AUD$	0.98	0.99	0.97	1.01	0.99	1.09
CLP	519	512	485	461	486	516

Liquidity and Capital Resources

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

(In thousands of US$)	**FY 2011**	**FY 2010**
Cash generated from operations before working capital requirements	74,088	37,466
Working capital requirements, interest and tax	(6,320)	(20,103)
Net cash flow from operating activities	**67,768**	**17,363**
Purchase of equipment in cash	(35,702)	(13,735)
Consideration payable related to acquisitions	(7,600)	(7,019)
Net cash used in investing activities	**(43,302)**	**(20,754)**
Repayment of financial debts, net of proceeds	(7,981)	(2,154)
Acquisition of treasury shares	(3,272)	(373)
Dividends paid	(2,957)	(2,039)
Net cash used in financing activities	**(14,210)**	**(4,566)**
Exchange differences	(863)	(3,028)
Variation in cash and cash equivalents	**9,393**	**(10,985)**

For the year ended December 31, 2011, cash generated from operations before changes in operating assets and liabilities increased to US$ 74.1 million in 2011 compared to US$ 37.5 million in previous year.

During the twelve-month period, the working capital requirements amounted to US$ 6.3 million compared to US$ 20.1 million for the same period last year.

After interest and income tax paid, the cash flow from operations amounted to US$ 67.8 million, a year on year increase of US$ 50.4 million.

During the year, the Company acquired operating equipment through US$ 35.7 million in cash purchases and US$ 15.6 million in finance leases not shown in the table above as they were non-cash transactions. This compares to a total of US$ 13.8 million in cash purchases and US$ 4.4 million in finance leases during the same period in 2010.

In 2011, 21 new rigs and ancillary equipment were acquired and 9 rigs were retired from service.

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

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

As of December 31, 2011, cash and cash equivalents totaled US$ 24.3 million compared to US$ 14.9 million as at December 31, 2010. Cash and cash equivalents are held at or invested within top tier financial institutions.

On December 31, 2011, financial debts and equivalents amounted to US$ 49.2 million (US$ 49.6 million as at December 31, 2010). In 2011, the Company finalized US$ 8.6 million in additional long-term financing agreements with French banks and continued to increase its short-term credit lines in order to align them with its enlarged operations.

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

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$ 82.6 million available as at December 31, 2011, corresponding to bank overdrafts and assignment of trade receivables. US$ 18.5 million has been drawn down as at December 31, 2011.

As at December 31, 2011, the net debt amounted to US$ 24.9 million. The ratio of debt (net of cash) to shareholders' equity decreased to 0.15 from 0.20 as at September 30, 2011 (0.24 as at December 31, 2010).

Bank guarantees as at December 31, 2011, totaled US$ 19.1 million compared to US$ 27.6 million as at December 31, 2010.

The Company is not subject to any financial covenants 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 December 31, 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	37,596,497	-	37,596,497	47.33%
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors *	1,754,249	500,071	2,254,320	2.84%
Common shares held by the Company**	1,271,700	-	1,271,700	1.60%
Common shares held by the public	34,056,304	4,256,468	38,312,772	48.23%
Total common shares and warrants issued and outstanding	**74,678,750**	**4,756,539**	**79,435,289**	
Common shares held by the Company	(1,271,700)	-	(1,271,700)	
Total common shares and warrants issued and outstanding excluding shares held by the Company	**73,407,050**	**4,756,539**	**78,163,589**	

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

***1,271,700 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 alternate to Net income 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)*	Q4 2011	Q4 2010	FY 2011	FY 2010
Operating profit	10,080	4,968	43,419	16,901
Depreciation expense	7,507	6,418	28,804	20,018
Non-cash employee share-based compensation	337	246	1,083	838
EBITDA	***17,924***	11,632	***73,306***	***37,757***

Litigation

There is no significant pending litigation.

Subsequent Events

On March 2, 2012, the Company entered into a binding agreement to acquire a 51% shareholding in Servitec, a Brazilian drilling service provider.

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

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.

As at December 31, 2011, the Company's order backlog for continuing operations was US$ 418 million, of which US$ 294 million is expected to be executed during the 2012 fiscal year. This compares to an order backlog as at December 31, 2010 of US$ 289 million of which US$ 209 million was expected to be executed during the 2011 fiscal year.

The Company's order backlog consists in sales orders. Sales orders are subject to modification by mutual consent and in certain instances orders may be revised by customers. As a result, the order backlog of any particular date might not be indicative of actual operating results for any succeeding period.

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).