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ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

March 31, 2014

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CERTAIN INFORMATION

This Annual Information Form includes, and expressly identifies, market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by management on the basis of its knowledge of and experience in these markets. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although believed to be reliable, the Company has not independently verified any of the data from third party sources. In addition the Company has not independently verified any of the industry data prepared by management of the Company.

Unless otherwise noted or unless the context otherwise indicates, “Foraco” or the “Company” refers to Foraco International SA and its direct and indirect subsidiaries.

FORWARD LOOKING STATEMENTS

This Annual Information Form contains “forward looking information” or “forward looking statements” within the meaning of applicable securities laws which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects. Often, but not always, forward looking information and statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking information and statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward looking information and statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking information and statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. See “*Risk Factors*”. Forward looking information and statements contained herein are made as of the date of this Annual Information Form and the Company disclaims any obligation to update any forward looking information and statements, whether as a result of new information, future events or results or otherwise, except as expressly required by applicable securities laws. There can be no assurance that forward looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward looking information and statements.

CURRENCY AND EXCHANGE RATES

In this Annual Information Form, references to “\$” and “Cdn\$” are to Canadian dollars, A\$ are to Australian dollars, references to “Euros” or “€” are to the lawful single currency of the

European Monetary Union, reference to R\$ are to Brazilian Reals, and references to “US\$” are to United States dollars.

The Company has elected to report its consolidated financial statements using the United States dollars as its presentation currency.

The following table sets forth for the periods indicated, certain information concerning the number of Euros for which one Cdn\$ could be exchanged based on the quoted rate from the Bank of Canada. No representation is made that the Cdn\$ amounts actually represent such Euro amounts or could have been or could be converted into Euros at the rate indicated, any other rate or at all. Quotations are based on Bank of Canada “nominal rates”, which are neither buying nor selling rates. Rates available from financial institutions will likely differ.

Period	Period end rate	Average rate
January 1, 2013 – December 31, 2013	€0.68 = Cdn\$1.00	€0.73 = Cdn\$ 1.00
January 1, 2012 – December 31, 2012	€0.76 = Cdn\$1.00	€0.78 = Cdn\$1.00
January 1, 2011 – December 31, 2011	€0.76 = Cdn\$1.00	€0.73 = Cdn\$1.00
January 1, 2010 – December 31, 2010	€0.75 = Cdn\$1.00	€0.73 = Cdn\$1.00
January 1, 2009 – December 31, 2009	€0.66 = Cdn\$1.00	€0.63 = Cdn\$1.00

The closing, high, low and average exchange rates reported by the Bank of Canada for the conversion of United States dollars to Canadian dollars, each based on the noon rate of exchange, for the periods indicated are set forth below.

	Closing	High	Low	Average
Year ended December 31, 2013	0.9402	1.0697	0.9839	1.0299
Year ended December 31, 2012	0.9949	1.0418	0.9710	0.9996
Year ended December 31, 2011	1.0170	1.0630	0.9383	0.9890
Year ended December 31, 2010	0.9946	1.0848	0.9931	1.0299
Year ended December 31, 2009	1.0534	1.2991	1.0259	1.1420

DESCRIPTION AND DEVELOPMENT OF THE BUSINESS

Overview

Foraco is a global drilling service provider headquartered in Marseilles, France, with a presence in twenty-three countries. From its operations on five continents, the Company services a range of industries including primarily the mining and water sectors.

The Company operates 303 drill rigs 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, which allow Foraco to tailor solutions to meet the specific conditions and drilling requirements of certain customers, such as mining companies, and international development funds.

The Company specializes in drilling in harsh environments, isolated locations, mountainous and desert areas, and generally in circumstances where operations have complex

logistics and geographic challenges. The Company's engineers and technicians have developed special drilling methods where the geology prevents use of standard techniques and equipment. In addition to their regular suite of drilling tools, the Company has specialized equipment for helicopter supported drilling campaigns, combination rigs to perform dual purpose drilling (diamond and rotary), remote desert operations, arctic drilling conditions, deep hole directional drilling, and large diameter core and rotary sampling systems.

The Company's ability to satisfy its customers' unique requirements is partially due to its specialized drilling rigs. The Company has developed in-house equipment, engineering and design capabilities, and assembled approximately twenty percent of the Company's drilling rigs.

The Company is headquartered in Marseilles, France, with its main technical and engineering base in Lunel (France), 160 kilometres west of Marseilles. The Company has four regional offices: i) Asia-Pacific regional office based in Perth (Western Australia) which is the primary location for Australian and Asia-Pacific activities; ii) EMEA regional office (Europe, Middle-East and Africa), based in Lunel, which is the primary location for Europe and Africa and which has two sub-regional offices located in Moscow (Russia) and Ouagadougou (Burkina Faso); iii) North America regional office located in Toronto (Ontario, Canada), from which its North American operations are managed; and iv) South America regional office located in Santiago (Chile) from which South American operations, including the Argentina, Peru and Mexico operations, are managed. In Brazil, the administrative office is located in Goiania (Goias State, Brazil) and operations are managed from Crixas (Goias State, Brazil). The Company has also established a network of local offices, each led by a country manager. Each country manager reports to a regional manager, who in turn reports directly to the Company's senior management. Although most of the Company's rigs and ancillary equipment move between countries following the customers' workloads, a portion of the Company's rigs and ancillary equipment are permanently located in countries where they are continuously employed.

Foraco's common shares commenced trading under the symbol "FAR" on the Toronto Stock Exchange ("TSX") after listing on August 2, 2007.

Strategy of Foraco

The Company's business strategy is to continue to grow through the development and optimization of its services offered across geographical regions, industry sectors, commodities and customers. The Company expects it will continue to execute on its strategy through a combination of organic growth and the acquisition of existing businesses in the drilling services industry.

THE DRILLING SERVICES INDUSTRY

Overview of the Drilling Services Industry

Drilling is widely used: (i) to explore for, develop and produce underground resources such as solid minerals, dissolved minerals, water and oil and gas; (ii) to monitor underground and environmental conditions; and (iii) to measure the underground characteristics of a site in advance of an infrastructure project.

Although originally drilling was integrated into most resource exploration and construction companies, over time a specific industry has emerged focused on the provision of drilling technologies and services. Today the vast majority of drilling technologies and services are provided to resource based or other customers, by independent service providers like Foraco, who have developed specialized technologies, processes and techniques to deliver cost effective and safe drilling services.

A small segment of the mining industry continues to provide in-house drilling operations to undertake such activities at underground operations or where they have unionized workforces, and are contractually obligated to conduct exploration drilling using their own employees.

Over time the demands for drilling services have become increasingly complex as customers pursue increasingly difficult, remote and more complex resource plays. The drilling industry has responded to these challenges through the development and implementation of more advanced technologies. Drilling rigs now have the ability to penetrate most geological terrain, from soft and unstable formations such as soaked sands, alluvial beds and volcanic material, to the hardest formations, comprised of competent granite, iron ore oxides and quartzites. The drilling industry offers a wide range of drilling techniques: the three main categories are described below.

Grinding. This technique utilizes tricone drill bits, with sharp steel teeth or smooth, round tungsten carbide button shaped teeth to grind the formation. Energy as torque is applied to the drill rods, while exerting weight on the bit.

Percussion. This technique utilizes percussion generated by a hammer located either on top of, or at the bottom of the drill string. When the hammer is located on the bottom of the drill string, the technique is known as down the hole hammer (“DTH”) drilling. The DTH hammer has an enclosed reciprocating piston (powered by compressed air) which strikes a drill bit that has tungsten carbide “buttons” on the face, to shatter the formation.

Cutting. This technique relies on the high speed rotation of a cylindrical diamond impregnated bit to cut a core sample from the earth’s substrate. The core sample is then retrieved to surface for analysis to determine certain properties depending on the drilling requirements. This could include mineralization grades for mine development, rock quality characteristics for infrastructure investigations or gas or oil content for energy development.

Each of these techniques has its own particular niche in terms of the type of sampling and ground conditions it is best suited for. Although some drilling methods such as diamond drilling can cover a broad spectrum of requirements in terms of sampling, other modes of drilling are often more cost effective and efficient in certain applications.

Markets for Drilling Services

The drilling services market operates in four distinct and overlapping markets, including: mining, oil and gas, water, and construction related drilling. The majority of drilling services providers focus on one market. With existing and growing levels of technology, customer or geographical overlap between the markets, larger service providers like Foraco are able to provide drilling services to multiple markets.

Mining

Industry Overview

The mining industry is one of the largest markets for drilling services, and also consumes a significant amount of ancillary drilling services, including water and dewatering wells, geotechnical drilling, subsurface environmental monitoring, construction drilling and remediation drilling. Drilling services are critical for mining companies to discover deposits, and to estimate the size and quality of reserves. Drilling is typically contracted to drilling service providers such as Foraco.

The mining segment includes the activities focused on precious metals (such as Gold, Silver, Platinum) base metals (Copper, Zinc, Nickel, Aluminum, Iron etc.) and other unique minerals such as Coal, Uranium and diamonds.

The typical development cycle of a mining project involves numerous stages of which there are three key stages requiring significant drilling services: the exploration, development, and production stage which includes work related to life of mine extension.

Drilling services associated with the mining industry are a primary focus of Foraco.

Exploration Drilling

The exploration stage (also known as “greenfield” or “grassroots exploration”), is primarily focused on the discovery of mineral deposits. In this stage, equipment and crews are often deployed to remote locations to undertake exploration drilling on undeveloped land to determine whether potentially economic mineralization exists within a region to justify further investigation and expenditure. Mining companies typically rely on drilling service companies to provide quality samples (either core or DTH) as the integrity of the samples is an important factor in determining the feasibility of a particular project. Following the discovery of a mineral deposit, additional drilling is typically required to characterize the size and quality of the deposit, and to assess the feasibility of development.

Development Drilling

Development stage drilling is typically undertaken to define (quality and quantity) a resource for the planning and construction of a new mine site, or the expansion of an existing mining project. External and internal financing requires a definitive review of the project economics (grade and volume of mineralization) before funds are committed to advance a project, regardless of whether this is a new mine or an extension to an existing operation.

To obtain sufficient definition of the ore body, development drilling often requires very large volumes of drill holes to be created to both provide detailed definition and to probe the boundaries of the ore body.

Production Drilling

Production stage drilling involves drilling within the mine boundaries and includes both surface and underground operations. Operating mines require drilling services to further delineate the ore body for mine planning and grade control over the life of the mine. Production drilling is also required to control or obtain water. Large diameter water wells are often drilled to supply the mine with process water, or to extract water from the vicinity of the mine to improve mining conditions (depressurization wells).

One specialized area of production stage drilling is drilling for the solution mining industry such as potash, magnesium or uranium. Solution mining is a technique that utilizes a drill hole to extract the valuable components from a mineral deposit using an aqueous leaching medium. These highly technical programs involve the drilling of injection wells to introduce the leaching solution, and extraction wells to recover the dissolved minerals.

During the life of a mine there are often opportunities for near mine exploration to expand the scope or scale of the mine or for the mining company to establish additional pits or operations that can utilize the existing mine infrastructure. The life of mine extension projects often require significant drilling services and often utilize multiple drilling types.

Key Mining Industry Drivers

The rapid industrialization and urbanization of emerging economies, including Brazil, Russia, India and China (collectively referred to as “BRIC”), has led to significant growth in the consumption of raw materials during the last decade. The combination of increases in demand and constrained supply has resulted in higher commodity prices and an acceleration of drilling activity in recent years. The main key industry drivers are: (1) metal prices; (2) available risk capital for exploration companies; and (3) major company’s renewal mining reserves policy. In 2010, with metal prices increasing again and junior exploration companies being able to find more risk capital, the aforesaid spending reached US\$12 billion, US\$18 billion in 2011 and a record high of US\$ 21 billion in 2012 according to Metals Economics Group (MEG) reports.

In 2012, the cumulative effects of continued weak economies in Europe and North America as well as a minor slowdown in Chinese economic growth resulted in a decline in the prices of most common mineral commodities which subsequently led to a reduction in exploration and production spending by mining companies. In 2013, this exploration spending was reduced to US\$ 15.2 billion, a 28% decrease.

The drivers behind the economic cycles for base metals, precious metals and the unique minerals such as coal, uranium and diamonds are often different due to the distinct nature of their end uses. Specifically the demand for uranium is primarily dependent on the political and social sensitivities surrounding nuclear energy which have been significantly affected by the Fukushima Daiichi nuclear disaster in Japan in 2011.

Another factor driving the demand for drilling services is the scarcity of accessible new mineral reserves, forcing mining companies to explore for deeper and more remote ore bodies, which often have more complex geology. Mine planning studies require more detailed information before production can commence (due to higher costs and lower grades) which

translates into a greater volume of drilling to characterize the mineral deposits and ascertain whether it can be economically mined.

Demand for production stage drilling for mine planning and production is relatively stable (despite fluctuations in commodity prices), as drilling is a necessary component of the mining cycle to determine ore grade and mine design. Production stage drilling is primarily driven by supply and demand fundamentals as operating mines target the highest possible utilization levels. However, as a result of the recent economic crisis and lower commodity prices, some mines have been placed on a care and maintenance basis or closed, with the related demand for production stage drilling diminishing to some degree.

Oil and Gas

Industry Overview

The oil and gas industry is a major market for drilling services and technologies and includes two main sub-markets: exploration; and production, with activities performed physically offshore and on land. In terms of complexity and technical challenges for drilling, offshore oil and gas activities are the most demanding of all drilling operations using highly specialized equipment. Onshore (land) drilling operations for oil and gas include operations utilize similar equipment and techniques to mineral drilling operations.

With respect to drilling activities of interest to Foraco, the focus is currently limited to land activities in both the exploration and production stages of oil and gas resource developments.

The drilling activities associated with unconventional oil and gas exploration and production are not currently a focus market for Foraco.

There are natural overlaps between the mining and oil and gas industries such as the activities related to coal and coal seam gas operations where hydrocarbon resource plays are treated similarly to mineral exploitation.

Exploration Drilling

Exploration drilling is focused on validating potential underground hydrocarbon resources identified through the interpretation of geophysical or geological information. Drilling is normally vertical and is initially focused on recovering information on the sub surface geology and confirming the presence of hydrocarbon resources. Drilling in this phase often includes the provision of core or rock samples for geologic analysis. Exploration drilling for hydrocarbons when done on land and at shallower depths is very similar technically and operationally to mineral drilling. Offshore exploration and deep land drilling normally require specialized equipment and procedures and present more complex drilling challenges.

Production Drilling

Production drilling for oil and gas is focused on providing cost effective production pathways for sub surface hydrocarbons to be produced to surface. Oil and Gas development

drilling usually includes the installation of permanent in-situ completions which rarely occurs in mineral drilling operations. Development drilling can require large volumes of wellbores to be constructed which can often be most effectively performed using specialized drilling service suppliers to drill portions of the boreholes in 'batches'.

Key Oil and gas Industry Drivers

The primary driver of oil and gas drilling activity is the relative supply and demand for the two core resources of oil and gas. Oil and gas deposits have relatively high depletion rates with production levels often dropping by 20 or more percent per year, necessitating relatively high levels of production drilling to maintain current hydrocarbon production levels

The historical focus of oil and gas companies on conventional geology formations resulted in a strong move in the 1990's and 2000's to deeper and more remote plays including the offshore and remote arctic geographies. More recently significant focus has been turned to the exploitation of hydrocarbons from unconventional geological plays including the production of gas from coals (CBM or CSG) and the extraction of both oil and gas from Shale formations. These two resource plays are currently the primary drivers of industry growth and technical developments and present significant opportunities for drilling activity growth in the near to medium term.

Water

Industry Overview

Groundwater remains the principal source of water in many regions where rivers and storage capacities are insufficient. Underground aquifers can range in depth from a few metres to one thousand metres, the latter requiring heavy drilling equipment to access. Some aquifers are particularly challenging due their diversity of sub surface geology. High volume groundwater flows are often associated with extremely broken and cavernous ground conditions which require different drilling techniques to be employed, from basic rotary, to high tech reverse circulation DTH drilling in karstic or volcanic formations.

It is estimated that the water drilling industry has the potential to grow at a compound annual rate of approximately 7% over the next decade. Management believes that Africa is able to reach that kind of expansion, given the current demand, if funding is in place. The global financial crisis and the current sovereign debt crisis in USA and Europe may lead to a temporary reduction of available funds, as national budgets are in deficit and international development agencies are reducing their spending. These factors could slow the pace of investment in basic infrastructure such as water wells in some developing countries. In addition, international organizations may postpone the granting of new financing in countries that do not comply with corporate governance rules required by these international organizations.

Other consumers of water include industrial manufacturers, the agricultural industry for irrigation and the mining industry for mineral extraction and processing.

Key Industry Drivers

In developing countries, the key drivers include development policy priorities and available funding from Official Development Assistance (“ODA”) programs. At the United Nations Millennium Summit in September 2000, world leaders adopted the Millennium Declaration from which emerged the Millennium Development Goals (“MDG”), an integrated set of time-bound targets for extending the benefits of globalization to the world’s poorest citizens. One of the 18 targets is to cut in half the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. The global financial cost of reaching this goal has been estimated at between US\$51 billion and US\$102 billion. Most ODA donors have joined the MDG project and set Africa as well as South East Asia as top priorities. To reach the MDG target, the United Nations estimates that annual spending of US\$5 billion will be required in Africa.

The World Bank is an active player in financing Water Supply and Sanitation projects (“WSS”) to assist countries develop, share, and apply global and local knowledge to meet challenges in this sector. It operates across the spectrum of public and private participation to help ensure the efficient, affordable, and sustainable delivery of WSS services.

Construction / Infrastructure Industry

Industry Overview

There are a large range and volume of drilling services utilized by the construction industry, both in the engineering and construction phases. The drilling services normally provided during the construction phases are often fully integrated into the construction project.

Although on a consolidated basis this segment is a large global market for drilling services it is a highly specialized and regionalized marketplace. In addition there is limited overlap in technologies, processes or practices with the other three key drilling market segments.

The drilling services market associated primarily with the construction industry is currently of limited interest to Foraco. However, there are infrastructure drilling applications associated directly with the mining, water and oil and gas industries where the overlaps in geography and/or technologies enables Foraco’s mining or water segments to participate in such activities.

BUSINESS OF THE COMPANY

Business Strategy

The Company’s business strategy is to profitably grow in the long term through the development and optimization of the services it offers across geographical regions, industry sectors and its customer base. The Company will continue to execute on its strategy through a combination of organic growth and also through the acquisitions of existing businesses in the drilling services industry.

The Company focused on leveraging its extensive experience in delivering drilling services to unique and challenging geographic markets to expand into other geographic regions and industry sectors. Geographic expansions have usually been accelerated through acquisitions in a target market.

In September 2008, the Company acquired North West Sequoia (“NWS”), a Canadian company based in Calgary, Alberta, which provides highly specialized drilling services in the diamond, coal and oil sands sectors. Through this acquisition, the Company has gained an established client base and technical expertise in the Canadian rotary drilling market.

In April 2009, the Company acquired 50.84% of Mosslake Pty Ltd., the parent company of Mosslake Drilling Services Pty Ltd., a mineral exploration drilling contractor located in Perth, Western Australia. The Mosslake acquisition has positioned the Company in one of the world’s leading exploration markets and will serve as a springboard for further organic expansion and the adoption of specialized Foraco drilling techniques from other regions. The Company acquired the remaining 49.16% of the shares of Mosslake on August 16, 2010.

On May 26, 2010, the Company acquired Adviser Drilling SA (“Adviser”). Adviser is a drilling contractor located in Santiago, (Chile) that has provided diamond and reverse circulation drilling services since 2005 for major and junior mining companies in Chile, Argentina and Mexico. Adviser specializes in diamond drilling and RC drilling services in harsh environments, isolated locations, mostly mountainous and desert areas in South America. Since inception, Adviser has developed a client base mostly made up of major mining companies, such as BHP Billiton, Antofagasta-Minerals and Gold Corp.

On May 27, 2010, the Company acquired a 50% controlling interest in LLC Eastern Drilling Company (“EDC”) a Russian company located in Moscow. EDC’s founders and present managers retained a 50% (non-controlling) interest and will continue managing and developing EDC. EDC has operated diamond drilling services for major and junior foreign and Russian companies in the mining industry in Russia since 2007. Headquartered in Moscow, EDC’s operational facilities are located in the far east of Russia and eastern Siberia where many mining developments are located or managed. This acquisition allowed the Company to establish a permanent presence in Russia and the former Soviet Republics and significantly increases the Company growth potential in the region.

In November 2010, the Company completed the merger of Adviser and Foraco Chile. The merged company now operates under the name of Foraco Chile and is now the operating company in Chile.

The merger of Adviser and Foraco Chile was a part of a larger corporate reorganization, whereby the Company altered its corporate structure in France, Canada, Australia and Chile. In Canada, Foraco Drilling and NWS amalgamated with Foraco Canada Ltd. on October 1, 2011 to form Foraco Canada Ltd. In France, Foraco SAS, the operating company, became a wholly owned subsidiary of Foraco International S.A. In Australia, in 2011 the three Mosslake entities were merged into a single entity, Foraco Australia.

In November 2011, the Company established a subsidiary in the Congo, Foraco Congo, to provide drilling services to the mining industry in the Congo.

On, April 20, 2012, the Company acquired 51% of Servitec Foraco Sondagem S.A. previously WFS Sondagem LTDA, (“Servitec”), a Brazilian mineral drilling services company located in Crixás, Goiás State and an administrative office in Goiânia. The Company acquired Servitec for approximately US\$44,2 million. The terms of the transaction included: i) a cash consideration of R\$ 35.65 million or US\$ 20.2 million upon closing, ii) 4,816,509 shares of the Company. Servitec is the second-largest mineral drilling services company in Brazil, with activities in all of the main mining states: Minas Gerais, Goiás, Para and Mato Grosso. This acquisition allows the Company to establish a permanent presence in Brazil and significantly increases the Company growth potential in the region.

In August 2012, the Company created a subsidiary in Singapore, which purpose is to oversee the development of the company in Asia Pacific, to control the operations in this region, as well as to research new customers and investors. The Company also created a subsidiary in UK, intended to develop the relations with the customers represented in London and to diversify the structure of the shareholding.

On November 19, 2012, the Company acquired the Australian mineral drilling services company John Nitschke Drilling, (“JND”). Initially headquartered in Hahndorf (South Australia) and privately owned, JND had 15 rigs and has activities in all of the main mining states in Australia: specifically in Western Australia, Queensland, New South Wales and South Australia. This acquisition allows the Company to reinforce its presence in Australia. The terms of the transaction include: i) cash consideration of AU\$ 30,000,000.00 upon closing; and (b) 7,000,000 common share purchase warrants which entitled the vendors to receive for no additional consideration 6,000,000 common shares (the “Foraco Warrants”) in Foraco (“Foraco Shares”) and up to 1,000,000 additional Foraco Shares. The Foraco Warrants were exercised in August 2013.

In November 2013, the Company established a subsidiary in Turkey, Foraco Sondaj Ticaret Limited Sirteki, to provide drilling services to the mining industry in Turkey.

In December 2013, the Company established a holding company in Brazil, Foraco Holding Participações Ltda which acquired an additional 11.55% of the Servitec shares from one of the two minority shareholder. At the end of December 2013, the Company held 62.55% of the Servitec shares.

On March 31, 2014, the Company entered into a memorandum of understanding with one of the two minority shareholders of Servitec, whereby the Company cancelled its option to acquire, and the minority shareholder cancelled his option to sell, the latter’s 37.45% minority shareholding in Servitec. The objective of the Company is to strengthen the relationship with this minority shareholder who holds a key management position.

Drilling Services Provided by the Company

The Company provides the following types of technical drilling services. Each of these methods is destructive, with the exception of diamond core drilling.

Diamond Core Drilling

Diamond core drilling is used exclusively to obtain geological samples that are representative of their in situ sub-surface condition. This method utilizes an annular drill bit with an industrial grade diamond crown to cut a cylindrical core of solid rock from the earth's substrate. This is the most sophisticated form of drilling and commands a higher service margin than other modes. The core barrel assembly used in diamond core drilling enables core samples to be retrieved using a wireline device through the hollow drill rods without having to withdraw the entire drill string each time a sample is recovered. This is of particular importance for deep drilling and for ground conditions that require frequent core sample extractions. Diamond core drilling has been used to extract core samples from depths of up to 5,000 metres.

Rotary Drilling

Rotary drilling in its simplest form uses air or fluid pumped to the face of the drill bit, to carry drill cuttings to the surface (between the wall of the hole and the exterior of the drill pipe) and to cool the drill bit. This form of drilling creates a stable hole that can be used for a variety of purposes, including water wells, oil and gas wells, groundwater monitoring wells (piezometers), monitoring wells, seismic blast holes, and to sample some formations such as uranium deposits.

Rotary drilling typically uses hardened steel or tungsten carbide tipped drill bits to grind the formation being drilled. The cuttings returned to surface are usually small chip samples. Suitable formations for rotary drilling are usually softer, unconsolidated and friable. Rotary drilling is not the most efficient technique to advance a well bore in harder formations.

Down-the-hole Hammer

DTH drilling is the fastest method of penetrating hard rock formations. This technique creates a stable hole that can be used for a variety of purposes, including water wells, groundwater monitoring wells (piezometers), seismic blast holes, and to sample mineral deposits.

DTH drilling uses a pneumatic hammer which houses a reciprocating piston at the end of the drill string. The piston strikes a tungsten carbide bit that shatters the formation with percussive energy. The rock chips that are produced are carried to the surface by the exhaust air from the DTH hammer up the annular space between drill rods and drill hole.

Direct Circulation Drilling

Direct circulation drilling, involves the circulation of drilling fluid in the internal tube of the drill string, passing through the drill bit (cooling the bit) and back to surface with the cuttings (chip samples) via the annular space between the O.D. of the drill rods and the drill hole.

Geological conditions make direct circulation drilling unsuitable, or even impossible, in the following circumstances:

- where the drill hole penetrates layers with large cracks (limestone, granite and sandstone) which prevent drilling fluid from returning to the surface (lost circulation);
- where precise sampling is required with zero contamination of cuttings (in direct circulation, cuttings from the bit face can mix with cave from the drill hole wall further up the bore producing a biased result);
- where a precise representation of water tables intersected by the drill hole is required; or
- where the hole wall is highly unstable and cannot support the eroding effect of drilling fluid and cuttings flowing up the bore hole.

Reverse Circulation Drilling

Reverse circulation drilling (“RC”) can be applied to both rotary and DTH techniques. This technique creates a stable hole that can be used for a variety of purposes, including water wells, groundwater monitoring wells (piezometers), seismic blast holes, and to sample mineral deposits, within a broad cross section of geological conditions. Reverse circulation drilling requires dual tube drill rods. The drilling fluid is circulated to the drill bit via the annular space that exists between the inner and outer tubes of the dual-walled drill string. As the drilling fluid or compressed air passes through the drill bit (cooling the bit), it picks up the cuttings at the face of the drill bit which are conveyed to the I.D. in the inner tube, and returned to surface.

The cuttings that return to surface are directly from the zone being drilled at the bit face, and do not come into contact with the hole wall as they are carried to surface (by drilling fluid or compressed air) in the ID of the inner tube. This form of sampling is much more accurate and representative of the formations being drilled when compared with direct circulation methods which, (as previously mentioned) can pick up contamination from the wall of the drill hole further up the bore.

Air Core

Air core is a quick and inexpensive method of obtaining an accurate geological sample in unconsolidated ground. This form of drilling is useful for geological sampling during the earliest drilling stages of exploration drilling or pre-exploration. Air core drilling uses a reverse circulation drill string fitted with a bit that has tungsten or industrial diamond blades as cutting teeth. As with RC drilling, the compressed air is transmitted to the bit face via the annular space between the inner and outer tubes of the dual wall drill string. The air flow is reversed at the throat of the bit (to the ID of the inner tube), creating a vacuum that suck the sample into the inner tube and transports it to surface.

Air core drilling is generally used in shallow holes rarely deeper than 70 metres.

Rotary Air Blast

Rotary air blast (“RAB”), an inexpensive direct circulation method of rotary drilling, is useful for geological sampling in the earliest drilling stages of exploration drilling. Cutting samples are blown to the surface using compressed air that is directed through the inside of the hollow drill rods, through the drill bit, and up the annulus between the wall of the hole and the exterior of the drill pipe. Rotary air blast drilling is generally used in shallow, usually less than 50 metres.

Because of the direct circulation method, RAB does not always provide a representative sample of the zone being drilled as contamination from up the hole can be present. However, it is a fast and inexpensive mode of grassroots exploration drilling that provides valuable geochemistry data.

Key Drilling Markets addressed by the Company

Mining

The Company offers a wide range of drilling services to the mining industry, including exploration, development and production drilling. Foraco provides its customers with a variety of geological sampling and testing techniques, including chips and cores, stabilized holes for blasting, logging, the injection of water or acid (solution mining and in situ leaching), cold water injection (geothermal), production wells (solution mining, geothermal, underground gas storage) and large diameter core and dual tube rotary bulk samples (which can vary from a few tons up to several hundred tons of ore).

Foraco is capable of providing drilling services to a wide range of mineral exploitation opportunities including those associated with precious metals, base metals and discrete minerals such as coal, uranium and diamonds.

Foraco also specializes in turn-key service contracts associated with mining that may include aspects related to water or construction activities. An example of such a service is the installation of high capacity production pumps, typically for de-watering purposes. Following a mine closure, the Company is often involved in the decommissioning of mineral production facilities, where drift stabilization or water table protection is required.

Exploration

There are multiple parameters that drive an exploration drilling contract, ranging from the accessibility of the drilling site, topography, water supply, ground conditions and the customer’s technical requirements. The Company addresses the needs of each project, providing technical advice to the client and proposing a package of equipment, drilling methods and procedures to fulfill the needs of the contract.

The Company specializes in operating in harsh environments, including deserts, rain forests, high altitudes, Arctic territories and remote locations. It has developed specific equipment tailored to meet its customer’s needs, including:

- Specialized combination rigs that optimize exploration drilling efficiency for its customers. This enables the client to conduct the RC DTH percussive drilling and diamond core drilling with the same rig and crew.
- Specially developed heli-portable drilling rigs and equipment to facilitate access to locations in rugged and remote terrain with little established infrastructure.
- The Company's many years of experience in remote regions of Africa allow it to offer complete turnkey solutions to its customers, including lodging, catering, transportation and logistical support in addition to its drilling expertise. The Company also has extensive experience drilling volcanic formations which are of significant interest to Geothermal Project Managers.

Development

During the development phase, the Company often mobilizes additional rigs to the site, performing larger drilling campaigns, "ramping up" from the earlier exploration stage. Drilling services are often of the same type, but volumes and duration much larger.

It is during the development stage that Foraco markets some of its more technical drilling techniques, such as:

- Large diameter bulk sampling utilizing destructive drilling techniques. These techniques provide customers with a large tonnage of ore, typically for pilot plant processing before the mine is put into production.
- Large diameter core drilling which allows customers to obtain bulk samples with the large cores which are required for geotechnical and metallurgical assessment of the ore body (as required by mining and production engineers).

Development stage drilling services are typically longer term contracts with larger mining companies that require multiple drilling rigs. These contracts represent a more significant commitment from the driller in terms of resources, staffing and logistical support.

Production

During the Production (mining) phase, the Company performs "grade control" (shallow drilling over small grids) to provide customers with detailed geological information for production planning, or pre-production drilling, which is shallow drilling over a larger grid, to prepare a future mine planning.

Recently, the Company began specializing in drilling for the solution mining industry using its Air RC DTH drilling technique. The services provided by the Company for the solution mining industry include the drilling of injection, extraction and monitoring wells. The Company is currently providing solution drilling services to the potash industry Central Africa.

In the production phase of a mine there is also a demand for exploration and development related drilling services which are focused on the extension of mine life through the exploitation

of resources in proximity to an extension of the active resource play being produced at the principal mine. When these life of mine extension services are integrated into the customers' budget for the producing mine these exploration and development activities are considered by Foraco to be production activities.

Customers and Contracts — Mining

The Company's key customers of drilling services in the mining segment can be divided into three primary groups:

- “Majors” — large, global companies with current annual revenues of more than US\$1 billion. These companies typically have the financial strength to develop a major project without the need for external financing. Examples of Foraco's customers in this sector include Anglo American, Antofagasta Mineral, BHP Billiton, DeBeers Group, Eramet, Kinross, Newmont, Rio Tinto, Teck, Vale, Xstrata, Barrick.
- “Intermediates” — companies with revenue falling between those of majors and juniors (typically over US\$50 million but less than US\$1 billion annually). Examples of Foraco's customers include Endeavor, Randgold, Semafo, Millhouse.
- “Juniors” — companies without significant current revenues that are dependent on external financing to fund exploration activity. Typically, these companies are pure explorers that have not yet achieved sufficient scale to finance new projects through internal sources of capital.

During fiscal year 2013, all of the Company's top ten customers were mining customers representing a total of US\$ 16.0 million (55% of total) in revenues for the year. These customers were primarily major mining companies where Foraco was providing dedicated rigs for production or development drilling services.

Drilling service contracts are typically awarded following a tender process. Drilling contractors quote their services following a detailed costing and pricing process that ensures projects are properly planned taking into account the geography and geology of the region, logistical considerations and staffing, equipment and tooling requirements.

A typical drilling contract for Foraco specifies the depth of drilling required, the duration of the project and the scope and conditions of work to be undertaken. Customers are typically charged on a rate per-metre drilled basis. Foraco's profitability of a project is primarily a function of the Company's ability to provide an accurate pricing estimate, and on the efficiency of the equipment and skill of the crew to achieve the anticipated rates of production.

Competitors — Mining

Drilling service providers in the mining segment of the market generally compete on productivity, price, accuracy, safety, reliability and experience. While price is an important consideration, it is often not the definitive factor in the selection of a drilling service provider. In

management's experience, technical ability, safety record, consistency, and quality of services have emerged as key considerations for the Major mining companies as well as most of the other Intermediate and Junior participants.

The mining drilling services industry is highly fragmented, with few major market participants and a large number of small, often family-run, regional or local companies. The larger key participants in the global mining drilling services industry include Boart Longyear, Layne Christensen, Major Drilling and Foraco. There are also a few larger regional drilling companies such as Orbit Garant in Canada, GeoSearch and Capital drilling active in Africa, Geotec and Geosol in Latin America, and the Ausdrill Group in Australia.

Water

Foraco is a specialist driller of wells for drinking water, irrigation water and industrial water. Foraco undertakes a wide range of projects, including large scale village water drilling programs (some of which have delivered as many as 900 wells per project), highly specialized drilling projects to access mineral water (bottled water industry) utilizing sanitary protection methods, and large diameter well fields for residential supply in urban environments.

Foraco has experience in a wide range of techniques used in water well drilling, as well as expertise involved in the inspection, servicing and rehabilitation of existing wells. The Company can offer an integrated package of services to its customers, including turn-key contracts for water production and initial distribution systems in rural or semi-urban areas of developing countries.

Exploration

Water exploration drilling undertaken by Foraco involves detecting the presence of groundwater and determining its quality and quantity. Foraco has developed its own reverse circulation drilling technique, which enables it to identify the nature of the geological formations encountered, detecting each intersected aquifer and to accurately measure the quality of the water and the potential yields.

This method is suitable up to depths of up to 1,000 metres. Beyond this, (up to 1,500 metres), Foraco uses more conventional methods including rotary, DTH or core boring to achieve the similar objectives. Foraco's turnkey technical expertise means it can equip the wells with pumps, and provide the required instrumentation to understand and manage the resource.

Production

Foraco has drilled approximately 43,845 production water wells in all types of geological formations ranging from 20 metres to 2,000 metres in depth. Depending on the use of the well, Foraco installs a wide range of equipment in the bore holes, from a full polyvinyl chloride (PVC) installation for shallow wells, to 100% steel casing for deeper wells that extend to more than 200 metres in depth. Foraco has developed its own proprietary method of hydraulically fracturing rocks in the production zone of the aquifer to stimulate the well and increase yield.

Customers and Contracts — Water

Clients in developing countries represent the largest segment of Foraco's water drilling customer base. Foraco's contracts in developing countries typically involve water supply development programmes which are managed at the state level or, increasingly by local communities. These programmes are funded via bilateral or multilateral financing conventions, signed with ODA providers, such as the World Bank, the European Development Fund ("EDF") or the African Development Bank. Other financiers include aid agencies such as the Canadian International Development Agency ("CIDA"), the French Development Agency ("AFD") and the German Development Bank ("KFW"). While ODA providers pay Foraco directly for their services provided, local administrators award these contracts under the particular ODA's contracting rules. Foraco is an approved service provider to these ODA organizations. Contracts with these customers are typically awarded for terms of one to three years. They often involve the construction of hundreds of water wells, small water distribution systems, and the supply and installation of handpumps.

Of the Company's top 10 customers during 2013, none were related to water drilling services.

Competitors — Water

Competition in the water industry is generally local, with few international players. In Europe, Foraco competes with Marriott Drilling, Cofor SAS as well as a number of regional contractors that generally operate in the lower end of the market. In Africa, the Company's main competitors are Chinese contractors, such as China Geo Engineering Corporation, China Overseas Engineering Group Co. Ltd., and China Hebei International Economic & Technical Cooperation Corporation, as well as small drilling contractors which operate on a local basis.

Description of the Company's Drilling Rigs

Since its inception, Foraco has been designing and building some of its own specialized drill rigs and ancillary equipment. This expertise allows Foraco to tailor a solution to suit a specific drilling program, environment or geography. In recent years, exploration and development has expanded into remote regions and increasingly demanding environments. Foraco's design and engineering capabilities, in respect of rigs that are especially suited for these challenges, have become an important competitive advantage for the Company. Foraco has also adapted a number of its drill rigs to accommodate both mining and water infrastructure projects, providing improved rig utilization across its rig fleet.

The Company predominantly operates three types of drilling rigs. As at December 31, 2013 these included 62 rotary drilling rigs, 213 core diamond drilling rigs and 28 combination rigs.

The depth capacity of a drill rig is primarily a function of its pullback, or ability to suspend a drill string (which can weigh many tons), as well as the available torque to rotate the drill string in a bore hole. For example, a 1,000 metre deep rotary hole requires 50 metric tons (MT) of pullback capacity, and 1 ton metre of torque capacity to efficiently drill the well.

Rotary Drilling Rigs

Rotary drilling rigs can operate in DTH, direct or reverse circulation mud or air drilling modes, and are usually truck mounted. Their pullback capacity varies from 15 metric tons to 80 metric tons. Foraco's main types are:

- BF831 — (proprietary). This rig has 65 metric ton pullback capacity. It is used for deep water wells, dewatering wells, large diameter bulk sampling in mining applications, geothermal wells, leached gas caverns and solution mining. The rig can reach drilling depths up to 2,000 metres.
- BF800 — (proprietary). This rig has 55 metric ton pullback capacity. It is used for deep water wells, dewatering wells, large diameter bulk sampling in mining applications, geothermal wells, leached gas caverns and solution mining. The rig can reach drilling depths of up to 1,500 metres.
- HV2000 — (proprietary) and GEFCO (non proprietary). These rigs have 20 metric ton pullback capacity. They are used for water wells, destructive, direct and RC sampling and large diameter conventional core drilling.
- DR24 (Foremost - non proprietary). Specialized rig with CWD (casing while drilling) capability for very difficult drilling conditions.
- RB40, RB30 and RB20 — (non proprietary). These rigs have respective pullback capacities of 40, 30 and 20 metric tons. They are used for direct rotary drilling and can reach drilling depths of 130 to 500 metres.

Pure RC Rigs

These rigs operate in RC or air drilling modes and are truck mounted. Their pullback capacity varies from 20 to 42 metric tons. The main types are:

- SCHRAMM T685 — (non proprietary). These rigs have a 42 metric ton pullback capacity. They are used for RC mineral exploration. They can reach RC drilling depths up to 1 000 metres.
- AQUADRILL — (non proprietary). This rig has a 20 metric ton pullback capacity. It is used for RC mineral exploration. It can reach RC drilling depths up to 300 metres.
- EDM 2000 RC_ (non proprietary). This rig has a 30 metric ton pullback capacity. It is used for RC mineral exploration. It can reach RC drilling depths up to 600 metres.
- KWL 700 RC_ (non proprietary). This rig has a 36 metric ton pullback capacity. It is used for RC mineral exploration or water wells. It can reach RC drilling depths in 6" up to 1,000 meters.

Diamond Drilling Rigs

These rigs operate exclusively in diamond drilling modes, and can be of surface coring, heli-portable or underground configuration. Their drilling capacity varies from 300 metres of NQ capacity (76mm hole size with 48mm core diameter which is the most common core size in diamond drilling) to 2,500 metres in depth. The main types are:

- LF 230 — (non proprietary). This rig has a 2,700 metre NQ capacity
- VD5000 — (non-proprietary). This rig has a 1,700 metre NQ capacity
- VD8000 — (non-proprietary). This rig has a 2,800 metre NQ capacity.
- LF 90 — (non proprietary). This rig has a 1,000 metre NQ capacity
- 30 HH — (proprietary). This rig has a 1,400 metre NQ capacity
- TM 120 — (proprietary). This rig has a 900 metre NQ capacity
- 25HH — (proprietary). This rig has a 600 metre NQ capacity
- 25A —(non proprietary). This rig has a 600 metre NQ capacity
- LF70 — (non-proprietary) This rig has a 500 metre NQ capacity
- LM75 — (non-proprietary) This rig has a 600 metre NQ capacity
- EDM 2000 — (non proprietary). This rig has a 2 000 metre NQ capacity
- TM/SM 136 (proprietary). This rig has a 1,300 metre NQ capacity

Combination Rigs

These rigs operate in rotary, DTH, direct and RC, mud or air drilling modes, as well as diamond core drilling and are truck or track mounted. Their pullback capacity varies from 10 to 40 metric tons. The main types are:

- UDR — 1200/1000 (non proprietary). This rig has a 34 metric ton pullback capacity. It is used for deep coring, RC mineral exploration, Coal Seam Gas (CSG) exploration wells and large diameter conventional core drilling. These rigs can reach drilling depths up to 2,500 metres.
- P1600 — (proprietary). This rig has a 40 metric ton pullback capacity. It is used for deep water wells, deep coring, deep RC mineral exploration, de-watering wells, geothermal wells and large diameter conventional core drilling. The rig can reach drilling depths up to 1,500 metres.

- NSM2 — (proprietary). This rig has a 15 metric ton pullback capacity. It is used for deep water wells, deep coring, RC mineral exploration, de-watering wells, geothermal wells and large diameter conventional core drilling. The rig can reach drilling depths up to 1,000 metres.
- Reska 30 — (non proprietary). This rig has a 10 metric ton pullback capacity. It is used for water wells, destructive, direct and RC sampling, and large diameter conventional core drilling. The rig can reach drilling depths up to 600 metres.
- HD45 heli-portable drilling rig — (proprietary). This rig has a 10 metric ton pullback capacity. It is used for air core or diamond core drilling. This rig can reach drilling depths up to 100 metres.
- EDM 2000 multipurpose — (non proprietary). This rig has an 18 metric ton pullback capacity. It is used for deep coring or RC mineral exploration. This rig can reach drilling depths up to 2 000 metres
- KWL 1600 H multipurpose — (non proprietary). This rig has an 16,4 metric ton pullback capacity. It is used for Mineral Exploration, Coal Exploration and Coal Seam Gas Exploration drilling. This rig can reach drilling depths up to 1 500 meters HQ and 2 000 meters NQ

These drilling rigs are complimented by ancillary assets such as trucks and light vehicles, mud systems (pumps and tanks) and air compressors. On a global basis, the Company owns approximately 600 trucks and 400 light vehicles to support its drilling operations.

Suppliers

The Company does not rely on any significant sole sourcing contracts for the supply of its drilling rigs, ancillary equipment, or the servicing of such assets, and revises its supply policy on a regular basis. The Company's main suppliers are drilling product manufacturers (drill bits, mud additives and rods), water well equipment suppliers (steel and PVC casing, screens and pumps), transportation and logistics agents, and fuel and lubricant suppliers.

Owned and Leased Premises

As at December 31, 2013, the Company owned or leased the following premises:

Owned Premises

Location	Land (in square metres)	Buildings (in square metres)
Kamloops, British Columbia, Canada	12,140	1,112
Yellowknife, Northwest Territories, Canada	6,799	353
Ouagadougou, Burkina Faso	6,014	448
Bamako, Republic of Mali	10,000	500
Mamou, Guinea	9,388	910
Noumea, New Caledonia	5,515	570
Abidjan, Ivory Coast	2,307	200
Niamey, Niger	13,000	435

Location	Land (in square metres)	Buildings (in square metres)
Crixas, Goias, Brazil	10,524	3,000
Logoa Santa, MD, Brazil	2,954	500

Leased Premises

Location	Land (in square metres)	Buildings (in square metres)
Toronto, Ontario, Canada	—	450
North Bay, Ontario, Canada	9,212	1,914
Picture Butte, Alberta, Canada	9,510	566
Sudbury, Canada	4,000	430
Calgary, Alberta, Canada	—	232
Marseilles, France	—	225
Lunel, France	24,657	3,250
Niamey, Niger	2,500	125
N'Djamena, Republic of Chad	4,988	—
Conakry, Guinea	1,300	300
Accra, Ghana	5,538	189
Dimbokro, Ivory Coast	15,000	700
Perth, WA, Australia	6500	2700
Newman, WA, Australia	4200	800
Moranbah, Qld, Australia	5039	—
Adelaide, SA, Australia	7,900	3,400
Goiania, Brazil	—	300
Santiago de Chile, Chile	10,000	4,634
Antofagasta, Chile	4,757	2,280
Mendoza, Argentina	6,142	1,300
Mexico DF, Mexico	1,060	137
Moscow, Russia	—	70
Khabarovsk, Russia	—	351
Pointe-Noire, Congo	580	246
Singapore, Singapore	—	ns
London, UK	—	ns
Ankara, Turkey	—	ns
Astana, Kazakhstan	—	ns

Employees

As at December 31, 2013 the Company had 1697 employees.

See “Risks — Employee and Union Relations”.

In the Northwest Territories, Canada, certain employees of Foraco Drilling Ltd., a wholly owned subsidiary of Foraco International which was amalgamated with NWS and Foraco Canada Ltd. in October 2011, are members of the United Steel, Paper and Forestry, Rubber, Energy, Allied Industrial and Service Workers International Union, Local 7288. A collective bargaining agreement had been in place at this facility since 1987 but expired in May 2010. Negotiations to renew the Collective Bargaining Agreement are ongoing; the Company has provided the Union with its proposal and is awaiting the Unions response.

See “Risks — Employee and Union Relations”.

In Chile, a collective bargaining agreement was signed in July 2010 for a period of four years and will expire in July 2014; the collective agreement includes benefits such as Variable Bonus according to monthly production, assessment salary review, salary inflation adjustment, guaranteed legal recognition and social assistance for serious diseases or family death.

In Argentina, Foraco Argentina SA, an indirectly wholly owned subsidiary of the Company, is currently negotiating a collective bargaining agreement with National Union who represents employees of Foraco Argentina (The AOMA). This national agreement would allow the subsidiary to be aligned with its clients.

In Brazil, Servitec registered the collective bargaining agreement with the Government Bodies on September 24, 2013. The collective bargaining agreement will expire on May 1, 2014. Servitec will start to negotiate a new agreement for 2014/2015 on April 1, 2014. 16% of the employees are unionized.

To date, there have been no labour disputes that have resulted in material work stoppages at any of these facilities, except in Chile where there was 2 days of strike in 2013 in respect of one project.

Additionally, the Company may, from time to time, have unionized employees in Niger, Brazil and Burkina Faso. Subject to these exceptions, the Company’s employees are generally not subject to any collective bargaining arrangements.

The number and location of the Company’s employees change frequently. As at December 31, 2013, the Company’s employees were deployed as follows:

Region	Management	Operations, Mechanical and Field Personnel	General Administrative and Office	Total
North America	9	157	22	188
Latin America	4	218	53	275
Asia Pacific	6	167	20	193
EMEA(*)	16	366	88	470
Brazil	11	492	61	564
Corporate	7	0	0	7
Total	53	1400	244	1697

(*) EMEA includes Africa, Europe and Russia.

Environmental Matters and Safety Policy

The Company and its operations are subject to environmental laws and regulations. The Company’s customers are responsible for obtaining the environmental permits necessary for drilling operations to be performed in line with their resources development plans. Compliance with environmental laws and regulations has not required the Company to make substantial

capital expenditures in the past, and the Company does not expect environmental compliance to require it to make significant capital expenditures in the foreseeable future.

The Company's policy is to comply with all applicable environmental standards and regulations. In addition, the Company strives to meet the higher of the local environmental standards and the relevant corresponding international standards, where any such international standards exist. Management believes that the operations of the Company are in substantial compliance with applicable environmental laws.

The Company has implemented a comprehensive health and safety management policy. On certain contracts, the Company's customers impose their own safety policies on Foraco and its employees; in which case the Company complies with the higher applicable standard. Management believes that the Company has an excellent health and safety record relative to companies with similar operations and exposure profiles.

CORPORATE STRUCTURE

Foraco was incorporated under the French Code de Commerce (the "Code") for a term of 99 years, which commenced on July 7, 1997 when the Company was registered in the Trade and Companies Register of Marseilles under number 412 824 682. Upon incorporation, the capital consisted of 1,500,000 Francs. All capital increases must be approved by a resolution passed at an extraordinary shareholders' meeting.

On May 18, 2010, upon the acquisition of Adviser, the share capital of the Company was increased by 14,935,750 new shares thereby increasing the share capital to €1,138,475, divided into 74,678,750 shares and 4,756,539 share subscription warrants (the "Adviser Warrants") were issued to the shareholders of Adviser.

On April 16, 2012, upon acquisition of the Brazilian company WFS Sondagem LTDA, ("Servitec"), the share capital of the Company was increased by 3,516,509 new shares, thereby increasing the share capital to €1.192.067 divided into 78.195.259 shares.

On May 27, 2012, the Adviser Warrants were exercised and the share capital of the Company was increased to €1,264,592, divided into 82,951,798 common shares.

On November 16, 2012, an extraordinary shareholders meeting of the Company approved the issuance of up to 7,000,000 share subscription warrants (the "JND Warrants") to the shareholders of JND each Warrant giving right to subscribe a certain number of shares in the Company at no additional consideration and being exercisable within nine months of the issuance. *See "Acquisitions of JND"*

On August 19, 2013, the 7,000,000 JND warrants were exercised and the share capital was increased to 1,371,306€ divided into 89,951,798 common shares.

As of the date hereof, the capital of the Company consists of 1,371,306 € divided into 89,951,798 common shares. *See "French Commercial Code and Constating Documents"* section for further details regarding the organization and management of the Company and the rights of the shareholders of the Company.

The Company's registered and head office is located at 26, Plage de l'Estaque, 13016 Marseilles, France.

The Company has a total of 26 subsidiaries, including 18 material subsidiaries. The following chart illustrates the Company's corporate structure, including the 18 material subsidiaries (which together comprise 100% of the total assets and revenues of the Company for the period ended December 31, 2013), the jurisdictions of incorporation, and the percentage of voting securities beneficially owned, controlled or directed, (directly or indirectly), by Foraco International SA.

Subsidiaries	Country of incorporation	Direct and indirect percentage of shareholdings
Foraco International S.A.	France	n.a.
Foraco SASU	France	100%
Géode International SASU	France	100%
Foraco Management SASU	France	100%
Foraco Resources SASU	France	100%
Foraco Canada Ltd.	Canada	100%
Foraco Pacifique SASU	New Caledonia	100%
Foraco Australia Ltd	Australia	100%
JND Pty Ltd	Australia	100%
Servitec Foraco Sondagem SA	Brazil	62,55%
Foraco Holding Participações Ltda	Brazil	100%
Foraco CI S.A	Ivory Coast	100%
Foremi S.A.	Ivory Coast	51%
Foraco Subsahara SA	Chad	100%
Foraco Niger SA	Niger	100%
Foraco Sahel Sarl	Mali	100%
Foraco Guinée Sarl	Guinea	100%
Foraco Ghana Ltd	Ghana	100%
Foraco Burkina Faso SA	Burkina Faso	100%
Foraco Congo SARL	Congo	100%
Foraco Peru SAC	Peru	100%
Foraco Chile SA	Chile	100%
Foraco Argentina SA	Argentina	100%
Foraco Mexico SA	Mexico	100%
Eastern Drilling Company LLC	Russia	50%
Foraco Sondaj Ticaret Sirteki Ltd	Turkey	100%

History of Foraco

The earliest predecessor of the Company was incorporated in 1961 as Le Forage Rationnel ("Forage"), located in France, and focused on the design of small geophysical drilling rigs. In December 1965, the Foraco SA company ("Foraco SA") was established as a subsidiary of Forage to focus on geophysical related drilling services.

In 1967, a sister company, Techno SA ("Techno") was established to design and build geophysical, mineral exploration and water well drill rigs. In the early 1970s, Foraco SA began to perform large water well drilling campaigns in West Africa. During this period, Foraco SA also commenced mineral exploration drilling in Australia, New Caledonia and Africa. In 1974, Elf Aquitaine (now part of Total SA) acquired a minority interest in Foraco SA. During the late 1970s, Foraco SA developed a sonic drilling system targeted at oil sands deposits in the Ivory

Coast and for anchoring the Trans Alaska Pipeline. In 1981, Elf Aquitaine acquired 100% ownership of Foraco SA.

In 1986, Foraco SA merged with the Compagnie Française de Forages Miniers (“CFFM”), a subsidiary of the French Geological Bureau (“BRGM”). In 1992, BRGM was partially privatized and Foraco SA was sold to private investors. In 1997, Foraco International SA was established by the current management of the Company who acquired 100% of Foraco SA. Since the current management acquired the Company, it has grown both organically and through strategic acquisitions

In 1998, Foraco established an office in Peru and in 2000 it established an office in Chile, to service the mining industries in those countries and throughout South America. In 2000, Foraco acquired the Boniface group of companies, its main competitor in the French water well drilling market and, in 2001, took control of the Géomechanik group of companies, its main competitor in the African water well drilling market.

In August 2006, the Company expanded its operations into North America by establishing Foraco Canada Ltd. (“Foraco Canada”) to provide drilling services to the mining industry. In January 2007, the Company further expanded its operations by acquiring substantially all the Canadian assets of Connors Drilling Ltd., a leading medium sized Canadian drilling company that has provided drilling services to the mining industry in Western Canada since 1926.

On August 2, 2007 the Company completed its initial public offering (the “Offering”) of an aggregate of 14,040,870 common shares at a price of Cdn\$2.40 per common share for gross proceeds to the Company of Cdn\$33,698,088. In connection with the Offering, the Company granted the Agents an over-allotment option (the “Over-Allotment Option”) to purchase up to an additional 15% of the number of common shares sold under the Offering (up to 2,106,130 common shares) at a price of Cdn\$2.40 per common share. This Over-Allotment Option was exercised in full on August 20, 2007, resulting in an aggregate of 16,147,000 common shares being issued by the Company for aggregate gross proceeds to the Company of approximately Cdn\$38,752,800.

In October, 2007, the Company finalized a reorganization whereby all of the shares of its subsidiary, Geomechanik Bohrgesellschaft mbH (“Géomechanik”), were sold for nominal consideration to a non-consolidated entity owned and co-managed by two directors, officers and current shareholders of Foraco. In conjunction with this transaction, the Company transferred certain real estate property and premises located in Lunel, France to Géomechanik, which are now leased back to the Company at market rates.

In September 2008, the Company further expanded its operations in North America by acquiring NWS, a highly specialized drilling company providing drilling services in the diamond, coal and oil sands sectors.

On April 10, 2009, the Company acquired 50.84% of Mosslake Pty Ltd., the parent company of Mosslake Drilling Pty Ltd. and acquired the remaining 49.16% of the shares on August 16, 2010.

In August 2009, the Company established a subsidiary in Kazakhstan, Foraco Drilling Kazakhstan Ltd., to provide drilling services to the mining industry in this country. As of the date hereof, the Company has not commenced operations in this country but has received a mining licence and a uranium licence.

On May 26, 2010, the Company acquired all of the outstanding shares of Adviser and DISA, two companies located in Santiago, Chile. See “*Corporate Structure*” and See “*Business of the Company – Business Strategy*”

On May 27, 2010, the Company acquired a 50% controlling interest in Eastern Drilling Company (EDC) a Russian company located in Moscow.

In November 2010, the Company transferred all of its shares in Adviser to Foraco Chile and subsequently completed the merger of Adviser and Foraco Chile to form Foraco Chile. In November 2011, the Company established a subsidiary in the Congo, Foraco Congo, to provide drilling services to the mining industry in the Congo.

In 2011, the Company carried out a corporate reorganization, altering its corporate structure in France, Canada and Australia.

On, April 20, 2012, the Company acquired 51% of WFS Sondagem LTDA, (“Servitec”), a Brazilian mineral drilling services company located in Crixas, Goias State (Brazil).

In August 2012, the Company created a subsidiary in Singapore, and a subsidiary in United-Kingdom .

On November 19, 2012 - the Company acquired all the shares of the Australian mineral drilling services company John Nitschke Drilling, (“JND”), located in South Australia, (Australia).

In November 2013, the Company established a subsidiary in Turkey, Foraco Sondaj Ticaret Limited Sirteki, to provide drilling services to the mining industry in Turkey.

In December 2013, the Company established a holding company in Brazil, Foraco Holding Participações Ltda to acquire an additional 11.55% of the Servitec shares. At the end of December 2013, the Company held 62.55% of the Servitec shares.

See “*Business of the Company – Business Strategy*”.

In 2013, the Company had a presence in 23 countries across five continents.

Transactions Related to Share Capital

In May 2008, the Company acquired 1,500,000 of its common shares from a shareholder.

In September 2008, as part of the consideration paid in respect of the acquisition of NWS, the Company transferred 1,150,000 common shares held by the Company to the vendors of NWS.

In April 2009, as part of the consideration paid in respect to the acquisition of the Mosslake group, the Company transferred 500,000 common shares held by the Company to the vendors of Mosslake Pty Ltd.

In July 2009, in accordance with the 1st tranche of the 1st French Plan, the Company awarded 156,000 common shares to the beneficiary employees who have been continuously employed by the Company throughout the vesting period. The common shares are registered in a nominated share account. The shares will not be transferable by the beneficiaries for an additional two-year period. However, the beneficiaries will be entitled to receive dividends declared on the shares during this period.

On May 27, 2010, as part of the consideration paid in respect of the acquisition of Adviser, the Company issued and transferred 14,935,750 new shares and 4,756,539 Warrants to the shareholders of Adviser, which were exercised on May 27, 2012.

In July 2010, in accordance with the 2nd tranche of the 1st French Plan, the Company awarded 253,000 common shares to the beneficiary employees who have been continuously employed by the Company throughout the vesting period.

In July 2011, in accordance with the 1st tranche of the 1st International Plan, the Company awarded 349,000 common shares to beneficiary employees who have been continuously employed by the Company throughout the vesting period and in August 2011, in accordance with the 3rd tranche of the 1st French Plan the Company transferred 277,000 common shares of the Company to beneficiary employees who have been continuously employed by the Company throughout the vesting period.

On November 23, 2012, as part of the consideration paid in respect of the acquisition of JND, the Company issued and transferred 7,000,000 Warrants to the shareholders of JND which were exercised in August 2013.

In July 2012, in accordance with the 2nd tranche of the 1st International Plan, the Company transferred 148,000 common shares of the Company to the beneficiary employees who have been continuously employed by the Company throughout the vesting period and in August 2012, in accordance with the first tranche of the 2nd French Plan the Company transferred 181,000 common shares of the Company to the beneficiary employees who have been continuously employed by the Company throughout the vesting period.

In July 2013, in accordance with the 3rd tranche of the 1st International Plan, the Company transferred 159,000 common shares of the Company to the beneficiary employees who have been continuously employed by the Company throughout the vesting period and in August 2013, in accordance with the 2nd tranche of the 2nd French Plan the Company transferred 324,000 common shares of the Company to the beneficiary employees who have been continuously employed by the Company throughout the vesting period.

See *“Free Shares Plans”*.

Since October 2008, the Company launched four normal course issuer bids (each, an “NCIB”) through the facilities of the TSX. The Company acquired 1,000,000 common shares

under the NCIB 1 that expired on October 2, 2009; 404,500 common shares under the NCIB 2 that expired on October 4, 2010; 1,500,000 shares under the NCIB 3 that expired on March 13, 2012, and 1,500,000 under the NCIB4 that expired on September 27, 2013 and that was not renewed.

As at December 31, 2013, as a result of the preceding transactions, the Company owns 1,107,498 of its own shares.

DIVIDENDS

There are no restrictions in the Company's constituting documents that would restrict or prevent it from paying dividends. Dividends may be declared at the annual general meeting of shareholders. Dividends are approved by an ordinary resolution of shareholders, being more than one-half of the votes cast by shareholders that carry a right to vote in person or by proxy at a shareholders meeting. See *"French Commercial Code and Constituting Documents"*.

The Company paid €2,067,331 in 2011 (0.028 Cdn\$ per share on June 23, 2011), €3,866,840 in 2012 (0.053 Cdn\$ per share on June 15, 2012) and 4,492,554 Cdn\$ in 2013 (0.055 Cdn\$ per share on June 15, 2013). The Company intends to present to its shareholders for approval at its 2014 annual general meeting of shareholders the declaration of a dividend in respect to its fiscal year ending December 31, 2013, that is expected to be nil.

Dividends paid by the Company to shareholders resident in countries other than France may be subject to withholding tax under French taxation laws. Such withholding tax may be creditable against tax payable on such dividends in the country of residence of the shareholder.

Although dividends are to be approved by an ordinary resolution of shareholders (being more than one-half of the votes cast by shareholders that carry a right to vote in person or by proxy at a meeting of shareholders), the current principal shareholders own more than one half of the issued and outstanding common shares of the Company. As such, these principal shareholders control any declaration of dividends. See *"Risks – Dividends"*.

FRENCH COMMERCIAL CODE AND CONSTATING DOCUMENTS

Governing Documents and Statutes

The business activities of French companies (hereinafter "Société Anonyme" or "SA") are governed by the French Commercial Code (the "Code") and the SA articles of incorporation (the "Articles").

While the Code provides the basic framework in which companies operate, the Articles deal with the organization and administration of the SA. The Articles are the civil law equivalent of articles of incorporation or a memorandum of association, however, the Articles tend to be less comprehensive, as the Code provides detailed provisions applicable to SA.

The Articles are publicly filed documents available to any person through the Registry of Commerce and Companies and may be accessed through the Registry of Commerce and

Companies website at www.infogreffe.fr. Shareholders are entitled, on request, to receive a copy of the Articles.

Amendment of Articles

The Articles of an SA may be amended by passing an “extraordinary resolution” of the shareholders, which is defined in the Code as at least two-thirds of the votes cast by shareholders that carry the right to vote in person or by proxy at a meeting of shareholders (the “qualified majority”). Foraco’s qualified majority is two-thirds.

Share Capital

Minimum Share Capital

The minimum share capital of an SA is €37,000; shares can be issued with or without par value.

As of the date hereof, the share capital of the Company consists of €1,371,306 divided into 89,951,798 common shares.

Share Price

Subject to the Articles and the Code, shares may be issued for such consideration as is determined by an extraordinary resolution of the shareholders.

Preference Shares / Purchase by a Company of its Own Shares

The Code permits the Articles of an SA to provide for more than one class of shares, in which case, the rights, privileges, restrictions and conditions attaching to the shares of each class must be set out in the Articles. Accordingly, an SA may issue preference shares.

Foraco’s Articles only provide for one class of shares, being common shares. A new class of shares may be created if approved by an extraordinary resolution of the shareholders of Foraco.

Under the Code, an SA is prohibited from purchasing and/or holding more than 10% of its issued and outstanding share capital.

Variation of Rights Attached to Shares

Where the share capital of the SA is divided into different classes of shares, any amendment to the Articles that affects the rights attaching to shares of a particular class must be approved by a separate vote of the shareholders of that particular class, passed by two thirds of the shareholders of that particular class that carry a right to vote in person or by proxy at a meeting of shareholders of that particular class.

Foraco has only one class of shares at this time, being common shares.

Increases in Share Capital

All increases in share capital must be approved by an extraordinary resolution of shareholders. The shareholders must consider, at the time of any increases in capital, whether a portion of the increase is to be reserved for employees.

Warrants

An SA may issue Warrants to specific shareholders, giving the its holder the right to subscribe a certain numbers of shares within a specific time frame and specific conditions set by the shareholders meeting. *See “Corporate structure”*.

Reduction of Share Capital

An SA may reduce its registered capital, provided that following such reduction, the share capital is not less than the applicable minimum share capital specified in the Code. All reductions in share capital must be approved by an extraordinary resolution of shareholders.

Issue of Share Certificate

The Code provides that all shares issued to residents of France are either nominative (recorded in the records of the SA in the name of the beneficial owner of the shares) or non-nominative (recorded in the records of the SA in the name of a financial intermediary). All shares must be registered in an account opened in the name of the shareholder by the SA and/or by a financial intermediary. An SA may issue certificates evidencing the ownership of shares.

Prior to the Offering, all shares issued by Foraco were nominative. Each shareholder had an account in its name in the records maintained by Foraco indicating the number of shares and the name and full address of the shareholder.

Once an SA becomes listed on a stock exchange, only the name of the financial intermediary or transfer agent holding shares on behalf of the underlying beneficial shareholders who are not residents of France will be entered in the records of the SA. Such financial intermediary or transfer agent will manage the records of the underlying beneficial shareholders. A certificate evidencing the ownership of the shares may be issued to the financial intermediary or transfer agent.

In connection with the Offering, Foraco issued share certificates to all of its shareholders.

Transfer of Shares

Provided that the Articles do not contain restrictions to the shareholders’ right to transfer shares, shares are freely transferable. Only shares that are fully paid for may be transferred.

Foraco’s Articles contain no restrictions regarding the transfer of shares.

Pre-emptive Rights

The Code provides shareholders with a preferential right to subscribe for any increase in capital on a pro-rata basis. However, this right may be suspended in respect of a particular increase in capital if approved by an extraordinary resolution of shareholders. See “*Risk Factors — Pre-emptive Rights*”.

Dividends

Dividends may be declared at the annual general meeting of shareholders, once the shareholders have approved the SA’s accounts and verified the availability of funds. Dividends are approved by an “ordinary resolution” of shareholders, which is defined in the Code as more than one-half of the votes cast by shareholders that carry the right to vote in person or by proxy at a meeting of shareholders. Under French law, common shares owned by the Company are not entitled to receive dividends.

Management and Administration

Directors and Officers

The Code provides that the directors manage, or supervise the management of, the business and affairs of an SA. An SA must have at least three directors and no more than twelve directors. There are no residency requirements for directors.

Directors are appointed at the annual general meeting of shareholders by an ordinary resolution of the shareholders, and maybe removed from office without notification or compensation, unless such removal is abusive, by an ordinary resolution of shareholders. The term of office of each director, notwithstanding contrary provision in the Articles cannot exceed six (6) years. Foraco’s articles provide such six (6) years duration.

In the event a director resigns or dies, the remaining directors may appoint a replacement for the remaining term of office, such appointment begins subject, to the ratification of shareholders at the next annual general meeting of the shareholders. Where the number of directors falls below the minimum specified in the Articles (but not below the legal minimum of three), the remaining directors must, within three months, name a replacement whose appointment is similarly subject to ratification by the shareholders. If, however, the number of directors falls below the legal minimum of three, the remaining directors may not appoint a replacement, but must immediately call a shareholders meeting to elect a sufficient number of directors to raise the total to the legal minimum.

Subject to the Articles of an SA, the board of directors may appoint officers and specify their duties. The board of directors may also appoint a committee of directors and delegate certain powers to them.

Indemnity

An SA may purchase and maintain insurance for the benefit of the directors or officers against any liability incurred as a result of being a director or officer of the SA. Foraco carries directors and officers insurance.

Management

An SA is managed either by the chairman of the board of directors acting also as the chief executive officer with the title of chairman and chief executive officer (“Chairman and CEO”), or by a chief executive officer (“CEO”) who is not the chairman of the board of directors. The Chairman and CEO or the CEO is entrusted with the general management of the SA. The board of directors on the recommendation of the Chairman and CEO, or the CEO, may nominate up to five vice-chief executive officers (“Vice-CEO”) to assist with the management of the SA. In addition, the board can delegate certain functions to one or several directors.

Foraco is currently managed by its Chairman and CEO and one Vice-CEO, the latter currently performs the duties of a chief financial officer (“CFO”).

Registered Office

All SA’s must have a registered office in France. An SA must register with the appropriate Registry of Commerce and Companies in each place where the SA conducts business.

General Meetings

An SA is required to hold an annual general meeting of shareholders at least once a year at its registered office, or if the Articles permit, at such other place as the board of directors may designate. At the annual general meeting, shareholders are asked to approve the SA’s accounts (which are prepared by the management of the SA) and certain other matters which from time to time may require shareholder approval. The auditors of an SA are provided with notice of the general meeting and permitted to attend.

The board of directors calls the annual general meeting of shareholders. Shareholders must be provided with at least 15 days’ notice of a shareholders meeting. Notice is given by registered mail to nominative shareholders and by publication of an announcement in a national newspaper and on the Company’s website to holders of non-nominative shares.

Foraco’s articles provide that Foraco’s general meeting may be held at the registered office or at such other place the board of directors designates.

Foraco is a reporting issuer in Canada and accordingly is subject to the continuous disclosure requirements of applicable Canadian securities legislation. This requires Foraco to provide its shareholders with disclosure in respect of the matters to be dealt with at shareholders meetings, and notice of such meeting in accordance with the requirements of applicable Canadian securities legislation.

Voting

Unless the Articles or the rights, privileges, restrictions and conditions attaching to a class of shares otherwise provide, each share of an SA entitles the holder thereof to one vote at a meeting of shareholders. Unless the Articles provide otherwise, voting at a meeting may be done in person or by proxy. A proxy may be given to either a shareholder or a spouse. The Articles may permit voting by telephone or other means of communication.

Foraco has only one class of shares at this time, being common shares, entitling the holder thereof to one vote in person or by proxy at a meeting of shareholders.

Minutes

The Code requires that minutes of shareholders meetings and resolutions of the board of directors of the SA are prepared and kept at the registered office.

Related Party Transactions

No director, officer or shareholder holding more than 10% of voting rights of the SA may be a party directly or indirectly to a contract or transaction with the SA unless the said contract or transaction has been approved by the board of directors. A director with an interest in the particular contract or transaction must abstain from voting. The contract or transaction must be disclosed to the SA's auditors, who are required to prepare a special report to be submitted for approval by the shareholders at the following annual general meeting of shareholders.

Accounting Requirements

The Code requires that certain accounting records be kept at the registered office.

Auditing Requirements

There are numerous requirements under the Code and other French laws with respect to the accounts that must be maintained by an SA and delivered to its shareholders. Auditors are appointed for a term of six years and cannot be terminated by management or the shareholder's during such term. Auditors report directly to shareholder's at the annual general meeting of shareholders. Under French law, auditors must be independent.

Protection of Minority Shareholders

French law provides protection to minority shareholders and penalizes abuses of minority rights.

Charges on the Assets of the Company

Under French law, persons and companies holding a security interest, including a charge or encumbrance on the assets of a company, may register their interest. Such security interests are subject to the applicable bankruptcy and insolvency laws, including priority rules. Charges rank in priority to a shareholder's investment in the event of a bankruptcy of an SA.

Sale of Undertaking

Pursuant to the Code, an SA may sell, lease or otherwise dispose of all or substantially all of the undertaking of the SA. Such actions are within the power of the Chairman and CEO and or the Vice CEO, unless restrictions have been imposed by the board of directors at the time of their appointment and/or restrictions are contained in the Articles.

Foraco's shareholders have approved amendments to Foraco's Articles, so that any sale, lease or disposition of all or substantially all of the undertaking of Foraco must be approved by an extraordinary resolution of shareholders.

Insider Trading

Insider trading in France is governed by criminal law. French conflict of law rules provide that the applicable law is the law of the country where the insider trading acts took place. If the SA is listed on a stock exchange, the laws of the country in which the stock exchange is located will apply.

Foraco is a reporting issuer in Canada and accordingly, is subject to the insider trading provisions contained in applicable Canadian securities legislation.

Winding Up and Arrangement Provisions

Under normal circumstances, the tribunal of Commerce of Marseilles has jurisdiction over bankruptcy matters.

A voluntary winding up may be approved by the shareholders at an extraordinary general meeting, provided that at the completion of the winding up all debts have been fully paid.

DESCRIPTION OF SHARE CAPITAL

At the date of this Annual Information Form, the capital of the Company is € 1,371,306 divided into 89,951,798 common shares.

Each common share, with the exception of common shares owned by the Company, entitles the holder thereof to take part in shareholders' meetings, either in person or by proxy. Holders of common shares have cumulative voting rights and accordingly, the holders of a majority of the common shares may elect all directors and declare dividends. See "*Risk Factors — Control by Principal Shareholder*" and "*Risk Factors — Dividends*". Upon the expiration of the Company's term or if the Company is dissolved earlier, the shareholders shall determine the liquidation procedure and appoint one or more liquidators, who will divide the net assets of the Company, after payment of debts and other liabilities, among the shareholders on a pro-rata basis. See "*French Commercial Code and Constatting Documents*".

All increases or reductions in the Company's capital, redemption, retraction or conversion of shares, issuance of warrants and all alterations to the Articles must be approved by an extraordinary resolution of shareholders. See "*French Commercial Code and Constatting Documents*" and "*Corporate structure*".

FREE SHARE PLANS

The Company has two free stock award plans (the “Share Plans”), one for beneficiaries who are residents of France (the “French Plan”) and one for beneficiaries who are not residents of France (the “International Plan”). The beneficiaries under both Share Plans are employees and corporate officers of the Company to whom the directors have granted stock award rights under the Plans.

At the annual general meeting of the shareholders held on June 29, 2007, the shareholders approved the implementation of the Share plans covering the periods 2007-2009 (the 1st French Plan and the 1st International Plan).

At the annual general meeting of the shareholders held on May 18, 2010, the shareholders approved the implementation of the Share Plans covering the periods 2010-2012 (2nd French Plan and 2nd International Plan).

At the annual general meeting of the shareholders held on May 22, 2013, the shareholders approved the implementation of the Share Plans covering the periods 2013-2015 (3rd French Plan and 3rd International Plan).

The common shares to be transferred under the Share Plans will be purchased by the Company and transferred to beneficiaries for no consideration. No common shares are to be issued under the Share Plans from treasury. The total number of shares to be transferred under the Share Plans is limited to 3% of the issued and outstanding share capital of the Company on the date grants are made.

Under the French Plan, grants are subject to a two-year vesting period. Following this vesting period and provided that the beneficiary has been continuously employed by the Company throughout the vesting period, the common shares that are the subject matter of the grant are to be transferred to the beneficiary, and registered in a nominative share account. The shares will not be transferable by the beneficiary for an additional two-year period. However, the beneficiary will be entitled to receive dividends declared on the shares during this period.

Under the International Plan, grants are subject to a four-year vesting period. Following this vesting period and provided that the beneficiary has been continuously employed by the Company throughout the vesting period, the common shares that are the subject matter of the grant are to be transferred to the beneficiary and will be fully transferable thereafter by the beneficiary.

The Share Plans contain provisions for the transfer of the common shares prior to the vesting dates in the event that a beneficiary becomes disabled and for the transfer of shares to heirs upon the death of a beneficiary. Otherwise the rights under the Share Plans are non-transferable.

In the event that the capital of the Company is reorganized, including the completion of a share split, the number of common shares subject to grants already made will automatically be adjusted to take into account the reorganization of the capital.

The Share Plans are governed by the laws of France, and in particular the provisions of the Code. However, so long as the Company is a reporting issuer in Canada and has its securities listed on an exchange in Canada, the Company will be subject to compliance with applicable Canadian securities laws and stock exchange rules. The Share Plans may be amended by the board of directors of the Company, provided such amendments do not require shareholder approval, or affect the terms and conditions applicable to grants made under the Share Plans prior to the amendments, unless the amendments are favourable to the existing beneficiaries.

The Company does not currently plan to adopt any other form of share plans, including any stock option plans.

In July 2009, the vesting period of the 1st tranche for the 1st French Plan expired. 156,000 common shares were attributed to the beneficiaries that have been continuously employed by the Company throughout the vesting period.

In July 2010, the vesting period of the 2nd tranche for the 1st French plan expired. 253,000 common shares were attributed to the beneficiary employees.

In July 2011, the vesting period of the 3rd tranche for the 1st French Plan expired: 277,000 common shares were attributed to the beneficiary employees. In addition, the vesting period of the 1st tranche for the 1st International Plan expired. 349,000 common shares were attributed to the beneficiary employees.

In July 2012, the vesting period of the 1st tranche for the 2nd French Plan expired: 181,000 common shares were attributed to the beneficiary employees. In addition, the vesting period of the 2nd tranche for the 1st International Plan expired. 148,000 common shares were attributed to the beneficiary employees.

In July 2013, the vesting period of the 2nd tranche for the 2nd French Plan expired: 324,000 common shares were attributed to the beneficiary employees. In addition, the vesting period of the 3rd tranche for the 1st International Plan expired. 159,000 common shares were attributed to the beneficiary employees.

No free shares were awarded in 2013.

MARKET FOR SECURITIES

Trading Price and Volume

As of the date hereof, our common shares are listed and posted for trading on the Toronto Stock Exchange under the symbol “FAR”. The following sets out the price range and volumes traded or quoted on the TSX on a monthly basis for each month in our financial year in Cdn\$:

Month	High	Low	Close	Volume
January 2013	3.10	2.42	2.47	629,523
February 2013	2.64	2.26	2.35	528,515
March 2013	2.35	1.55	1.60	805,634
April 2013	1.97	1.26	1.27	738,687
May 2013	1.35	0.88	1.00	1,967,370
June 2013	1.10	0.82	0.87	446,160
July 2013	1.18	0.75	0.78	785,862
August 2013	1.08	0.60	0.88	506,386
September 2013	0.89	0.67	0.71	305,387
October 2013	0.75	0.61	0.63	247,947
November 2013	0.65	0.56	0.60	433,470
December 2013	0.62	0.53	0.58	640,245

DIRECTORS AND OFFICERS

The following table sets out, for each of the directors and officers, the person's name, details of residence, position with the Company, the date on which the person first became a director or officer, and their principal occupation. The directors are appointed for a period of six years. The term of office of all the directors expires on the date of the ordinary annual general meeting of shareholders held on May 6, 2014.

Name and Municipality of Residence	Position with the Company	Principal Occupation ⁽¹⁾	Director Since
Daniel Simoncini Singapore, Singapore	Chairman, Chief Executive Officer and Director	Chairman/Chief Executive Officer of the Company May 2006-Present	1997
Jean-Pierre Charmensat London, UK	Vice-Chief Executive Officer (acting CFO) and Director	Vice Chief Executive Officer of the Company May 2006-Present	1997
Bruno Chabas ⁽²⁾⁽³⁾⁽⁴⁾ Monaco	Director	CEO of SBM Offshore N.V	2007
Warren Holmes ⁽²⁾⁽³⁾⁽⁴⁾ Statford, Ontario, Canada	Director	Director of Atlanta Gold, of Hudbay Minerals Inc. and of Wallbridge Mining.	2007
Jorge Hurtado ⁽²⁾⁽³⁾⁽⁴⁾ Santiago, Chile	Director	Member of the board of CMPC Tissue S.A. and Trabajando.com. S.A. Partner and Director of FIP Yerbas Buenas	2010

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Principal Occupation⁽¹⁾</u>	<u>Director Since</u>
Laurence Mahieux Lunel, France	Corporate Counsel	Lawyer qualified in France and California, corporate counsel of Foraco since October 2008.	-

(1) See biographies below for principal occupations within the five years preceding the date of this Annual Information Form.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

(4) Member of the Corporate Governance and Nominating Committee

As at the date of this Annual Information Form the controlling shareholders, directors and officers of the Company and its subsidiaries, as a group beneficially own directly and indirectly, or exercise control or discretion over 38,545,253 common shares and, representing approximately 42,85 % of the issued and outstanding common shares of the Company.

Biographies of the Board of Directors

The following are brief biographies of the foregoing directors.

Daniel Simoncini, age 56 — *Director, Chairman and Chief Executive Officer* — Mr. Simoncini has been a Director and Executive Officer of the Company since incorporation. Prior to his involvement with the Company, Mr. Simoncini held various senior management positions with other entities. From 1994 to 1997, Mr. Simoncini was Chief Executive Officer of Technoplus Industries SA, a subsidiary of the French Atomic Bureau (CEA). From 1982 to 1994, Mr. Simoncini held various positions in Comex group of companies, predecessor to Acergy SA, listed on the NASDAQ, including Vice President of Business Development. Mr. Simoncini is a Professional Engineer and holds a Mechanical Engineering degree from Ensam University in Paris, France.

Jean-Pierre Charmensat, age 63 — *Director, Vice Chief Executive Officer (acting CFO)* — Mr. Charmensat has been a Director and Executive Officer of the Company since incorporation. Prior to his involvement with the Company, Mr. Charmensat held various senior management positions with other entities. From 1995 to 1997, Mr. Charmensat was Chief Financial Officer of the LOHR group in France, a worldwide specialist in the design and manufacture of transportation systems. From 1990 to 1995, Mr. Charmensat served as Chief Financial Officer of Stolt Comex Seaway SA, predecessor to Acergy SA, listed on the NASDAQ. From 1975 to 1990, Mr. Charmensat held various financial management positions in France and Chile with Spie-Batignolles, a group of international engineering and construction companies. Mr. Charmensat holds a Master of Business Administration from the University of Paris Pantheon-Sorbonne in France, and a Master of Economics from the University of Aix en Provence in France.

Bruno Chabas, age 49 — *Director* — Mr. Chabas was appointed as of January 1, 2012 as the CEO of SBM Offshore N.V. From May 1, 2011 to December 31, 2012, he was Chief

Operating Officer of SBM Offshore NV. From October 2002 to January 2011, he was Chief Operating Officer of Acergy SA, with responsibility for all the day-to-day commercial and operational activity of Acergy SA worldwide. From 1992 through 2002, Mr. Chabas held various management positions within preceding companies of Acergy SA including as the Chief Financial Officer of Stolt Offshore SA. From 1999 to 2002, these positions were held in the United Kingdom, France and the United States. Prior to 2002, Mr. Chabas was a loan officer and investment adviser for a French bank. Mr. Chabas holds an M.A. in Economics from the University of Science at Aix-en-Provence and an M.B.A. from Babson College in Massachusetts.

Warren Holmes, age 71 — *Director* — Currently, Mr. Holmes is a director of Atlanta Gold, of Hudbay Minerals Inc. and of Wallbridge Mining. From 1986 to 2002 he was employed by Falconbridge Ltd. in various senior management positions including, as Senior Vice-President – Canadian Mining Operations. From 1964-1986 he worked for Noranda Inc. in a series of supervisory, technical and management roles, becoming Vice President and General Manager of the Noranda-owned Pamour Porcupine Mines Ltd. in 1985. Mr. Holmes is also a director of several other private companies. He has been President of the Canadian Institute of Mining, Metallurgy and Petroleum and has received a number of awards recognizing his professional contribution to the industry. Mr. Holmes holds an M.B.A. from the University of Western Ontario and a Bachelor of Science, Mining Engineering, from Queen's University in Ontario.

Jorge Hurtado, age 68, — *Director* — was the former Chairman of the board of Adviser Drilling SA between 2005 and 2010. Previously he was involved with The Coca-Cola Company for 31 years where he held several positions in Chile, Spain, Venezuela and Norway. He retired as President of the Andean Division and Vice President of Coca-Cola Latinamerica in 2000. Since then he has been involved in several undertakings, including a concrete (ready mix cement) company, telecommunications and real estate. He is a member of the board of directors of CMPC Tissue S.A. a subsidiary of a large pulp and paper Chilean company and a member of the board of Trabajando.com, an on-line job site with presence in Latin America and Spain. He participates in the ownership and management of a private investment fund, Fondo de Inversión Privado Yervas Buenas. Mr. Hurtado is a Chilean citizen and holds a degree in Civil Industrial Engineering from the University of Chile.

Committees of the Board of Directors

The Company has an audit committee, a compensation committee, and a corporate governance and nominating committee with a mandate for each.

Audit Committee

The audit committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the committee is responsible for overseeing the work of the auditors, and pre-approving non-audit services. The committee also reviews the Company's annual and interim financial statements and news releases containing information taken from the Company's financial statements prior to their distribution. The committee is responsible for reviewing the acceptability and quality of the Company's financial reporting and accounting standards and principles, and any proposed material changes to them or

their application. The members of the audit committee are Bruno Chabas, Warren Holmes and Jorge Hurtado (since May 2010) who are all independent directors. Bruno Chabas is the Chairman of the audit committee. The audit committee met four times in 2013 to review and/or approve, amongst other things, the following matters:

- The quarterly and annual financial statement of the Company, including the MD&A and press release;
- The documents prepared by the Company and the auditors related to quarterly and annual financials such as accounting estimates, related parties transactions and litigation;
- Impact of the current business environment on the Company's liquidity risk;
- Review of the design and the operating effectiveness of key internal control procedures, including in subsidiaries;
- The Annual Information Form; and
- The JND earn out adjustment.

Education and Experience

All members of the audit committee are "independent" and "financially literate" as such terms are defined in Multilateral Instrument 52-110, based on their experience as senior executives of a public and/or private company and their education. Each of Mr. Chabas, Mr. Holmes and Mr. Hurtado have an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions and experience analyzing and evaluating financial statements that are of a breadth and level of complexity of accounting issues generally comparable to the Company's statements and also have an understanding of internal controls and procedures for financial reporting.

Following the recommendations of the corporate governance committee and in order to improve the corporate governance of the Company bodies, the directors attended a presentation of the action plan in Chile: customers' relations, business development and productivity improvement.

Each audit committee member has education and experience of relevant to the performance of his responsibilities as an audit committee member.

Mr. Hurtado's experience in managing and supervising large and multinational operations for more than twenty years, provides Mr. Hurtado with in-depth knowledge of international accounting and auditing processes. Mr. Hurtado's tenure with The Coca-Cola Company in top executive positions and his university degree qualifies him to analyze and apply accounting principles. Due to his professional experience and education, Mr. Hurtado has an understanding of internal controls and financial reporting, and at the same time, the ability to connect accounting processes with estimates, accruals and provisions.

Mr. Warren Holmes holds an MBA from the Ivey School of Business at the University of Western Ontario. He has served on the Audit Committees of several TSX listed companies and

also has served as CEO of a number of TSX listed Companies which has provided him with extensive experience and understanding of accounting principles.

Mr. Bruno Chabas has been an officer of publically traded companies for the past 14 years including acting in the capacity of chief financial officer and chief executive officer. The companies for which he has been an officer have a turnover in the range of 4 to 7 billion USD per year. This experience has provided Mr. Chabas with an understanding of how accounting principles impact the financial statement, which is an integral part of his role. Moreover, he has formal training in economics and business, having obtained an MBA.

Audit Committee Mandate

The Company has adopted a mandate to guide the audit committee in the fulfillment of its purpose. The mandate is reviewed by the Board of Directors on a periodic basis. The mandate as most recently approved by the Board of Directors is attached as Appendix A to this Annual Information Form.

Pre-Approved Policies and Procedures of Non-Audit Services

The Mandate of the Audit Committee contains provisions regarding pre-approval policies and procedures of non-audit fees. During fiscal year 2013, the Company incurred US\$ 91,000 of non-audit fees related to internal controls and tax advice.

External Auditor Service Fees

The aggregate fees billed for professional services rendered by PricewaterhouseCoopers Audit (“PwC”) and other accounting firms for the years ended December 31, 2013 and 2012 were as follows:

Fiscal year ended December 31,	2012	2013
Audit Fees (for audit of the Company’s annual financial statements for the respective year and reviews of the Company’s quarterly financial statements)	US\$832,000	US\$ 764,000
Audit-Related Fees	US\$486,000	US\$0
Total audit and audit-related fees	US\$1,318,000	US\$ 764,000
Tax Fees	US\$102,000	US\$76,000
All Other Fees	US\$9,000	US\$15,000
Total Audit Fees	US\$1,429,000	US\$855,000

The audit committee considered and concluded that the provision by PwC of such audit, audit-related, tax and other services as were provided to the Company in fiscal year 2013, is compatible with maintaining the independence of PwC.

Corporate Governance and Nominating Committee

The corporate governance and nominating committee assists the board of directors in fulfilling its oversight responsibilities relating to the governance of the Company and its relationship with senior management. The committee's role includes developing and monitoring the effectiveness of the Company's system of corporate governance, assessing the effectiveness of individual directors, the board of directors and various board committees, and ensures appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the board of directors and its committees. The committee is responsible for recommending to the board of directors a set of corporate governance principles, and reviewing those principles at least once a year. The committee oversees the Company's investor relations and public relations activities. In addition, the committee identifies and recommends candidates qualified to become directors and board committee members and ensures that an effective Chief Executive Officer succession plan is in place. The members of the corporate governance and nominating committee are Bruno Chabas, Warren Holmes and Jorge Hurtado (since May 2010) who are all independent directors and are a majority of the directors of the Company. Warren Holmes is the Chairman of the corporate governance committee. Each of Daniel Simoncini and Jean-Pierre Charmensat are not independent as they are both executive officers of the Company.

The corporate governance and nominating committee met four times in 2013 to review, amongst other things, the following matters:

- State of the global drilling business and the new strategic developments;
- Downsizing program and changes in the organizational structure;
- Action plan in Chile: including review of customers relations, business development and productivity improvement;
- Integration of the 2012 acquisitions: Servitec in Brazil and JND in Australia;
- Examination of the safety statistics and recommendation to the Company and
- Reinforcement of the management team in Brazil through the assignment of a VP and a financial manager from Foraco.

Compensation Committee

The compensation committee assists the board of directors in fulfilling its oversight responsibilities relating to compensation. The committee's role includes establishing a remuneration and benefits plan for directors, executives and other key employees and reviewing the adequacy and form of compensation of directors and senior management. The committee oversees the development and implementation of compensation programs in order to support the Company's business objectives and attract and retain key executives. The committee also reviews and makes recommendation to the Company's board of directors regarding the Company's incentive compensation and equity based plans. The members of the compensation committee are Bruno Chabas, Warren Holmes and Jorge Hurtado (since May 2010) who are all independent directors. Jorge Hurtado is the Chairman of the compensation committee. The compensation committee met twice in 2013 to review and approve, amongst other things, the following matters:

- Allocation of appropriate human resources allocation;
- Allocation of appropriate compensation levels for management and employees;
- Implementation of the employee database software including the performance management module;
- Bonus allocation scheme and determination of bonus for senior management (excluding EDC joint venture).

Corporate Cease Trade Orders or Bankruptcies

Except as provided below, none of the directors or officers of the Company is, or has been within the ten years before the date of this Annual Information Form, a director or officer of any other company that, while such person was acting in that capacity or after they ceased to act in respect of any event that occurred while they were acting in such capacity, was the subject of a cease trade or similar order, or an order that denied the company access to any statutory exemptions under the Canadian securities legislation, for a period of more than 30 consecutive days, or was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

From July 12, 2006 through November 14, 2008, Warren Holmes served as a director of Campbell Resources Inc. ("Campbell"). Prior to Mr. Holmes joining Campbell, Campbell had initiated proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") and on February 27, 2007 the monitor under the CCAA confirmed that Campbell had executed all of its obligations pursuant to a court sanctioned plan of arrangement with its creditors. In January 2009, Campbell again initiated proceedings under the CCAA.

Penalties or Sanctions

None of the directors or officers of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors or officers of the Company has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

To the Company's knowledge, and other than as disclosed in this Annual Information Form, there are no known existing or potential conflicts of interest among the Company, its

directors and officers, or other members of management, or of any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See “*Interest of Management and Others in Material Transactions*”.

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any material contract or material transaction. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest in respect of the Company and are required to comply with such laws in respect of any directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or senior officers of the Company has been indebted to the Company or its subsidiaries during the financial year ended December 31, 2013.

RISK FACTORS

An investment in securities of the Company is speculative and involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to the other information set forth elsewhere in this Annual Information Form, prospective investors should carefully review the following risk factors:

Demand for drilling services

The demand for drilling services fluctuates significantly as it is dependent on the level of mineral exploration and development activities conducted by mining companies. In 2013 most of the world’s mining and exploration companies significantly reduced their exploration, development and capital expenditures from previous year levels, primarily due to declining prices for metals, but also political uncertainties, and economic risk related to the development of new mines. According to SNL Metals Economic Group (SNL MEG) the overall global exploration spending in 2013 decreased by 30-35% from the 2012 levels.

In this environment, drill rig utilization rates reduced significantly causing a decline in revenues and profitability in 2013 that negatively impacted the structure of the Company’s balance sheet. If the market conditions do not recover or further deteriorate, this could lead to a material adverse effect on the Company’s financial position.

Current Global Financial Conditions

Financial markets globally have been subject to increased volatility. Access to financing has been negatively impacted by liquidity crises and uncertainty with respect to sovereign defaults throughout the world. These factors may impact the ability of the Company to secure financing in the future and, if obtained, on terms favourable to the Company. If these levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.

Recent Acquisitions

The Company's recent acquisitions may expose the Company to business risks or liabilities, including environmental liabilities and regulatory breaches, for which the Company is not fully indemnified or insured. The integration of systems, equipment and personnel may influence the success of the acquisitions. Any issues arising from integration of the acquired businesses may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of existing operations. If this happens, it may have a material adverse effect on the operating and financial performance of the Company.

Expansion into new regions through acquisitions (and organically) also brings additional geographic and currency risk. Some of the key locations targeted for growth by the Company are undergoing industrialization and urbanization and as such, do not have the economic, political or social stability that many developed nations now possess. There is a risk that the operations, assets, employees or revenues could be impaired by factors specific to the regions in which the Company operates.

The Company took control of certain entities through the acquisition of a majority stake, without purchasing 100% of the ownership of such entities. The existence of significant minority interests may affect the operations of such entities.

Instability in Certain Countries

Some of the countries in which the Company operates or has targeted for growth have experienced political and or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbance, political, social and economic instability, corruption, nationalization, expropriation without fair compensation or cancellation of contractual rights, significant changes in government policies, breakdown of the rule of law, new regulations and tariffs, taxes and other trade barriers. If adverse events occur in such countries, there is a risk that the foreign operations or repatriation of revenues could be impaired or assets or employees could be adversely affected.

In addition, operations may be affected in such countries to varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of

claims, environmental legislation, land use, land claims of local people, water use and mine safety.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in France or Canada or to international commercial arbitration. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's foreign operations or profitability in such countries.

International Operations

The Company carries on business internationally in numerous jurisdictions. International operations are subject to a number of special risks, including currency exchange rate fluctuations, trade barriers, exchange controls, national and regional labour strikes, political risks and risks of increases in duties, taxes and governmental royalties, as well as changes in laws and policies governing operations of foreign based companies. In addition, earnings of subsidiaries and intercompany payments are subject to foreign income tax rules that reduce cash flow available to meet required debt service and other obligations of the Company.

Moreover, the Company derives a substantial portion of its revenues from the operations of subsidiaries located in numerous jurisdictions, the payment of dividends or the making of other cash payments or advances by these subsidiaries to the Company may be subject to restrictions or exchange controls on the transfer of funds in or out of the respective countries or could result in the imposition of taxes on such payments or advances. The Company has organized its group structure and its operations in part based on certain assumptions about various tax laws (including, among others, income tax and withholding tax), foreign currency and capital repatriation laws and other relevant laws of a variety of jurisdictions. While the Company believes that such assumptions are correct, there can be no assurance that foreign taxing or other authorities will reach the same conclusion. If such assumptions are incorrect, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may suffer adverse tax and financial consequences.

Customer Contracts

During fiscal year 2013, ten of the Company's top ten customers were mining customers representing a total of US \$136.0 million (55% of total) in revenues for the year. Although the Company believes its relationships with its largest customers are good, the loss of a material amount of sales to any of these customers could have a material and adverse effect. In addition, consolidation of the Company's customers could materially adversely affect the Company's results of operations and financial condition.

The majority of the Company's contracts with customers tend to be reasonably short term and/or subject to cancellation by the customer upon short notice with limited or no damages

payable to the Company. There is a risk that contracts may not be renewed or may be cancelled, potentially impacting the financial performance of the Company.

Safety

The Company's safety, health and environmental record are a key factor in its status as a qualified supplier to major companies. Any major accident may have a material impact on the Company's ability to remain on the approved list of suppliers, which may result in the loss of business opportunity with these customers.

Key Personnel

The Company believes that its ability to implement its strategy of pursuing selective expansion opportunities is dependent on the efforts and abilities of its executive officers. In addition, the Company's operations depend, in part, upon the continued services of certain key employees. The loss of Mr. Charmensat or Mr. Simoncini or such other key employees could adversely affect the Company's operations and financial condition.

Competition

The Company may lose business to its competitors if it is unable to demonstrate technical competence, competitive pricing and reliable performance to its customers. The Company faces significant competition and a large part of the drilling services business is dependent upon obtaining work through a competitive bidding process. In the drilling services business the Company competes with several large drilling companies and many smaller firms on a local or regional level. Competition may place downward pressure on contract prices and profit margins and presents challenges for maintaining strong growth rates.

The threat of increased competition in the drilling services market may adversely affect the Company's current market share and plans for future growth. The fragmented nature of the Company's markets provides opportunities for competitors to consolidate, which may reduce the scale advantage that the Company currently enjoys.

Additionally, the capital cost to acquire drilling rigs is relatively low, enabling existing competitors to expand and new competitors to enter the market. This exposes the Company to the risk of reduced market share and scope for geographic growth as well as lower price, and margins from its existing business.

Operating Model Risk

Although the Company is not directly involved in the ownership or operation of projects, the drilling contracts that the Company enters into are subject to most of the significant risks and rewards of a mining, energy, water, or infrastructure company. As a result of the Company's operating model, the cash flow of the Company is dependent upon the activities of third parties which creates the risk that at any time those third parties may (a) have business interests or targets that are inconsistent with those of the Company, (b) take action contrary to the Company's policies or objectives, (c) be unable or unwilling to fulfill their obligations under

their contracts with the Company, or (d) experience financial, operational or other difficulties, including insolvency, which could limit a third party's ability to perform its obligations under the third party arrangements. In addition, the termination of one or more of the Company's major drilling contracts could have a material adverse effect on the results of operations or financial condition of the Company.

Adverse Foreign Exchange Movements

Fluctuations in the exchange rate between the United States dollars, Euros, Canadian dollars, Australian dollars, Brazilian reals and Chilean Pesos can have an effect on the Company's revenues, costs of goods sold and other expenses, cash flows and earnings. These currency fluctuations could have a material impact on the Company.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property and equipment, release of hazardous substances to the environment and interruption or suspension of drill site operations due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings and damage to the Company's reputation. In particular, the Company's customers are placing an increasing focus on occupational health and safety, and deterioration in the Company's safety record may result in the loss of significant customers.

Additionally, warranty and indemnity provisions in the Company's drilling services contracts leave the Company exposed to substantially all of the risk and liability associated with the services performed under such contracts. While the Company maintains insurance to cover losses and claims arising out of the performance of its drilling services, such insurance may not prevent a material adverse effect on the financial position and operating performance of the Company by such losses or claims.

Employee and Union Relations

Certain of the Company's employees in Canada, Africa, Chile, Argentina and New Caledonia are unionized. Any labour problems such as prolonged work stoppages due to labour strikes at any the Company's principal facilities may have an adverse effect on its results of operations and financial condition. In Chile, the Company suffered a total of 2 days of strike in respect of one project in 2013. There can be no assurance that the Company will not experience significant labour problems in the future.

In the Northwest Territories, Canada, certain employees of Foraco Drilling Ltd., a wholly owned subsidiary of Foraco International which was amalgamated with NWS and Foraco Canada Ltd. in October 2011, are members of the United Steel, Paper and Forestry, Rubber, Energy, Allied Industrial and Service Workers International Union, Local 7288. A collective bargaining agreement had been in place at this facility since 1987 but expired in May 2010. Negotiations to renew the Collective Bargaining Agreement are ongoing; the Company has provided the Union with its proposal and is awaiting the Unions response. The Company's inability to negotiate an acceptable contract with any of its unions could result in a strike or work

stoppage by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members.

In Chile, a collective bargaining agreement was signed in July 2010 for a period of four years and will expire in July 2014, the collective agreement includes benefits such as Variable Bonus according to monthly production, assessment salary review, salary inflation adjustment, guaranteed legal recognition and social assistance for serious diseases or family death.

In Argentina, Foraco Argentina (the local subsidiary) is currently negotiating a collective bargaining agreement with the National Union who represents employees of Adviser Argentina (The AOMA). This national agreement would allow the subsidiary to be aligned with its clients.

In Brazil, Servitec registered the collective bargaining agreement with the Government Bodies on September 24, 2013. The collective bargaining agreement will expire on May 1st, 2014. Servitec will start to negotiate a new agreement for 2014/2015 on April 1, 2014. 16% of the employees are unionized.

In New-Caledonia, Foraco Pacifique entered into an agreement with the employees and the main trade union in 2006 in order to grant certain advantages to the employees (such as salary increase, bonus, social benefits, and reclassification) and in order to further the social dialogue between the employees and the subsidiary. The Union is not represented within Foraco Pacifique at the moment. In 2015 there will be elections of employees' representatives, and the Unions could propose candidates. Therefore, Foraco Pacifique could have new unionized employees who could challenge this agreement at any time.

See "Business of the Company — Employees".

Non-mining Expenditures

Non-mining expenditures include water drilling. Most of these markets are driven by governmental regulation and spending. As a result, revenues and earnings generated from these markets tend to reflect growth in GDP rather than being correlated with the commodities price cycle. Political crises may halt or postpone the funding from international aid organizations. International aid organizations may suffer from budget cuts from their contributors, which would impact the funding of future programs. A downturn in general economic conditions or productivity of the economy may reduce the income earned from the environmental and infrastructure markets.

Regulatory

The drilling industry is highly regulated by environmental, health and safety regulations, which could have a material impact on the functioning, financial stability and future earnings potential of the Company.

To the extent that the Company fails to comply with laws and regulations, it could be subject to monetary fines, suspension of operations or other penalties. In addition, legislation and regulations affect the Company's mineral exploration customers and influence their decision whether to conduct mineral exploration and development.

Environmental

The Company operates in a variety of locations, some of which are prone to extreme weather conditions. From time to time these conditions, as well as natural or other disasters, could have an adverse financial impact on operations located in the regions where these conditions occur.

Taxation

The Company operates in many countries and is therefore subject to the jurisdiction of numerous tax authorities, as well as cross border tax treaties concluded between governments. The Company determines its tax provision based on its interpretation of enacted tax laws and existing practices, and uses assumptions regarding the tax deductibility of items and the recognition of revenue. Changes in these assumptions could have an impact on the amount of income taxes that the Company provides for in any given year. In the normal course of the business, the Company's tax filings become subject to enquiry and audit by the tax authorities in jurisdictions where the Company has operations. The enquiries may result in additional tax assessments, which the Company aims to resolve through an administrative process with tax authorities and failing that through a judicial process. In connection with the acquisitions of subsidiaries, the Company may also enter into legal and tax restructuring that may represent a certain degree of complexity. The Company accounts for provisions for tax uncertainties to reflect management's best estimate of its potential exposure. Forecasting the ultimate outcome includes some uncertainty.

Business Interruptions

Significant business interruption as a result of natural disasters, unstable weather conditions, unstable service sites, regulatory intervention, delays in necessary approvals and permits or product input supply bottlenecks may reduce the Company's ability to complete drilling services, resulting in performance delays, increased costs and loss of revenue. See "*Risks — Instability in Certain Countries*".

Control by Principal Shareholders

Daniel Simoncini, Jean-Pierre Charmensat and their respective holding companies, Financiere Marville, Financiere Berlaimont, and SAS JPC-DS, together the principal shareholders of the Company, hold or control a total of 37,593,499 common shares in the capital of the Company representing 41.79 % of the issued and outstanding common shares. The principal shareholders own a sufficient number of common shares that they can effectively control substantially all of the actions taken by shareholders of the Company, including the election of directors and declaration of dividends. Such concentration of ownership could have the effect of delaying, deterring or preventing a change of control of the Company that might otherwise be beneficial to its shareholders and may discourage acquisition bids for the Company or limit the amount certain investors may be willing to pay for the Common Shares.

Dividends

Although dividends are to be approved by an ordinary resolution of shareholders, being more than one-half of the votes cast by shareholders that carry a right to vote in person or by proxy at a meeting of shareholders, as the current principal shareholders own more than one half of the issued and outstanding common shares of the Company, these principal shareholders control any declaration of dividends. See *“Dividends” and “Risk Factors — Control by Principal Shareholder”*.

Increases in Share Capital Require Shareholder Approval

All increases of Foraco’s share capital must be approved by an extraordinary meeting of the shareholders of Foraco pursuant to the Code. Accordingly, Foraco will be required to call and hold shareholder meetings to obtain shareholder approval for share issuances in connection with future financings and proposed acquisitions. In addition to the timing delays this may cause, there can be no assurance that the Company will obtain the necessary shareholders’ approvals for such capital increases, if required, which may inhibit the Company’s ability to carrying out its proposed business strategy and raise additional capital. See *“French Commercial Code and Constatting Documents”*.

Pre-emptive Rights

In the event that Foraco proposes to issue additional shares in the future, Foraco’s shareholders have pre-emptive rights entitling them to subscribe for their pro rata proportion of the additional shares contemplated, unless such rights are suspended in respect of a particular increase in capital by an extraordinary resolution of shareholders. In addition to the timing delays this may cause, there can be no assurance that the Company will obtain the appropriate waivers from its shareholders in respect of any proposed issuance of shares, which may inhibit the Company’s ability to carry out its business strategy and raise additional capital. See *“French Commercial Code and Constatting Documents”*.

Accounting Estimates

The preparation of the Company’s financial statements and the forecasts relating to future fiscal years, including estimates of future capital expenditures, require management to make estimates and judgments that affect the amounts reported. Actual results may significantly differ from these estimates under different assumptions or conditions.

LEGAL PROCEEDINGS

The Company is subject to certain legal proceedings, claims and legal actions and regulatory actions arising in the ordinary course of business.

In Australia, the former shareholders of JND filed a claim against the Company as their assessment of the earn-out clause differed from that of the Company. Based on their assessment, the former shareholders of JND are claiming an amount of AU\$ 4 million (US\$ 3.7 million). The Company is confident that no earn-out is due and accordingly, no provision has been recorded.

Other than as stated herein, the Company's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Annual Information Form, no director, senior officer or principal shareholder of the Company and no associate or affiliate of the foregoing has a material interest, direct or indirect, in any transaction in which the Company has participated within the three year period prior to the date of the Annual Information Form, or will have a material interest in any proposed transaction, which has materially affected or will materially affect the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Auditors

The Company's auditors are PricewaterhouseCoopers, independent chartered accountants, represented by Price Waterhouse Coopers, Les Docks Atrium 10- 1, 10 pl de la Joliette, , 13002 Marseille. The partners and associates of PricewaterhouseCoopers as a group, beneficially own, directly or indirectly none of the outstanding common shares of the Company.

Transfer Agent and Registrar

The Company's transfer agent and registrar is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts entered into by the Company within the most recently completed financial year or before the most recently completed financial year (but after January 1, 2014) and still in effect:

- NONE

INTEREST OF EXPERTS

The Company's auditors for the year ended 2013, PricewaterhouseCoopers, independent chartered accountants, report that they are independent of the Company.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, securities authorized for issuance under equity compensation plans and a statement as to the interest of insiders in material transactions, will be contained in our management proxy circular for our annual meeting of shareholders to be held on May, 6

2014. Additional financial information is provided in our audited financial statements and Management's Discussion and Analysis for our most recent year-end. The foregoing additional information is available on SEDAR at www.sedar.com under the Company's name.

Appendix A
CHARTER
OF
THE AUDIT COMMITTEE
OF
FORACO INTERNATIONAL SA

Adopted by the Board of
Directors on November 7, 2007

FORACO INTERNATIONAL SA
(the “Company”)

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of the Company. The role of the Committee, subject to applicable laws and obligations imposed by the French Code de Commerce and the Company’s constating documents, is to:

- (a) provide oversight of the Company’s financial management and of the design and implementation of an effective system of internal financial controls;
- (b) to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies, including:
 - (i) helping directors meet their responsibilities;
 - (ii) facilitating better communication between directors and the external auditor;
 - (iii) enhancing the independence of the external auditor;
 - (iv) increasing the credibility and objectivity of financial reports; and
 - (v) strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor;
- (c) management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them; and
- (d) the Company’s external auditor is ultimately accountable to the Board and the Committee as representatives of the Company’s shareholders.

Duties and Responsibilities

External Auditor

- To recommend to the Board, for shareholder approval, an external auditor to examine the Company’s accounts, controls and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Company.
- To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the

Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- To pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services.
- To obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.
- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Company on any aspect of its certification of the Company's financial statements:
 - (a) no member of the audit team that is auditing a business of the Company can be hired into that business or into a position to which that business reports for a period of three years after the audit;
 - (b) no former partner or employee of the external auditor may be made an officer of the Company or any of its subsidiaries for three years following the end of the individual's association with the external auditor;
 - (c) the CEO and the Vice-CEO must approve all office hires from the external auditor; and
 - (d) the CEO and the Vice-CEO must report annually to the Committee on any hires within these guidelines during the preceding year.
- To review, at least annually, the relationships between the Company and the external auditor in order to establish the independence of the external auditor.

Financial Information and Reporting

- To review the Company's annual audited financial statements with the CEO and Vice-CEO and then the full Board. The Committee will review the interim financial statements with the CEO and Vice-CEO.
- To review and discuss with management and the external auditor, as appropriate:
 - (a) The annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and

- (b) Earnings guidance and other releases containing information taken from the Company's financial statements prior to their release.
- To review the quality and not just the acceptability of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.
- To review with the CEO and the Vice-CEO any earnings guidance to be issued by the Company and any news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. In addition, the CEO and the Vice-CEO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

Oversight

- To review the internal audit staff functions, including:
 - (a) The purpose, authority and organizational reporting lines;
 - (b) The annual audit plan, budget and staffing; and
 - (c) The appointment and compensation of the controller, if any.
- To review, with the CEO and the Vice-CEO and others, as appropriate, the Company's internal system of audit controls and the results of internal audits.
- To review and monitor the Company's major financial risks and risk management policies and the steps taken by management to mitigate those risks.
- To meet at least annually with management (including the CEO and the Vice-CEO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.
- In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and Vice-CEO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

Membership

- The Committee shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and is otherwise "independent" as required under applicable securities rules and applicable stock exchange rules.

- Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
- All members of the Committee must be “financially literate” (i.e., have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement).

Procedures

- The Board shall appoint one of the directors elected to the Committee as the Chair of the Committee (the “Chair”). In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
- The Chair will appoint a secretary (the “Secretary”) who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum.
- The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.
- The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the articles of the Company or otherwise determined by resolution of the Board.
- The Company shall provide the Committee with the resources necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants, as it deems appropriate, acting reasonably.
- The Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee’s obligations and shall discuss with the CEO or the Vice-CEO such records and other matters considered appropriate.

- The Committee has the authority to communicate directly with the internal and external auditors.

Reports

- The Committee shall produce the following reports and provide them to the Board:
 - (a) an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report; and
 - (b) a summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.