NEWS RELEASE

**FORACO INTERNATIONAL**

**Fourth Quarter 2016 Report.**
**Agreement reached with existing and new Lenders**

**Toronto, Ontario / Marseille, France - Thursday, March 2, 2017.** Foraco International SA (TSX:FAR) (the “Company” or “Foraco”), a leading global provider of mineral drilling services, today reported unaudited financial results for its fourth quarter 2016. All figures are reported in US Dollars (US$), unless otherwise indicated.

“Before I comment on the fourth quarter 2016 activity, I am pleased to announce that we reached an agreement with our existing and new lenders. This agreement which is in the process of being formalized allows us to (i) raise new long-term money with new lenders, (ii) postpone installments of most of our long-term financing facilities and (iii) secure new bank guarantee lines with our existing lenders.” said Daniel Simoncini, Chairman and co-CEO of Foraco. “During the fourth quarter of 2016, the environment continued to be challenging as our performance was again affected by the postponement of certain contracts. We note, however, a relatively stronger commercial activity, particularly in North America and Brazil, and a significant increase in the duration of the contracts opened for bidding. At year-end, our level of order backlog to be executed in 2017 was slightly above that of last year with a more dynamic phasing of activity in the first part of the year. We believe that we have reached the turning point in terms of pressure on prices and margin. We remain cautious awaiting the expected firming up of the industry global utilization rates.”

“Despite the adverse market conditions, the Company maintained a positive EBITDA in the fourth quarter as well as for the whole year of 2016. However, in Q4 2016, our cash flow from operations was penalized by the increased payment terms of certain clients” commented Jean-Pierre Charmensat, co-CEO and Chief Financial Officer. “As Daniel mentioned, we have agreed the main terms of our future financing. This agreement will provide for a new money injection of €23 million (US$ 24 million) in the form of bonds with a 5 years term, including €18 million (US$ 19 million) available at closing, and the postponement of the installment of most of our existing long-term financing also for a period of 5 years. This new debt arrangement includes standard covenants. Under the proposed structure, the cost of our debt will represent an average effective interest rate of approximately 5%. No dilutive instruments will be issued as part of these negotiations. The Company is then funded for the long term, getting ready for the upturn and in a good position to benefit from the recovery in the mining industry.”

### Three months Q4 2016 Highlights

*Revenue*

- Q4 2016 revenue amounted to US$ 28.7 million compared to US$ 29.5 million in Q4 2015, a decrease of 3%. Mining activity increased by 6%, whereas the water activity decreased by 38%. Some long-terms contracts in the water segment were completed during the last quarter of 2016.
- The utilization rate was 35% in Q4 2016 (compared to 30% in Q4 2015). The revenue has not increased proportionally due to a change in geographic mix.

*Profitability*

- The Q4 2016 gross margin including depreciation within cost of sales was US$ 3.1 million compared to US$ 5.0 million in Q4 2015, this reduction can mainly be explained by continued pressure on prices in the current challenging environment and by a change in geographic mix.
- SG&A costs were stable at US$ 4.1 million for the quarter.
- EBIT amounted to US$ (1.3) million in Q4 2016 compared to US$ 0.9 million in Q4 2015.
- During the quarter, EBITDA amounted to US$ 3.5 million compared to US$ 6.2 million for the same quarter last year.

*Net Debt*

- The net debt was US$ 103.3 million as at December 31, 2016 compared to US$ 89.3 million as at December 31, 2015. The positive cash generated by operations was more than offset by the working capital requirements and the Capex.
- On February 28, 2017, the Company reached an agreement with its lenders. This agreement will allow to raise new long term money with new lenders, postpone installments of most of the Company's long-term financing facilities and secure new bank guarantee lines with existing lenders.

## YTD Q4 2016 Highlights

*Revenue*

- FY 2016 revenue amounted to US$ 115.2 million compared to US$ 137.7 million in FY 2015, a decrease of 16%. This decrease is mainly linked to the reduced activity in the first semester of 2016. During the second semester, the revenue decreased by 3% compared to last year.

*Profitability*

- FY 2016 gross margin including depreciation within cost of sales was US$ 4.5 million compared to US$ 11.6 million in FY 2015, this decrease can mainly be explained by the decrease in activity and continued pressure on prices in the current challenging environment.
- SG&A costs reduced by US$ 1.0 million between FY 2015 and FY 2016 as a result of certain additional savings and the reversal of an unused provision for doubtful debt (US$ 0.4 million) recorded during the first quarter 2016.
- Capital expenditure was US$ 6.9 million in FY 2016 compared to US$ 9.8 million in FY 2015.

## Financial results

***Revenue***

| (In thousands of US$) - *(unaudited)* | Q4 2016 | % change | Q4 2015 | FY 2016 | % change | FY 2015 |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining | 25,089 | 6% | 23,708 | 102,910 | -14% | 119,358 |
| Water | 3,633 | -38% | 5,820 | 12,254 | -33% | 18,326 |
| ***Total revenue*** | ***28,722*** | ***-3%*** | ***29,528*** | ***115,164*** | ***-16%*** | ***137,684*** |
| *Geographic region* | | | | | | |
| Europe, Middle East and Africa | 9,152 | -19% | 11,232 | 38,602 | -14% | 44,943 |
| South America | 8,863 | 84% | 4,821 | 30,046 | -4% | 31,376 |
| North America | 5,593 | -3% | 5,757 | 26,115 | -12% | 29,619 |
| Asia Pacific | 5,114 | -34% | 7,718 | 20,401 | -36% | 31,746 |
| ***Total revenue*** | ***28,722*** | ***-3%*** | ***29,528*** | ***115,164*** | ***-16%*** | ***137,684*** |

### Q4 2016

Q4 2016 revenue amounted to US$ 28.7 million compared to US$ 29.5 million in Q4 2015, a decrease of 3%.

In EMEA, revenue decreased by 19%, from US$ 11.2 million in Q4 2015 to US$ 9.2 million in Q4 2016, as a result of the decreased activity in Russia and in the Water segment in Africa, partially compensated by a higher level of activity in the Mining segment in Africa and in France.

Revenue in South America amounted to US$ 8.9 million in Q4 2016 (US$ 4.8 million in Q4 2015), an increase of 84%. Both Brazil and Chile contributed to this increase.

Revenue in North America was almost stable at -3%.

In Asia Pacific, Q4 2016 revenue amounted to US$ 5.1 million, a decrease of 34% mainly due to certain reductions of drilling programs in Australia and some weather issues in New Caledonia.

### FY 2016

FY 2016 revenue amounted to US$ 115.2 million compared to US$ 137.7 million in FY 2015.

In EMEA, revenue decreased by 14% (from US$ 44.9 million in FY 2015 to US$ 38.6 million in FY 2016) as a result of the decreased activity in Russia and in the Water segment in Africa, partially compensated by a higher level of activity in the Mining segment in Africa and in France.

Revenue in South America amounted to US$ 30.0 million in FY 2016 (US$ 31.4 million in FY 2015), a decrease of 4%. The increased activity in Brazil (+12% in local currency) was more than offset by the reduced activity in Chile and lack of activity in Argentina.

Revenue in North America was US$ 26.1 million compared to US$ 29.6 million, a decrease of 12% mainly due to the reduction of volumes and the postponement of certain ongoing contracts.

In Asia Pacific, FY 2016 revenue amounted to US$ 20.4 million, a decrease of 36% mainly due to the reduction of drilling programs in Australia and in New Caledonia.

### *Gross margin*

| (In thousands of US$) - *(unaudited)* | **Q4 2016** | **% change** | **Q4 2015** | **FY 2016** | **% change** | **FY 2015** |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining ..................................... | 2,699 | -33% | 4,033 | 4,201 | -61% | 10,792 |
| Water...................................... | 376 | -61% | 957 | 309 | -62% | 809 |
| ***Total gross profit / (loss)*** ........... | ***3,075*** | ***-38%*** | ***4,990*** | ***4,510*** | ***-61%*** | ***11,601*** |

### Q4 2016

The Q4 2016 gross margin including depreciation within cost of sales was US$ 3.1 million compared to US$ 5.0 million in Q4 2015, this reduction can mainly be explained by continued pressure on prices in the current challenging environment and by a change in geographic mix.

### FY 2016

FY 2016 gross margin including depreciation within cost of sales was US$ 4.5 million compared to US$ 11.6 million in FY 2015, this decrease can mainly be explained by the decrease in activity and continued pressure on prices in the current challenging environment.

### *Selling, General and Administrative Expenses*

| (In thousands of US$) - *(unaudited)* | Q4 2016 | % change | Q4 2015 | FY 2016 | % change | FY 2015 |
|---|---|---|---|---|---|---|
| Selling, general and administrative expenses | 4,050 | 0% | 4,078 | 16,767 | -6% | 17,754 |

**Q4 2016**

SG&A costs were stable compared to Q4 2015.

**FY 2016**

SG&A costs reduced by US$ 1.0 million between FY 2015 and FY 2016 as a result of certain additional savings and the reversal of an unused provision for doubtful debt (US$ 0.4 million) recorded during the first quarter 2016.

### *Operating result*

| (In thousands of US$) - *(unaudited)* | Q4 2016 | % change | Q4 2015 | FY 2016 | % change | FY 2015 |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining ........................................ | (1,186) | n/a | 723 | (12,723) | n/a | (5,036) |
| Water.......................................... | (136) | n/a | 153 | (1,642) | n/a | (1,639) |
| ***Total operating profit / (loss)*** ..... | ***(1,322)*** | ***n/a*** | ***876*** | ***(14,365)*** | ***n/a*** | ***(6,675)*** |

**Q4 2016**

The operating loss was US$ (1.3) million, compared to a profit amounting to US$ 0.9 million in Q4 2015 for the same reasons as stated above.

**FY 2016**

The operating loss was US$ (14.4) million, compared to US$ (6.7) million in FY 2015 for the same reasons as stated above. The FY 2016 operating loss includes a US$ 0.9 million one-off cost linked to the settlement of the earn-out relating to the acquisition of JND in Australia.

***Financial position***

The following table provides a summary of the Company's cash flows for FY 2016 and FY 2015:

| (In thousands of US$) | FY 2016 | FY 2015 |
|---|---|---|
| Cash generated by/(used in) operations before working capital requirements | 5,773 | 17,982 |
| Working capital requirements | (5,756) | 322 |
| Interest and tax | (4,327) | (5,535) |
| **Net cash flow generated by / (used in) operating activities** | **(4,310)** | **12,769** |
| **Purchase of equipment in cash** | **(6,549)** | **(9,097)** |
| **Free cash flow** | **(10,859)** | **3,672** |
| Consideration payable related to acquisitions | - | (1,111) |
| Settlement of dispute | (934) | - |
| Debt variance | 3,610 | (5,786) |
| Dividends paid to minority shareholders in affiliates | (1,126) | - |
| Acquisition of treasury shares | (128) | (12) |
| **Net cash generated / (used in) financing activities** | **1,422** | **(6,901)** |
| **Net cash variation** | **(9,437)** | **(3,237)** |
| Foreign exchange differences | (930) | (3,417) |
| **Variation in cash and cash equivalents** | **(10,367)** | **(6,654)** |

In FY 2016, the cash generated from operations before working capital requirements amounted to US$ 5.8 million compared to US$ 18.0 in FY 2015.

The net cash flow used in operating activities after working capital requirements, interest and tax, amounted to US$ 4.3 million. In FY 2015, the net cash flow generated from operating activities amounted to US$ 12.8 million.

The level of working capital requirements is significantly affected by the phasing of activity and the increased payment terms of certain clients.

During the year, Capex amounted to US$ 6.5 million in cash, compared to US$ 9.1 million in cash and US$ 0.4 million through capital leases in FY 2015. The total rig count remains unchanged at 302.

Free cash flow was US$ (10.9) million in FY 2016 compared to US$ 3.7 million in FY 2015.

As at December 31, 2016, cash and cash equivalents totaled US$ 6.2 million compared to US$ 16.6 million as at December 31, 2015. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at December 31, 2016, net debt amounted to US$ 103.3 million (US$ 89.3 million as at December 31, 2015). The positive cash generated by operations was more than offset by the working capital requirements and the Capex.

As December 31, 2016, the maturity of financial debt were as follows:

| in thousand US$ | December 31, 2016 |
|---|---|
| Credit lines | 54,337 |
| Long-term debt | |
| Jan 1, 2017 and Dec 31, 2017 | 23,934 |
| Jan 1, 2018 and Dec 31, 2018 | 15,009 |
| Jan 1, 2019 and Dec 31, 2019 | 13,643 |
| Jan 1, 2020 and Dec 31, 2020 | 2,310 |
| Jan 1, 2021 and Dec 31, 2021 | 308 |
| **Total** | **109,540** |

The Company has used and unused credit facilities amounting to US$ 57.3 million of which US$ 54.3 million was drawn down as of December 31, 2016.

These facilities are granted individually by various banks, mainly in France, Chile, Brazil and Canada. They are generally granted on an annual basis and are subject to review at certain dates.

***Current negotiations with lenders***

As at December 31, 2016, the Company obtained a waiver confirming the postponement of all installments due to French lenders as of February 28, 2017. Subsequently, this waiver was extended to March 18, 2017. Accordingly, the Company maintained the classification of current and non-current portion of long-term debt as at December 31, 2016 based on the initial terms of the bank agreements.

On February 28, 2017, the Company reached an agreement with its lenders. The agreement which is in the process of being formalized allows (i) to provide for a new money injection of €23 million (US$ 24 million) in the form of bonds with a 5 years term, including €18 million (US$ 19 million) available at closing, and (ii) the postponement of the instalment of most of the Company's existing long-term financing also for a period of 5 years. This new debt arrangement includes standard covenants and conditions. Under the proposed structure, the cost of the debt will represent an average effective interest rate of approximately 5%. No dilutive instruments will be issued as part of these negotiations.

***Going concern and impairment testing***

Current economic conditions make forecasting difficult, and there is the possibility that the Company's actual operating performance during the coming year may be different from expectations. Based on internal forecasts and projections that take into account reasonably possible changes in the Company's operating performance and the agreement reached with lenders as previously described, the Company believes that it will have adequate financial resources to continue in operation and meet its financial commitments for a period of at least twelve months. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

The current economic conditions in mining services are seen as an indicator of potential impairment of the carrying value of the Company's long lived assets. Accordingly, impairment testing, based on expected discounted cash flows was performed as at December 31, 2016. The Company performed impairment tests at the level of each reporting segment and geographic region.

The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from the assumptions and thus actual cash flows may be different to those expected with a material effect on the recoverability of each cash generating unit. The most significant assumptions made for the determination of expected discounted cash flows covering the next 5 years are:

- 2017 to 2019 management's business plan with an unchanged number of rigs as at December 31, 2016
- As of 2019:
  - 8 year historical average of EBITDA margin adjusted for significant one-off events
  - 8 year historical average revenue per rig
- A discount rate of 9.7%
- A 1% long term growth applied to the terminal value.

Management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion being based on the actual performance achieved in the past (use of 8-year historical average). Based on the assumptions made, the expected discounted future cash flows exceeded each of the long lived asset's carrying amount for each geographic region and accordingly no impairment has been recognized. A variation in the discount rate of 1% and a 0% long term growth would not change the outcome of the impairment testing. If the low point of the business cycle continues until 2020 without a significant market recovery, an impairment charge would be required in South America and Asia Pacific.

***Currency exchange rates***

The exchange rates for the periods under review are provided in the Management's Discussion and Analysis of Q3 2016.

***Non-IFRS measures***

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

Net debt of US$ 103,337 thousand corresponds to the current and non-current portions of borrowings amounting to US$ 109,541 thousand, net of cash and cash equivalents of US$ 6,204 thousand.

Reconciliation of the EBITDA is as follows:

| (In thousands of US$) *(unaudited)* | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|---|---|---|---|---|
| Operating profit / (loss) | (1,322) | 876 | (14,365) | (6,676) |
| Depreciation expense | 4,772 | 5,297 | 20,185 | 24,158 |
| Non-cash employee share-based compensation | 29 | 72 | 293 | 585 |
| Settlement related to the 2012 acquisition in Australia | - | - | 900 | - |
| ***EBITDA*** | ***3,479*** | ***6,245*** | ***7,013*** | ***18,067*** |

### *Outlook*

The Company's business strategy is to actively prepare for the next growth phase of the metallic commodities cycle in the best possible conditions through the development and optimization of its services offered across its range of geographical regions, industry sectors, commodities and customers. The Company expects it will execute its strategy primarily through organic growth in the near future.

As at December 31, 2016, the Company's order backlog for continuing operations was US$ 92.9 million of which US$ 72.9 million is expected to be executed during the FY 2017. The Company's order backlog consists of sales orders. Sales orders are subject to modification by mutual consent and in certain instances orders may be revised by customers. As a result, the order backlog of any particular date may not be indicative of actual operating results for any subsequent period.

### *Conference call and webcast*

On March 2, 2017, Company Management will conduct a conference call at 10:00 am ET to review the financial results. The call will be hosted by Daniel Simoncini, Chairman and co-CEO, and Jean-Pierre Charmensat, co-CEO and CFO.

You can join the call by dialing 1-888-231-8191 or 1-647-427-7450. You will be put on hold until the conference call begins. A live audio webcast of the Conference Call will also be available through:

http://event.on24.com/r.htm?e=1374807&s=1&k=905D9ECA2123D7FBC0AFE1220A217EBD

An archived replay of the webcast will be available for 90 days.

### About Foraco International SA

Foraco International SA (TSX: FAR) is a leading global mineral drilling services company that provides a comprehensive and reliable service offering in mining and water projects. Supported by its founding values of integrity, innovation and involvement, Foraco has grown into the third largest global drilling enterprise with a presence in 22 countries across five continents. For more information about Foraco, visit www.foraco.com.

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