NEWS RELEASE

FORACO INTERNATIONAL REPORTS Q2 2018

Revenue increase by 25% YOY - Business strengthening confirmed

Toronto, Ontario/Marseille, France – August 2, 2018. Foraco International SA (TSX:FAR) (the "Company" or "Foraco"), a leading global provider of mineral drilling services, released its unaudited financial results for the second quarter 2018 today. All amounts are denominated in US Dollars (US$) unless otherwise indicated.

"With US$46 million in revenue, Q2 2018 is our strongest quarter since Q3 2014, confirming the positive trend observed throughout 2017 and Q1 2018. This performance is primarily due to the continued growth in Canada, Russia and Australia. In other regions where we operate, the market recovery is still in its initial phase which gives us opportunities for future developments." commented Daniel Simoncini, Chairman and Co-CEO of Foraco. "Our utilization rate increased to 43% during the quarter, reaching its highest level since 2013, but still significantly below the rates reported before the industry downturn. In Q2, we are pleased to report the satisfactory performance of our contracts which confirms the agility of our organization and our ability to adapt to an increasing demand and changing environments."

"In Q2 2018, we recorded an EBITDA of US$5.2 million, a 44% increase compared to Q2 2017. We believe that we can further increase our margins through improved productivity, recovery in selling prices and a better absorption of our fixed operational costs. Despite the activity increase recorded in Q2 compared to Q1 2018, we managed to reduce our working capital requirements by US$3 million during the quarter and we are still expecting further improvements before the end of the year given the seasonal nature of our activities." added Jean-Pierre Charmensat, Co-CEO and Chief Financial Officer. "We invested US$3.5 million in CAPEX linked to new contracts and recorded a positive free cash flow during the quarter. Our net debt decreased from US$135 million as at March 31, 2018 to US$127 million as at June 30, 2018, a US$8 million improvement due to the impact of foreign exchange and to the positive free cash flow generated during the quarter."

Q2 2018 Highlights

Revenue

- Q2 2018 revenue amounted to US$ 45.7 million compared to US$ 36.6 million in Q2 2017, an increase of 25%.

- The utilization rate was 43% in Q2 2018 (40% in Q1 2018) compared to 39% in Q2 2017.

Profitability

- The Q2 2018 gross margin including depreciation within cost of sales was US$ 6.2 million (or 13.5% of revenue) compared to US$ 4.1 million (or 11.1% of revenue) in Q2 2017, this improvement is mainly due to increased revenue and performance on contracts, as well as a better absorption of fixed operational costs.

- During the quarter, EBITDA amounted to US$ 5.2 million compared to US$ 3.6 million for the same quarter last year.

H1 2018 Highlights

Revenue

- H1 2018 revenue amounted to US$ 85.7 million compared to US$ 66.9 million in H1 2017, an increase of 28%.

Profitability

- H1 2018 gross margin including depreciation within cost of sales was US$ 9.1 million (or 10.7% of revenue) compared to US$ 5.6 million (or 8.3% of revenue) in H1 2017. This improvement is mainly due to performance on contracts and a better absorption of fixed operational costs linked to the revenue increase.

- During the semester, EBITDA amounted to US$ 7.5 million compared to US$ 4.9 million for the same period last year.

Net debt

- The net debt was US$ 127.2 million as at June 30, 2018 compared to US$ 122.7 million as at December 31, 2017. The increase is mainly attributable to higher working capital requirements linked to the increased activity.

Selected financial data

(In thousands of US$) *(unaudited)*	**Three-month period ended June 30,**		**Six-month period ended June 30,**	
	2018	**2017**	**2018**	**2017**
Revenue	**45,694**	**36,567**	**85,701**	**66,891**
Gross profit / (loss) (1)	**6,182**	**4,050**	**9,153**	**5,555**
As a percentage of sales	*13.5%*	*11.1%*	*10.7%*	*8.3%*
EBITDA	**5,193**	**3,610**	**7,451**	**4,912**
As a percentage of sales	*11.4%*	*9.9%*	*8.7%*	*7.3%*
Operating profit / (loss)	**1,044**	**(1,088)**	**(1,156)**	**(4,548)**
As a percentage of sales	*2.3%*	*-3.0%*	*-1.3%*	*-6.8%*
Profit / (loss) for the period	**(1,466)**	**(2,206)**	**(6,140)**	**(5,992)**
Attributable to:				
Equity holders of the Company	(1,782)	(2,068)	(5,946)	(3,380)
Non-controlling interests	316	(138)	(194)	(544)
EPS (in US cents)				
Basic	(1.99)	(2.31)	(6.63)	(6.08)
Diluted	(1.99)	(2.31)	(6.63)	(6.08)

(1) This line item includes amortization and depreciation expenses related to operations

Financial results

Revenue

(In thousands of US$) - *(unaudited)*	**Q2 2018**	**% change**	**Q2 2017**	**H1 2018**	**% change**	**H1 2017**
Reporting segment						
Mining	44,696	31%	34,097	83,089	34%	62,105
Water	998	-60%	2,470	2,612	-45%	4,796
Total revenue	*45,694*	*25%*	*36,567*	*85,701*	*28%*	*66,891*
Geographic region						
Europe, Middle East and Africa	13,157	-3%	13,615	23,423	-6%	24,976
South America	8,104	0%	8,071	16,043	4%	15,475
North America	15,804	64%	9,661	31,640	75%	18,129
Asia Pacific	8,629	65%	5,220	14,595	76%	8,311
Total revenue	*45,694*	*25%*	*36,567*	*85,701*	*28%*	*66,891*

Q2 2018

Q2 2018 revenue amounted to US$ 45.7 million compared to US$ 36.6 million in Q2 2017, an increase of 25%.

In EMEA, revenue decreased by 3%, to US$ 13.2 million in Q2 2018 from US$ 13.6 million in Q2 2017, as a result of the decreased activity in France and in Africa, partially compensated by a higher level of activity in Russia.

Revenue in South America remained flat at US$ 8.1 million in Q2 2018 (US$ 8.1 million in Q2 2017). In Chile, the increased activity was generated with new contracts for major clients. This increase was compensated by a slowdown in activity with our major clients in Brazil.

Revenue in North America strongly increased by 64% to US$ 15.8 million in Q2 2018 from US$ 9.7 million in Q2 2017. Compared to last year, the Company continued to benefit from new contracts with major companies and junior companies and increased activity on ongoing contracts in an overall growing market.

In Asia Pacific, Q2 2018 revenue amounted to US$ 8.6 million, an increase of 65% mainly due to new contracts initiated in the second half of 2017 in Australia.

H1 2018

H1 2018 revenue amounted to US$ 85.7 million compared to US$ 66.9 million in H1 2017, an increase of 28%.

In EMEA, revenue decreased by 6%, to US$ 23.4 million in H1 2018 from US$ 25.0 million in H1 2017, as a result of the decreased activity in France and in Africa, partially compensated by a higher level of activity in Russia.

Revenue in South America slightly increased to US$ 16.0 million in H1 2018 (US$ 15.5 million in H1 2017). The increase of activity in Chile was compensated by the decrease of activity in Brazil.

Revenue in North America strongly increased by 75% to US$ 31.6 million in H1 2018 from US$ 18.1 million in H1 2017. Compared to last year, the Company benefited from new contracts with major and junior companies and increased activity on ongoing contracts in an overall growing market.

In Asia Pacific, H1 2018 revenue amounted to US$ 14.6 million, an increase of 76% mainly due to new contracts initiated in the second half of 2017 in Australia.

Gross profit

(In thousands of US$) - *(unaudited)*	**Q2 2018**	**% change**	**Q2 2017**	**H1 2018**	**% change**	**H1 2017**
Reporting segment						
Mining	6,440	64%	3,928	9,114	69%	5,388
Water	(258)	*n/s*	122	39	*-77%*	167
Total gross profit / (loss)	*6,182*	*53%*	*4,050*	*9,153*	*65%*	*5,555*

Q2 2018

The Q2 2018 gross margin including depreciation within cost of sales was US$ 6.2 million (or 13.5% of revenue) compared to US$ 4.1 million (or 11.1% of revenue) in Q2 2017. This improvement is mainly due to increased revenue and performance of contracts, as well as a better absorption of fixed operational costs.

H1 2018

H1 2018 gross margin including depreciation within cost of sales increased by 65% compared to the same period last year. As a percentage of revenue, the gross margin increased from 8,3% to 10.7%. This improvement is mainly due to performance on contracts and a better absorption of fixed operational costs linked to the revenue increase.

Selling, General and Administrative Expenses

(In thousands of US$) - *(unaudited)*	**Q2 2018**	**% change**	**Q2 2017**	**H1 2018**	**% change**	**H1 2017**
Selling, general and administrative expenses..................................	5,138	5%	4,882	10,309	5%	9,798

Q2 2018

SG&A increased by US$ 0.2 million compared to the same quarter last year. As a percentage of revenue, SG&A decreased from 13.4% in Q2 2017 to 11.2% in Q2 2018.

H1 2018

SG&A increased by US$ 0.5 million compared to the same quarter last year. As a percentage of revenue, SG&A decreased from 14.6% in H1 2017 to 12.0% in H1 2018..

Operating result

(In thousands of US$) - *(unaudited)*	**Q2 2018**	**% change**	**Q2 2017**	**H1 2018**	**% change**	**H1 2017**
Reporting segment						
Mining..................................	1,414	n/a	(880)	(567)	n/a	(4,010)
Water	(370)	n/a	(208)	(589)	n/a	(538)
Total gross profit / (loss)	**1,044**	*n/a*	**(1,088)**	**(1,156)**	*n/a*	**(4,548)**

Q2 2018

The operating profit was US$ 1.0 million, a US$ 2.1 million improvement as a result of increased gross margin.

H1 2018

The operating loss was US$ (1.2) million, a US$ 3.4 million improvement compared to H1 2017 as a result of increased gross margin.

Financial position

The following table provides a summary of the Company's cash flows for H1 2018 and H1 2017:

(In thousands of US$)	H1 2018	H1 2017
Cash generated by operations before working capital requirements	**7,564**	**4,912**
Working capital requirements	(4,369)	(2,646)
Income tax paid (received)	(536)	(229)
Purchase of equipment in cash	(5,823)	(3,596)
Free Cash Flow before debt servicing	**(3,164)**	**(1,559)**
Debt variance	2,639	14,822
Interests paid	(1,914)	(2,532)
Acquisition of treasury shares	(50)	(27)
Net cash generated / (used in) financing activities	**675**	**12,263**
Net cash variation	**(2,489)**	**10,704**
Foreign exchange differences	(728)	425
Variation in cash and cash equivalents	**(3,217)**	**11,129**

In H1 2018, the cash generated from operations before working capital requirements amounted to US 7.6 million compared to US$ 4.9 million in H1 2017.

Due to seasonality and a strong activity in the first semester of 2018, the level of working capital requirements was US$ 4.4 million (US$ 2.6 million in 2017). This level of capital requirements should progressively reverse going forward.

During the period, Capex amounted to US$ 5.8 million in cash, compared to US$ 3.6 million in cash in H1 2017. The Company acquired five new rigs during the period linked to new contracts signed. Five rigs were retired from service, the total rig count remains at 302.

As a result of the working capital requirements and the Capex, free cash flow before debt servicing was US$ (3.2) million in H1 2018 compared to US$ (1.6) million in H1 2017.

As at June 30, 2018, cash and cash equivalents totaled US$ 11.4 million compared to US$ 14.6 million as at December 31, 2017. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.
As at June 30, 2018, net debt amounted to US$ 127.2 million (US$ 135.3 million as at March 31, 2018 and US$ 122.7 million as at December 31, 2017).
Bank guarantees as at June 30, 2018 totaled US$ 1.9 million compared to US$ 4.0 million as at December 31, 2017. The Company benefits from a confirmed contract guarantee line of € 12.7 million (US$ 14.7 million).

Going concern and impairment testing

Going concern is assessed based on internal forecasts and projections that take into account the trend in the business in which the Company operates and its capacity to address the market and deliver its services. On the basis of the above, the Company believes that it will have adequate financial resources to continue in operation for a period of at least twelve months. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

On May 11, 2017, the Company completed its debt reorganization consisting (i) in a new money injection of €23 million (US$ 25 million) in the form of bonds with a 5-year term, including €18 million (US$ 19.8 million) available at closing, and (ii) in the postponing of the instalment of most of the Company's existing long-term financing which takes the form of 5-year term subordinated bonds. On April 26, 2018, the Company drew an additional € 2.5 million, corresponding to a portion of the second tranche of the bonds amounting to € 5.0 million. € 2.5 million remains available for drawdown until the end of 2018.
As part of the debt reorganization, certain key financial covenants were set including; minimum cash, leverage ratio and limitation to capital expenditure. A waiver was obtained in March to offset the negative impact of the exchange rates and of the working capital requirements linked to the increased activity. As at June 30, 2018, the Company met its covenants. Nothing indicates that the Company will not respect its covenants going forward within the next 12 month period.

Currency exchange rates

The exchange rates for the periods under review are provided in the Management's Discussion and Analysis of Q2 2018.

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 corresponds to the current and non-current portions of borrowings and the consideration payable related to acquisitions, net of cash and cash equivalents.

Reconciliation of EBITDA is as follows:

(In thousands of US$) *(unaudited)*	Q2 2018	Q2 2017	H1 2018	H1 2017
Operating profit / (loss)	1,044	(1,088)	(1,156)	(4,548)
Depreciation expense	4,106	4,669	8,519	9,403
Non-cash employee share-based compensation	44	29	89	58
EBITDA	*5,193*	*3,610*	*7,451*	*4,912*

Outlook

The Company's business strategy is to actively participate in the current growth phase of the metallic commodities cycle 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.

Conference call and webcast

On August 2, 2018, 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:

https://event.on24.com/wcc/r/1806500/8FE9BF835A980CA7BAD903FF735D1B9A

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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