NEWS RELEASE

FORACO INTERNATIONAL REPORTS Q3 2018

Increased revenue by 37% and EBITDA by 88% YoY

Toronto, Ontario/Marseille, France - November 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 third quarter 2018 today. All amounts are denominated in US Dollars (US$) unless otherwise indicated.

"With US$46 million in revenue, a 37% increase quarter over quarter, Q3 2018 confirms the positive trend observed since 2017. On a year to date basis, the 2018 revenue exceeds the comparative period of 2017 by 31%. In the quarter, high growth regions include Canada, Australia, Russia and Chile." commented Daniel Simoncini, Chairman and Co-CEO of Foraco. "Our utilization rate also increased to 46% this quarter, compared to 35% in Q3 2017. During the low part of the cycle, we continued to enhance our technical capability, maintaining our fleet to a high standard and leading industry technological changes, such as the implementation of remote control rigs. This together with our strategy to serve major mining companies in their main countries of operation and retain key employees throughout the industry cycles provide us a competitive advantage in the current market upturn.".

"In Q3 2018, we recorded an EBITDA of US$6.3 million, an 88% increase compared to Q3 2017. Our contracts are delivering their expected margins in all countries. We managed to keep our SG&A expenses stable despite a significant increase in activity. Our EBIT is positive at US$2.1 million this quarter and is also positive on a year to date basis. We believe that there is scope for even greater progress, given that selling prices have not yet recovered and we have not reached our full capacity" added Jean-Pierre Charmensat, Co-CEO and Chief Financial Officer. "The activity increase generates additional requirements in working capital and CAPEX. We invested US$3.6 million in relation to new contracts. As a result, our net debt as at September 30, 2018 amounts to US$131.0 million. We continue to focus on the generation of operating cash flow and the optimization of our working capital."

Q3 2018 Highlights

Revenue

- Q3 2018 revenue amounted to US$ 46.4 million compared to US$ 33.9 million in Q3 2017, an increase of 37%.

- The utilization rate was 46% in Q3 2018 (43% in Q2 2018 and 40% in Q1 2018) compared to 35% in Q3 2017.

Profitability

- The Q3 2018 gross margin including depreciation within cost of sales was US$ 7.3 million (or 15.7% of revenue) compared to US$ 4.2 million (or 12.5% of revenue) in Q3 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$ 6.3 million (or 13.5% of revenue), compared to US$ 3.3 million (or 9.8% of revenue) for the same quarter last year.

YTD Q3 2018 Highlights

Revenue

- YTD Q3 2018 revenue amounted to US$ 132.1 million compared to US$ 100.8 million in YTD Q3 2018, an increase of 31%.

Profitability

- YTD Q3 2018 gross margin including depreciation within cost of sales was US$ 16.4 million (or 12.4% of revenue) compared to US$ 9.8 million (or 9.7% of revenue) in YTD Q3 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 nine-month period, EBITDA amounted to US$ 13.7 million (or 10.4% of revenue) compared to US$ 8.2 million (or 8.2% of revenue) for the same period last year.

Net debt

- The net debt was US$ 131.0 million as at September 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, partially compensated by a favorable exchange rate.

Selected financial data

(In thousands of US$) *(unaudited)*	**Three-month period ended September 30,**		**Nine-month period ended September 30,**	
	2018	**2017**	**2018**	**2017**
Revenue	**46,353**	**33,868**	**132,055**	**100,759**
Gross profit (1)	**7,286**	**4,233**	**16,439**	**9,788**
As a percentage of sales	*15.7%*	*12.5%*	*12.4%*	*9.7%*
EBITDA	**6,260**	**3,335**	**13,710**	**8,247**
As a percentage of sales	*13.5%*	*9.8%*	*10.4%*	*8.2%*
Operating profit / (loss)	**2,089**	**(1,283)**	**933**	**(5,831)**
As a percentage of sales	*4.5%*	*-3.8%*	*0.7%*	*-5.8%*
Profit / (loss) for the period	**(855)**	**(2,717)**	**(6,995)**	**(8,710)**
Attributable to:				
Equity holders of the Company	(737)	(2,963)	(6,683)	(8,412)
Non-controlling interests	(118)	246	(312)	(298)
EPS (in US cents)				
Basic	(0.82)	(3.31)	(7.45)	(9.38)
Diluted	(0.82)	(3.31)	(7.45)	(9.38)

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

Financial results

Revenue

(In thousands of US$) - *(unaudited)*	**Q3 2018**	**% change**	**Q3 2017**	**YTD Q3 2018**	**% change**	**YTD Q3 2017**
Reporting segment						
Mining	45,285	38%	32,750	128,374	35%	94,855
Water	1,068	-4%	1,118	3,681	-38%	5,904
Total revenue	*46,353*	*37%*	*33,868*	*132,055*	*31%*	*100,759*
Geographic region						
Europe, Middle East and Africa	10,094	13%	8,969	33,517	-1%	33,944
South America	7,832	14%	6,884	23,874	7%	22,359
North America	19,274	72%	11,181	50,916	74%	29,311
Asia Pacific	9,153	34%	6,834	23,748	57%	15,145
Total revenue	*46,353*	*37%*	*33,868*	*132,055*	*31%*	*100,759*

Q3 2018

Q3 2018 revenue amounted to US$ 46.4 million compared to US$ 33.9 million in Q3 2017, an increase of 37%.
In EMEA, revenue increased by 13%, to US$ 10.1 million in Q3 2018 from US$ 9.0 million in Q3 2017, as a result of a higher level of activity in Russia, partially compensated by a decreased activity in France and in Africa.

Revenue in South America increased by 14% at US$ 7.8 million in Q3 2018 (US$ 6.9 million in Q3 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 72% to US$ 19.3 million in Q3 2018 from US$ 11.1 million in Q3 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, Q3 2018 revenue amounted to US$ 9.2 million, an increase of 34% mainly due to new contracts initiated in the second half of 2017 in Australia.

YTD Q3 2018

YTD Q3 2018 revenue amounted to US$ 132.1 million compared to US$ 100.8 million in YTD Q3 2017, an increase of 31%.
In EMEA, revenue decreased by 1%, to US$ 33.5 million in YTD Q3 2018 from US$ 33.9 million in YTD Q3 2017, as a result of the decreased activity in France and in Africa, only partially compensated by a higher level of activity in Russia.

Revenue in South America increased by 7% to US$ 23.9 million in YTD Q3 2018 (US$ 22.4 million in YTD Q3 2017). The increase of activity in Chile more than compensated the slowdown in Brazil.

Revenue in North America strongly increased by 74% to US$ 50.9 million in YTD Q3 2018 from US$ 29.3 million in YTD Q3 2017. Compared to last year, the Company gained new contracts with major and junior companies and increased activity on ongoing contracts in an overall growing market.

In Asia Pacific, YTD Q3 2018 revenue amounted to US$ 23.7 million, an increase of 57% mainly due to new contracts initiated in the second half of 2017 in Australia.

Gross profit

(In thousands of US$) - *(unaudited)*	Q3 2018	% change	Q3 2017	YTD Q3 2018	% change	YTD Q3 2017
Reporting segment						
Mining...................................	7,194	58%	4,554	16,308	64%	9,942
Water	92	*n/a*	(321)	131	*n/a*	(154)
Total gross profit / (loss)	*7,286*	*72%*	*4,233*	*16,439*	*68%*	*9,788*

Q3 2018

The Q3 2018 gross margin including depreciation within cost of sales was US$ 7.3 million (or 15.7% of revenue) compared to US$ 4.2 million (or 12.5% of revenue) in Q3 2017. This 72% improvement is mainly due to increased revenue and performance of contracts, as well as a better absorption of fixed operational costs.

YTD Q3 2018

YTD Q3 2018 gross margin including depreciation within cost of sales increased by 68% compared to the same period last year. As a percentage of revenue, the gross margin increased from 9,7% to 12.4%. 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)*	Q3 2018	% change	Q3 2017	YTD Q3 2018	% change	YTD Q3 2017
Selling, general and administrative expenses....................................	5,197	-3%	5,356	15,506	2%	15,154

Q3 2018

Despite the higher level of activity, SG&A decreased by US$ 0.2 million compared to the same quarter last year. As a percentage of revenue, SG&A decreased from 15.8% in Q3 2017 to 11.2% in Q3 2018.

YTD Q3 2018

Despite the higher level of activity, SG&A only increased by US$ 0.4 million compared to the same period last year. As a percentage of revenue, SG&A decreased from 15.0% in YTD Q3 2017 to 11.7% in YTD Q3 2018.

Operating result

(In thousands of US$) - *(unaudited)*	Q3 2018	% change	Q3 2017	YTD Q3 2018	% change	YTD Q3 2017
Reporting segment						
Mining...................................	2,117	n/a	(785)	1,550	n/a	(4,795)
Water	(28)	n/a	(498)	(617)	n/a	(1,036)
Total gross profit / (loss)	**2,089**	*n/a*	**(1,283)**	**933**	*n/a*	**(5,831)**

Q3 2018

The operating profit was US$ 2.1 million, a US$ 3.4 million improvement as a result of increased activity, improved gross margin rate and stabilization of SG&A expenses.

YTD Q3 2018

The operating profit was US$ 0.9 million, a US$ 6.8 million improvement compared to YTD Q3 2017 as a result of increased activity, improved gross margin rate and stabilization of SG&A expenses.

Financial position

The following table provides a summary of the Company's cash flows for YTD Q3 2018 and YTD Q3 2017:

(In thousands of US$)	YTD Q3 2018	YTD Q3 2017
Cash generated by operations before working capital requirements	**13,824**	**8,247**
Working capital requirements	(7,912)	(4,896)
Income tax paid (received)	(1,548)	103
Purchase of equipment in cash	(9,433)	(6,629)
Free Cash Flow before debt servicing	**(5,069)**	**(3,175)**
Debt variance	3,127	13,576
Interests paid	(2,660)	(2,809)
Acquisition of treasury shares	(58)	(37)
Net cash generated / (used in) financing activities	**409**	**10,730**
Net cash variation	**(4,660)**	**7,555**
Foreign exchange differences	(895)	649
Variation in cash and cash equivalents	**(5,555)**	**8,204**

In YTD Q3 2018, the cash generated from operations before working capital requirements amounted to US 13.8 million compared to US$ 8.2 million in YTD Q3 2017.

Due to increased activity in the first nine months of 2018, the level of working capital requirements was US$ 7.9 million (US$ 4.9 million in 2017).

During the period, Capex amounted to US$ 9.4 million in cash, compared to US$ 6.6 million in cash in YTD Q3 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$ (5.1) million in YTD Q3 2018 compared to US$ (3.2) million in YTD Q3 2017.

As at September 30, 2018, cash and cash equivalents totaled US$ 9.0 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 September 30, 2018, net debt amounted to US$ 131.0 million (US$ 127.2 million as at June 30,

2018, US$ 135.3 million as at March 31, 2018 and US$ 122.7 million as at December 31, 2017).

Bank guarantees as at September 30, 2018 totaled US$ 1.5 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 September 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 Q3 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)*	**Q3 2018**	**Q3 2017**	**YTD Q3 2018**	**YTD Q3 2017**
Operating profit / (loss)	2,089	(1,283)	933	(5,831)
Depreciation expense	4,126	4,585	12,644	13,988
Non-cash employee share-based compensation	45	33	133	91
EBITDA	*6,260*	*3,335*	*13,710*	*8,247*

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 November 2, 2018, Company Management will conduct a conference call at 11:00 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/1870641/F6787B9FF1E5073B277D9EA41DA2954C

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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