



NEWS RELEASE

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FORACO INTERNATIONAL ANNOUNCES BINDING TERM SHEETS FOR A PROPOSED REFINANCING

Toronto, Ontario/Marseilles, France – May 19, 2021– Foraco International SA (TSX:FAR) (the “**Company**” or “**Foraco**”), a leading global provider of mineral drilling services, announces that it has entered into a binding term sheet on May 19, 2021 (the “**Term Sheet**”) to reorganize its existing indebtedness (the “**Financial Reorganization**”). The Financial Reorganization is expected to significantly improve the Company’s debt profile by effecting an early redemption of Foraco’s existing bonds and the Company entering into a new bonds facility with Marathon Asset Management LP (“**Marathon**”). The Financial Reorganization is expected to result in a reduction in net debt of approximately US \$49.4 million (*) upon completion.

Pursuant to the Term Sheet, the Company and Marathon have agreed to enter into a senior secured bonds facility (the “**Senior Bonds Facility**”) bearing an initial principal amount of US \$100 million. The Company expects to close the Senior Bonds Facility on or about June 30, 2021 (the “**Closing Date**”). The Senior Bonds Facility will mature on December 15, 2025 (the “**Maturity Date**”). US \$5 million will be repayable on the first anniversary of the Closing Date and US \$10 million will be repayable on each of the second, third and fourth anniversaries of the Closing Date, with the remaining principal amount being repayable on the Maturity Date. Amounts borrowed under the Senior Bonds Facility will accrue interest at a rate of 8.5% per annum plus the London Inter-Bank Offered Rate (“**LIBOR**”) provided that if LIBOR is less than 0.5% then LIBOR will be deemed to be 0.5%. Accrued interest will be repayable every six months or, at the Company’s option, every three months. In connection with the Senior Bonds Facility, the Company and certain of its subsidiaries will agree to act as either a principal obligor or guarantor, and the Company and certain of its subsidiaries will grant security interests in certain of their material assets (the “**Security Interests**”).

The proceeds from the Senior Bonds Facility will allow the Company to complete an early redemption of its outstanding euro-denominated bonds (the “**Bonds**”) previously issued to affiliates of Oaktree Capital Management L.P. (“**Oaktree**”) and Kartesia Securities IV S.A. (“**Kartesia**”) in connection with its financial reorganization in 2017 (the “**Bonds Redemption**”). The Company, Oaktree and Kartesia have entered into a binding term sheet for the Bonds Redemption. The Bonds Redemption will be effected on the Closing Date by way of a repayment of approximately US \$ **89.7** million (*) (“**Redemption Payment**”) and the issuance of 9,300,000 new ordinary shares of the Company (the “**Share Issuance**”) to be added to the 89,951,798 existing shares of the Company issued and will represent, as of the Closing Date, approximately 9.4% of the share capital of the Company. The shares will be issued at a deemed price per share of €1.53 (equivalent to US \$1.80 per share, assuming an exchange rate of €1.00 to US \$1.18 (*)).

In connection with the Share Issuance, Foraco, certain principals of Foraco, Oaktree and Kartesia will enter into an investor rights agreement (the “**Investor Rights Agreement**”) pursuant to which Oaktree and Kartesia will be granted certain customary investor rights, including a right to jointly nominate one person (the “**Nominee**”) for election to the Company’s board of directors. Further details regarding the proposed Investor Rights Agreement will be included in the Company’s management

information circular to be prepared in connection with Foraco’s scheduled ordinary and extraordinary shareholders general meeting to be held on June 24, 2021 (the “**Meeting**”).

Closing of the Financial Reorganization is subject to the negotiation of mutually acceptable definitive agreements, regulatory approvals including without limitation, approval of Toronto Stock Exchange (“**TSX**”), the Company obtaining certain shareholder approvals (“**Shareholder Approvals**”) at the Meeting, and other conditions precedent which are customary for this type of transaction. The Shareholder Approvals are expected to include approvals in respect of the Security Interests, the Share Issuance, capital increases and related amendments to the Company’s bylaws, as well as the appointment of the Nominee. Further information regarding the Financial Reorganization and the Shareholder Approvals will be included in the Company’s management information circular prepared in connection with the Meeting.

(*) The figures above and the table below illustrate the estimated effects of the Financial Reorganization on the Company’s financial position after giving effect to the Financial Reorganization as if it had occurred on March 31, 2021, being the end of the Company’s latest interim financial period:

	<i>US \$ million</i>
Book value of the Bonds ⁽¹⁾	141.5
Deemed value of Share Issuance ⁽²⁾	-16.7
Redemption Payment	-89.7
Estimated transaction expenses	-1.9
Gain before tax from the Bonds Redemption	33.2
Net debt before the Financial Reorganization ⁽³⁾	140.1
Net debt after the Financial Reorganization	90.7
Reduction in net debt	49.4

Notes:

- 1) As per the latest issued financial statements as at March 31, 2021
- 2) 9,300,000 new ordinary shares at a deemed price per share of €1.53 (equivalent to US \$1.80 per share) using the exchange rate of €1.00 to US \$1.18 prevailing as of March 31, 2021.
- 3) “Net debt” does not have a standardized meaning as prescribed by International Financial Reporting Standards (“**IFRS**”), and therefore is considered a non-IFRS measure. “Net debt” corresponds to (i) the current and non-current portion of borrowings excluding (ii) operating leases, net of (iii) cash and cash equivalents. Current and non-current portion of borrowings, borrowings under operating leases and cash and cash equivalents are IFRS measures and are reported as such in the annual financial statements of the Company.
- 4) The figures presented above will vary depending (i) on the € / US \$ exchange rate at Closing Date as the Bonds payable to Oaktree and Kartesia are denominated in euros, (ii) on the book value of the Bonds including accrued interest at Closing Date, and (iii) on the level of the fees relating to the Financial Reorganization that management has estimated for the purpose of the table presented above.

Foraco Co-CEO Daniel Simoncini commented:

“Once completed, the Financial Reorganization will be a significant step forward for the Company. Coupled with the current favourable market conditions, it is expected to provide Foraco the capacity to pursue its organic growth strategy. Foraco wishes to thank Oaktree and Kartesia for having accompanied Foraco during the challenging times of its recovery after the severe commodity crisis which affected the Company and the drilling services industry between 2013 and 2016. The fact that Foraco managed to achieve a faster than expected turnaround is a great satisfaction for all stakeholders, with special thanks extended to the Company’s employees who never gave up and to its clients who continued to place their trust in the Company. The Company would also like to welcome its new lender, Marathon, and believes that it will succeed in implementing a fruitful cooperation and write the next chapter of Foraco’s story”.

Foraco Co-CEO and CFO Jean-Pierre Charmensat added:

“In addition to the significant reduction of Foraco’s net debt and the accounting gain which will be recognized from the Bonds Redemption, the Company’s debt profile will be significantly improved, financial constraints will be eased, and debt maturities will be extended through the end of 2025. We are extremely pleased to present to our shareholders a transaction which is significantly accretive for them. Thanks to current market conditions, its recognized expertise in the drilling services industry and its now improved financial position, Foraco’s focus will be to continue to deliver value to its shareholders”.

Michael Alexander, Managing Director in Marathon Asset Management’s Capital Solutions Group, commented:

“We are thrilled to partner with Foraco through this investment. We believe that Foraco has firmly positioned itself to provide critical drilling services to its customers and to capitalize on many exciting growth prospects in the years ahead, across a number of different commodities. Moreover, this loan to Foraco will create a sustainable long-term capital structure that will provide flexibility for the Company to execute on its business plan. Foraco’s business showed its resilience during the COVID downturn and we believe it is now well positioned for growth.”

About Marathon Asset Management

Marathon Asset Management LP, formed in 1998 by Bruce Richards (Chairman & Chief Executive Officer) and Louis Hanover (Chief Investment Officer), seeks attractive absolute returns through investments in the global credit markets and real estate related markets with a long-term goal of building a world-class asset management platform. Marathon’s core competency is opportunistic investing in the global corporate, emerging market and structured credit markets based on fundamental, bottom-up research across distinct investment funds, managed vehicles, and separate accounts. Marathon’s private credit business includes direct lending, asset based lending, including healthcare and aircraft leasing, ship finance, along with real estate lending. Marathon’s team has significant experience investing in credit dislocations through multiple cycles. Marathon’s team is fully integrated to capitalize on credit opportunities globally. Marathon possesses a unique, broad-based skill set and proprietary platform to research, analyze and act upon complex capital structures and situations. For additional information, please visit www.marathonfund.com.

About Foraco

Foraco International SA (TSX:FAR) is a global leading drilling services company that provides turnkey solutions for mining, energy, water and infrastructure projects. Supported by its founding

values of integrity, innovation and involvement, Foraco has grown into the 3rd largest global drilling enterprise with operations in 22 countries across five continents. For more information about Foraco, visit www.foraco.com.

Advisory

Basis of Presentation

All financial figures and information have been prepared in United States dollars (which includes references to “dollars” and “\$”), except where another currency has been indicated, and in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board.

Caution concerning forward-looking statements

*This news release contains certain statements or disclosures relating to Foraco that are based on the expectations of its management as well as assumptions made by and information currently available to Foraco which may constitute forward-looking statements or information (“**forward-looking statements**”) under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Foraco anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words “ahead”, “assume”, “believe”, “continue”, “estimate”, “expect”, “prospect”, “schedule”, “strategy”, “will” and similar expressions.*

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to the following: the Financial Reorganization including, without limitation, the components, terms, timing and benefits thereof; the Senior Bonds Facility; the Closing Date; the Bonds Redemption; the Share Issuance; the Investor Rights Agreement; Shareholder Approvals; the Meeting; the Company’s financial position and debt profile; exchange rates; the Company’s growth strategy and focus; the Company’s relationship with Marathon and Marathon’s beliefs regarding the Company’s competitive position, growth prospects and capital structure..

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Foraco including, without limitation: that Foraco will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; availability of debt and/or equity sources to fund Foraco’s capital and operating requirements as needed; and certain cost assumptions.

Foraco believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: general economic, market and business conditions; the Financial Reorganization may not be completed in the timelines anticipated, in the manner anticipated or at all; the Financial Reorganization may not have the results currently anticipated by Foraco; increased costs and expenses; risks related to regulatory approvals including, without limitation, the approval of the TSX; risks related to the Shareholder Approvals; and certain other risks detailed from time to time in Foraco’s public disclosure documents including, without limitation, those risks identified in

Foraco's annual information form, copies of which are available on Foraco's SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list of factors is not exhaustive and are cautioned not to place undue reliance on these forward-looking statements.

Any financial outlook or future oriented financial information in this document, as defined by applicable securities legislation, has been approved by management of the Company. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and management's plans relating to the future of the Company. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

The forward-looking statements contained in this news release are made as of the date hereof and the Corporation undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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