**NEWS RELEASE**

**FORACO INTERNATIONAL REPORTS Q2 2019**

**Growth continues - Back to profit**

**Toronto, Ontario/Marseille, France – July 29, 2019.** Foraco International SA (TSX:FAR) (the "Company" or "Foraco"), a leading global provider of mineral drilling services, today released its unaudited financial results for the second quarter 2019. All figures are expressed in US Dollars (US$) unless otherwise indicated.

"In Q2 2019, we recorded revenue of US$ 54.1 million, a 18% increase over the same period last year. This growth rate clearly exceeds the consensus on market development reported by exploration and mining experts. We continue to gain market shares thanks to the confidence of our clients, the quality of services we deliver and our safety standards, but not at the expense of our profitability. The utilization rate of our fleet continued to improve at 50% in Q2 2019 compared to 43% in Q2 2018." commented Daniel Simoncini, Chairman and Co-CEO of Foraco. "After a strong growth in 2018, revenue in North America remained stable this quarter as it was impacted by the postponement of new projects in Canada. We continue to see a positive trend in North America as we won significant contracts recently and successfully extended existing ones during the quarter. We delivered double-digit growth rates in the other countries including Australia, Russia and Brazil with respectively +20%, +34% and +68%. In these regions, we continued to secure new contracts at improved financial conditions and delivered satisfactory operational performance. We now employ more than 2,000 people and we are working hard to recruit, train and retain our workforce which is a key success factor for supporting our future profitable growth."

"Thanks to the sustained activity, the efficiency of our operations and our strict monitoring of costs, we improved our financial metrics. EBITDA increased by 41%, from US$ 5.2 million in Q2 2018 to US$ 7.3 million in Q2 2019. We generated our first positive quarterly net income since the beginning of the market recovery." added Jean-Pierre Charmensat, Co-CEO and Chief Financial Officer. "We managed to keep our capex at a reasonable level and succeeded in optimizing our working capital position. Our free cash flow before debt servicing improved by US$ 6.5 million from a negative US$ 3.2 million in H1 2018 to US$ 3.2 million positive in H1 2019. Since 2017, we have steadily enhanced our financial performance in a challenging but gradually improving market. We expect this trend to continue and we intend to take advantage of it to reduce our debt and deleverage our balance sheet."

**Highlights – Q2 2019**

*Revenue*

- Q2 2019 revenue amounted to US$ 54.1 million compared to US$ 45.7 million in Q2 2018, an increase of 18%.

- The rigs utilization rate was 50% in Q2 2019 compared to 43% in Q2 2018 and 46% in Q1 2019

*Profitability*

- The Q2 2019 gross margin including depreciation within cost of sales was US$ 8.5 million (or 15.7% of revenue) compared to US$ 6.2 million (or 13.5% of revenue) in Q2 2018, this improvement is mainly due to increased revenue, improvement of contracts gross margin rate and a better absorption of fixed operational costs.

- During the quarter, EBITDA amounted to US$ 7.3 million (or 13.6% of revenue), compared to US$ 5.2 million (or 11.4% of revenue) for the same quarter last year.

**Highlights – H1 2019**

*Revenue*

- H1 2019 revenue amounted to US$ 99.3 million compared to US$ 85.7 million in H1 2018, an increase of 16%.

*Profitability*

- H1 2019 gross margin including depreciation within cost of sales was US$ 12.7 million (or 12.8% of revenue) compared to US$ 9.2 million (or 10.7% of revenue) in H1 2018. This improvement is mainly due to increased revenue, improvement of contracts gross margin rate and a better absorption of fixed operational costs.

- During the semester, EBITDA amounted to US$ 10.8 million (or 10.9% of revenue), compared to US$ 7.5 million (or 8.7% of revenue) for the same period last year.

*Net debt*

- The net debt excluding the impact of the implementation of IFRS 16 was US$ 133.3 million as at June 30, 2019 compared to US$ 130.4 million as at December 31, 2018. The increase is mainly linked to capitalized interests (US$ 2.8 million). The net debt including the impact of IFRS 16 implementation is US$ 137.3 million as at June 30, 2019.

**Selected financial data**

| (In thousands of US$) *(unaudited)* | Three-month period ended June 30, | | Six-month period ended June 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| **Revenue** | **54,093** | **45,694** | **99,295** | **85,701** |
| **Gross profit (1)** | **8,466** | **6,182** | **12,703** | **9,153** |
| *As a percentage of sales* | 15.7% | 13.5% | 12.8% | 10.7% |
| **EBITDA** | **7,344** | **5,193** | **10,788** | **7,451** |
| *As a percentage of sales* | 13.6% | 11.4% | 10.9% | 8.7% |
| **Operating profit / (loss)** | **2,979** | **1,044** | **2,053** | **(1,156)** |
| *As a percentage of sales* | 5.5% | 2.3% | 2.1% | -1.3% |
| **Profit / (loss) for the period** | **1,291** | **(1,466)** | **(2,642)** | **(6,140)** |
| Attributable to: | | | | |
| Equity holders of the Company | 597 | (1,782) | (3,382) | (5,946) |
| Non-controlling interests | 694 | 316 | 740 | (194) |
| **EPS (in US cents)** | | | | |
| Basic | 0.66 | (1.99) | (3.77) | (6.63) |
| Diluted | 0.64 | (1.99) | (3.77) | (6.63) |

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

## Financial results

### *Revenue*

| (In thousands of US$) - *(unaudited)* | Q2 2019 | % change | Q2 2018 | H1 2019 | % change | H1 2018 |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining | 52,189 | 17% | 44,696 | 95,844 | 15% | 83,089 |
| Water | 1,904 | 91% | 998 | 3,451 | 32% | 2,612 |
| ***Total revenue*** | **54,093** | **18%** | **45,694** | **99,295** | **16%** | **85,701** |
| *Geographic region* | | | | | | |
| Europe, Middle East and Africa | 15,936 | 21% | 13,157 | 25,133 | 7% | 23,423 |
| South America | 12,892 | 59% | 8,104 | 22,649 | 41% | 16,043 |
| North America | 15,370 | -3% | 15,804 | 34,463 | 9% | 31,640 |
| Asia Pacific | 9,895 | 15% | 8,629 | 17,050 | 17% | 14,595 |
| ***Total revenue*** | **54,093** | **18%** | **45,694** | **99,295** | **16%** | **85,701** |

### Q2 2019

Q2 2019 revenue amounted to US$ 54.1 million compared to US$ 45.7 million in Q2 2018, an increase of 18%.

In EMEA, revenue increased by 21%, to US$ 15.9 million in Q2 2019 from US$ 13.2 million in Q2 2018, as a result of increased activity in both Africa and Russia.

Revenue in South America increased by 59% at US$ 12.9 million in Q2 2019 (US$ 8.1 million in Q2 2018). The activity in Brazil increased by 68% thanks to increased activity with major clients and restart of activity with junior companies. Chile and Argentina also contributed to the growth.

Expressed in US$, revenue in North America slightly decreased by 3% to US$ 15.4 million in Q2 2019 from US$ 15.8 million in Q2 2018. In Canadian dollars, the revenue was stable compared to the same quarter last year.

In Asia Pacific, Q2 2019 revenue amounted to US$ 9.9 million, an increase of 15% mainly due to the increased volume with our existing clients.

### H1 2019

H1 2019 revenue amounted to US$ 99.3 million compared to US$ 85.7 million in H1 2018, an increase of 16%.

In EMEA, revenue increased by 7%, to US$ 25.1 million in H1 2019 from US$ 23.4 million in H1 2018, as a result of increased activity in Russia partially compensated by a decreased activity in France and Africa.

Revenue in South America increased by 41% at US$ 22.6 million in H1 2019 (US$ 16.0 million in H1 2018). The activity in Brazil increased by 72% thanks to growing activity with major clients and restart of activity with junior companies.

Revenue in North America increased by 9% to US$ 34.5 million in H1 2019 from US$ 31.6 million in H1 2018. This increase is mainly due to new developments in underground activity since last year, as well as continued sustained activity with major clients.

In Asia Pacific, H1 2019 revenue amounted to US$ 17.1 million, an increase of 17% mainly due to the increased volume with our existing clients and start of new contracts.

### *Gross profit*

| (In thousands of US$) - *(unaudited)* | Q2 2019 | % change | Q2 2018 | H1 2019 | % change | H1 2018 |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining | 8,186 | 27% | 6,440 | 12,263 | 35% | 9,114 |
| Water | 280 | n/a | (258) | 440 | n/a | 39 |
| ***Total gross profit / (loss)*** | **8,466** | **37%** | **6,182** | **12,703** | **39%** | **9,153** |

### Q2 2019

The Q2 2019 gross margin including depreciation within cost of sales was US$ 8.5 million (or 15.7% of revenue) compared to US$ 6.2 million (or 13.5% of revenue) in Q2 2018, this improvement is mainly due to increased revenue, improvement of contracts gross margin rate and a better absorption of fixed operational costs.

### H1 2019

The H1 2019 gross margin including depreciation within cost of sales was US$ 12.7 million (or 12.8% of revenue) compared to US$ 9.2 million (or 10.7% of revenue) in H1 2018, this improvement is mainly due to increased revenue, improvement of contracts gross margin rate and a better absorption of fixed operational costs.

## *Selling, General and Administrative Expenses*

| (In thousands of US$) - *(unaudited)* | Q2 2019 | % change | Q2 2018 | H1 2019 | % change | H1 2018 |
|---|---|---|---|---|---|---|
| Selling, general and administrative expenses | 5,487 | 7% | 5,138 | 10,650 | 3% | 10,309 |

### Q2 2019

SG&A increased by 7% compared to the same quarter last year. As a percentage of revenue, SG&A decreased from 11.2% in Q2 2018 to 10.1% in Q2 2019.

### H1 2019

SG&A increased by 3% compared to the same period last year. As a percentage of revenue, SG&A decreased from 12.0% in H1 2018 to 10.7% in H1 2019.

## *Operating result*

| (In thousands of US$) - *(unaudited)* | Q2 2019 | % change | Q2 2018 | H1 2019 | % change | H1 2018 |
|---|---|---|---|---|---|---|
| *Reporting segment* | | | | | | |
| Mining ................................ | 2,892 | 105% | 1,414 | 1,983 | n/a | (567) |
| Water.................................. | 87 | n/a | (370) | 70 | n/a | (589) |
| ***Total operating profit / (loss)*** . | **2,979** | **185%** | **1,044** | **2,053** | **n/a** | **(1,156)** |

### Q2 2019

The operating profit was US$ 3.0 million, a US$ 1.9 million improvement as a result of increased activity, improved gross margin and controlled SG&A expenses.

### H1 2019

The operating profit was US$ 2.1 million, a US$ 3.2 million improvement as a result of increased activity, improved gross margin and stabilization of SG&A expenses.

### *Financial position*

The following table provides a summary of the Company's cash flows for H1 2019 and H1 2018:

| (In thousands of US$) | H1 2019 | H1 2018 |
|---|---|---|
| **Cash generated by operations before working capital requirements** | **10,788** | **7,564** |
| Working capital requirements | (174) | (4,369) |
| Income tax paid (received) | (1,540) | (536) |
| Purchase of equipment in cash | (5,736) | (5,823) |
| **Free Cash Flow before debt servicing** | **3,339** | **(3,164)** |
| Debt variance | (1,567) | 2,639 |
| Interests paid | (1,707) | (1,914) |
| Acquisition of treasury shares | (14) | (50) |
| **Net cash generated / (used in) financing activities** | **(3,288)** | **675** |
| **Net cash variation** | **51** | **(2,489)** |
| Foreign exchange differences | (755) | (728) |
| **Variation in cash and cash equivalents** | **(704)** | **(3,217)** |

In H1 2019, the cash generated from operations before working capital requirements amounted to US 10.8 million compared to US$ 7.6 million in H1 2018.

In H1 2019, the working capital requirement was stable. This is to be compared with a US$ (4.4) million need in H1 2018 penalized by a reduced activity in Q4 2017.

During the semester, Capex amounted to US$ 5.7 million in cash, compared to US$ 5.8 million in cash in H1 2018. The Capex mainly relates to major rigs overhauls, ancillary equipment and rods.

Free cash flow before debt servicing was US$ 3.3 million in H1 2019 compared to US$ (3.2) million in H1 2018.

As at June 30, 2019, cash and cash equivalents totaled US$ 10.4 million compared to US$ 11.1 million as at December 31, 2018. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at June 30, 2019, net debt excluding IFRS 16 implementation amounted to US$ 133.3 million (US$ 130.4 million as at December 31, 2018 and US$ 127.2 million as at June 30, 2018).

Bank guarantees as at June 30, 2019 totaled US$ 1.9 million compared to US$ 4.0 million as at December 31, 2018. The Company benefits from a confirmed contract guarantee line of € 12.7 million (US$ 14.4 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.

As part of the May 2017 debt reorganization, certain key financial covenants were set including minimum cash, leverage ratio and limitation to capital expenditure. In December 2018, a new set of covenants applicable to the year 2019 was agreed with the lenders. As at June 30, 2019, 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 2019.

### *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 the EBITDA is as follows:

| (In thousands of US$) *(unaudited)* | Q2 2019 | Q2 2018 | H1 2019 | H1 2018 |
|---|---|---|---|---|
| Operating profit / (loss)................................................ | 2,979 | 1,044 | 2,053 | (1,156) |
| Depreciation expense .................................................. | 4,320 | 4,106 | 8,645 | 8,519 |
| Non-cash employee share-based compensation .................... | 45 | 44 | 90 | 89 |
| ***EBITDA*** ................................................................ | ***7,344*** | ***5,193*** | ***10,788*** | ***7,451*** |

IFRS 16 implementation had a positive impact on H1 2019 EBITDA for an amount of US$ 544 thousand.

### *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.

### *Conference call and webcast*

On July 29, 2019, 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/2055511/F69FCAD35099EFAA1ED9F68450A1DD70

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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***Caution concerning forward-looking statements***

This document may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. These statements and information include estimates, forecasts, information and statements as to Management's expectations with respect to, among other things, the future financial or operating performance of the Company and capital and operating expenditures. Often, but not always, forward-looking statements and information can be identified by the use of words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereon or similar terminology. Forward-looking statements and information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that any such forward-looking statements and information are not guarantees and there can be no assurance that such statements and information will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated May 29, 2019, which is filed with Canadian regulators on SEDAR (www.sedar.com). The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information whether as a result of new information, future events or otherwise. All written and oral forward-looking statements and information attributable to Foraco or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.