



NEW RELEASE

FORACO INTERNATIONAL REPORTS Q2 2012

**Q2 Revenue up 36% at US\$ 106.6 million, Net Earnings up 32.7% at US\$ 11.4 million,
EPS up 31% at US\$ 11.34 cents.**

Toronto, Ontario / Marseille, France - Tuesday, August 7, 2012 - Foraco International SA (TSX:FAR) (the "Company" or "Foraco"), a leading global provider of mineral drilling services, today reported unaudited financial results for its second quarter 2012. All figures are reported in US Dollars (US\$), unless otherwise indicated.

"We are pleased to report another quarterly historical record with revenue and net earnings up 36% and 33% respectively compared to the corresponding period last year. This good performance has been delivered throughout all the regions, with the exception of Chile which was not up to Foraco standards, and led to a management change " said Daniel Simoncini, Chairman and co-CEO of Foraco. "We closed our Servitec acquisition on April 20th and have started the integration of this strategic acquisition. During the last two months the market globally has started to contract here and there, and we are monitoring the situation in order to sort the signals from the noise. Should this contraction spread, we believe Foraco offers one of the most resilient business models in the industry, and that we will continue to have many opportunities in the low part of the cycle, including acquisitions."

"Financially this has been a solid second quarter: the Company's EBITDA has risen to 24.8% of revenue, the bottom line is the second highest EPS at US 11.34 cents fully diluted for the period. During the quarter we invested US\$ 11.8 million corresponding to 6 new rigs and ancillary equipment which pushed our fleet to 290 rigs" commented Jean-Pierre Charmensat, co-CEO and Chief Financial Officer. "Our net debt at June 30th was US\$ 115.8 million including US\$ 57.2 million corresponding to the remaining 49% of the Servitec acquisition. This represents a debt to equity ratio of 0.59 and a net debt / TTM EBITDA ratio of 1.34 which gives us a high level of flexibility. We continue to focus on risk management when entering new contracts, the optimization of our production equipment through long term projects, and the proper execution of our contracts."

Three months Q2 2012 Highlights

Increased Revenue

- Q2 2012 revenue amounted to US\$ 106.6 million compared to US\$ 78.3 million in Q2 2011, an increase of 36% or US\$ 28.3 million including US\$ 14.7 million or 18.7% in organic growth.

Increased Profitability

- Q2 2012 gross profit including depreciation within cost of sales increased to US\$ 26.7 million (25.1% of revenue) compared to US\$ 18.3 million (23.4% of revenue) in Q2 2011, an increase of 46% or US\$ 8.4 million.
- Q2 2012 EBITDA amounted to US\$ 26.5 million (24.8% of revenue) compared to US\$ 19.3 million in Q2 2011 (24.6% of revenue).
- Q2 2012 net profit after tax amounted to US\$ 11.4 million (10.7% of revenue), an increase of 33% or US\$ 2.8 million compared to Q2 2011 which amounted to US\$ 8.6 million (10.9% of revenue).
- Q2 2012 earnings per share amounted to 11.50 US cents (basic) and 11.34 US cents (diluted), compared to 8.75 US cents (basic) and 8.63 US cents (diluted) in Q2 2011.

Six months Q2 2012 Highlights

Increased Revenue

- YTD Q2 2012 revenue amounted to US\$ 194.8 million compared to US\$ 143.6 million in YTD Q2 2011, an increase of 36% or US\$ 51.2 million including US\$ 40.5 million or 28.2% in organic growth.

Increased Profitability

- YTD Q2 2012 gross profit including depreciation within cost of sales increased to US\$ 47.1 million (24.2% of revenue) compared to US\$ 32.8 million (22.9% of revenue) in YTD Q2 2011, an increase of 44% or US\$ 14.3 million.
- YTD Q2 2012 EBITDA amounted to US\$ 47.8 million (24.5% of revenue) compared to US\$ 34.7 million in Q2 2011 (24.2% of revenue).
- YTD Q2 2012 net profit after tax amounted to US\$ 20.5 million (10.5% of revenue), an increase of 41% or US\$ 6.0 million compared to YTD Q2 2011 which amounted to US\$ 14.5 million (10.1% of revenue).
- YTD Q2 2012 earnings per share amounted to 23.45 US cents (basic) and 23.13 US cents (diluted), compared to 16.49 US cents (basic) and 16.27 US cents (diluted) for YTD Q2 2011.

Acquisitions of businesses

On April 20, 2012, the Company completed the acquisition of a 51% shareholding in WFS Sondagem S.A. ("Servitec"), a Brazilian drilling service provider, for an amount of US\$ 44.2 million through a combination of US\$ 20.1 million in cash and 4,816,509 Foraco shares at US\$ 4.99 each representing US\$ 24.0 million. As part of this agreement, the Company has an option to acquire, and the current shareholders of Servitec have an option to sell, the remaining 49% after three years. The corresponding purchase consideration will depend upon a formula based on the average 2012, 2013 and 2014 EBITDA of Servitec and on the net cash as at December 31, 2014. The maximum amount payable for this tranche is capped at US\$ 75 million. As at August 7, 2012, the best estimate of the cash consideration payable is US\$ 61.1 million (a present value of US\$ 57.2 million reported as the consideration payable in the balance sheet as at June 30, 2012).

Servitec has been consolidated into Foraco financial statements since April 20, 2012. The financial statements as at June 30, 2012 include two months of Servitec activity.

Selected Financial data

(In thousands of US\$) (unaudited)	Three-month period ended June 30,		Six-month period ended June 30,	
	2012	2011	2012	2011
Revenue	106,605	78,256	194,768	143,589
Gross profit (1)	26,735	18,321	47,117	32,842
<i>As a percentage of sales</i>	25.1%	23.4%	24.2%	22.9%
EBITDA	26,461	19,274	47,792	34,731
<i>As a percentage of sales</i>	24.8%	24.6%	24.5%	24.2%
Operating profit	17,209	11,796	30,050	20,401
<i>As a percentage of sales</i>	16.1%	15.1%	15.4%	14.2%
Profit for the period	11,365	8,567	20,466	14,511
EPS (in US cents)				
Basic	11.50	8.75	23.45	16.49
Diluted	11.34	8.63	23.13	16.27

(1) includes amortization and depreciation expenses related to operations

Financial results

(In thousands of US\$) (unaudited)	<u>Q2 2012</u>	<u>% change</u>	<u>Q2 2011</u>	<u>YTD Q2 2012</u>	<u>% change</u>	<u>YTD Q2 2011</u>
Revenue						
<i>Reporting segment</i>						
Mining	104,540	41%	74,324	187,568	40%	134,069
Water	2,065	-47%	3,932	7,200	-24%	9,520
Total revenue	<u>106,605</u>	<u>36%</u>	<u>78,256</u>	<u>194,768</u>	<u>36%</u>	<u>143,589</u>
<i>Geographic region</i>						
South America	53,025	73%	30,655	90,322	60%	56,370
Africa	19,709	7%	18,403	43,153	22%	35,338
North America	15,775	26%	12,553	32,224	19%	27,176
Asia Pacific	8,003	7%	7,456	17,083	26%	13,567
Europe	10,094	10%	9,189	11,985	8%	11,139
Total revenue	<u>106,605</u>	<u>36%</u>	<u>78,256</u>	<u>194,768</u>	<u>36%</u>	<u>143,589</u>

Q2 2012

Q2 2012 revenue amounted to US\$ 106.6 million, an increase of 36% or US\$ 28 million compared to Q2 2011. The Mining segment, up US\$ 30.2 million, is driven by the contribution of all geographic areas. In South America the variation includes the integration of Servitec since April 20, 2012.

The Water segment decreased to US\$ 2.1 million in Q2 2012 compared to US\$ 3.9 million in Q2 2011. Activities in this segment are principally carried out in Africa.

Revenue in South America amounted to US\$ 53.0 million in Q2 2012 (US\$ 30.7 million in Q2 2011) an increase of 73%. This was mainly generated by the acquisition of Servitec and long-term contracts with major companies in the region.

In Africa, the Q2 2012 revenue increased by 7% or US\$ 1.3 million compared to Q2 2011. This is mainly due to the expansion of mining operations in West Africa.

Revenue in North America increased by 26%, from US\$ 12.6 million in Q2 2011 to US\$ 15.8 million in Q2 2012. This increase is realized through long term contracts with major companies.

In Asia-Pacific, Q2 2012 revenue amounted to US\$ 8.0 million, an increase of 7% or US\$ 0.5 million compared to Q2 2011. In Australia, one additional reverse circulation rig will be delivered in Q3 2012.

Revenue in Europe (Russia) increased by US\$ 0.9 million. An additional rig is operating compared to Q2 2011.

Six months YTD Q2 2012

YTD Q2 2012 revenue amounted to US\$ 194.8 million, an increase of 36% or US\$ 51.2 million compared to YTD Q2 2011.

The Mining segment, up US\$ 53.5 million, is driven by the contribution of all geographic areas. In South America, the variation includes the consolidation of Servitec since April 20, 2012 which contributed US\$ 13.8 million to revenue.

The Water segment decreased to US\$ 7.2 million in YTD Q2 2012 compared to US\$ 9.5 million in YTD Q2 2011. Activities in this segment are principally carried out in Africa. Offsetting the decline in traditional water drilling services has been the significant growth in mining related water projects.

Revenue in South America amounted to US\$ 90.3 million in YTD Q2 2012 (US\$ 56.4 million in YTD Q2 2011) an increase of 60%. This was mainly generated by the acquisition of Servitec and long-term contracts with major companies in the region.

In Africa, the YTD Q2 2012 revenue increased by 22% or US\$ 7.8 million compared to YTD Q2 2011. This is mainly due to the expansion of mining operations in West Africa.

Revenue in North America increased by 19%, from US\$ 27.2 million in YTD Q2 2011 to US\$ 32.2 million in YTD Q2 2012. This increase is realized through long term contracts with major companies.

In Asia-Pacific, YTD Q2 2012 revenue amounted to US\$ 17.1 million, an increase of 26% or US\$ 3.5 million compared to YTD Q2 2011. In Australia, two new reverse circulation rigs started operating in Q3 2011 and one additional rig is expected in Q3 2012.

Revenue in Europe increased from US\$ 11.1 million to US\$ 12.0 million. An additional rig is operating in Russia compared to the same period a year ago.

Gross Profit

(In thousands of US\$) (unaudited)	<u>Q2 2012</u>	<u>% change</u>	<u>Q2 2011</u>	<u>YTD Q2 2012</u>	<u>% change</u>	<u>YTD Q2 2011</u>
Gross profit						
<i>Reporting segment</i>						
Mining.....	26,218	48%	17,660	45,026	47%	30,695
Water	517	-28%	661	2,091	-3%	2,147
Total gross profit	<u>26,735</u>	<u>46%</u>	<u>18,321</u>	<u>47,117</u>	<u>43%</u>	<u>32,842</u>

Q2 2012

Overall, Q2 2012 gross profit amounted to US\$ 26.7 million (or 25.1% of revenue), an increase of US\$ 8.4 million or 46% compared to Q2 2011 (US\$ 18.3 million or 23.4% of revenue).

The mining segment gross profit as a percentage of revenue increased to 25.1% in Q2 2012 from 23.8% in Q2 2011, and the water segment gross profit margins increased to 25.0% in Q2 2012 from 16.8% in Q2 2011. Focus on integration of new business, risk management when entering new contracts, optimization of production equipment through long-term contracts, and the proper execution of contracts are key contributors to margin growth.

6 months YTD Q2 2012

Overall, YTD Q2 2012 gross profit amounted to US\$ 47.1 million (or 24.2% of revenue), an increase of US\$ 14.3 million or 44% compared to YTD Q2 2011 (US\$ 32.8 million or 22.9% of revenue).

The mining segment gross profit as a percentage of revenue improved to 24.0% in YTD Q2 2012 from 22.9% in YTD Q2 2011, and the water segment gross profit margins increased to 29% in YTD Q2 2012 from 22.6% in YTD Q2 2011.

Selling, General and Administrative Expenses

(In thousands of US\$) (unaudited)	<u>Q2 2012</u>	<u>% change</u>	<u>Q2 2011</u>	<u>YTD Q2 2012</u>	<u>% change</u>	<u>YTD Q2 2011</u>
Selling, general and administrative expenses	9,526	46%	6,525	17,067	37%	12,441
<i>As a percentage of revenue</i>	<i>8.9%</i>		<i>8.3%</i>	<i>8.8%</i>		<i>8.7%</i>

Q2 2012

During the quarter, SG&A expenses were impacted by the integration of the Servitec SG&A, the one-off costs related to the acquisition of Servitec (US\$ 0.7 million) and costs associated with the reinforcement of the corporate structure.

6 months YTD Q2 2012

During the period, SG&A expenses were impacted by the integration of Servitec and the one-off transaction costs related to the acquisition amounting to US\$ 1.0 million and costs associated with the reinforcement of the corporate structure. SG&A are stable as a percentage of revenue.

Operating profit

(In thousands of US\$) (unaudited)	<u>Q2 2012</u>	<u>% change</u>	<u>Q2 2011</u>	<u>YTD Q2 2012</u>	<u>% change</u>	<u>YTD Q2 2011</u>
Operating profit						
<u>Reporting segment</u>						
Mining	16,877	47%	11,463	28,787	50%	19,088
Water	<u>332</u>	<u>0%</u>	<u>333</u>	<u>1,463</u>	<u>11%</u>	<u>1,313</u>
Total operating profit	<u>17,209</u>	<u>46%</u>	<u>11,796</u>	<u>30,050</u>	<u>47%</u>	<u>20,401</u>

Q2 2012

Operating profit increased to US\$ 17.2 million (or 16.1% of revenue) in Q2 2012 compared to US\$ 11.8 million (or 15.1% of revenue) in Q2 2011. This increase of US\$ 5.4 million is primarily due to the growth in revenue and the increasing level of gross margin.

6 months YTD 2 2012

Operating profit increased to US\$ 30.1 million (or 15.4% of revenue) in YTD Q2 2012 compared to US\$ 20.4 million (or 14.2% of revenue) in YTD Q2 2011. This increase of US\$ 9.6 million is primarily due to the growth in revenue and the increasing level of gross margin.

Currency and exchange rates

The exchange rates for the periods under review are provided in the Management's Discussion and Analysis of Q2 2012.

Outlook

The Company's business strategy is to continue to grow through the development and optimization of the services it offers across geographical regions and industry segments, as well as through the expansion of its customer base. Foraco expects to continue to execute its strategy through a combination of organic growth and development and acquisitions of complementary businesses in the drilling services industry.

Conference call and webcast

On August 7, 2012, Company Management will conduct a conference call at 9:00 am ET to review the financial results. The call will be hosted by Daniel Simoncini, Chairman and CEO, and Jean-Pierre Charmensat, Vice-CEO and CFO.

You can join the call by dialing 1-888-231-8191 or 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://www.newswire.ca/en/webcast/detail/1013283/1094873> or on our website.

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 [2349](#) countries across five continents. For more information about Foraco, visit www.foraco.com.

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