

Investor Presentation

November 2023



TSX: FAR



FORACO.COM

Project exploration, Australia

Company overview



Deep coring rigs, Labrador

Foraco is a global leader in mineral and water drilling services


At a glance

- **Third largest** drilling services contractor worldwide by number of drills
- Leader in ground **water drilling** and monitoring
- **Global presence**, operating across all mining regions including Canada, Australia, Chile, Brazil, West Africa and CIS
- Around **3,000** employees and **302** rigs
- Customer base includes Vale, Rio Tinto, Glencore, Teck and BHP among others

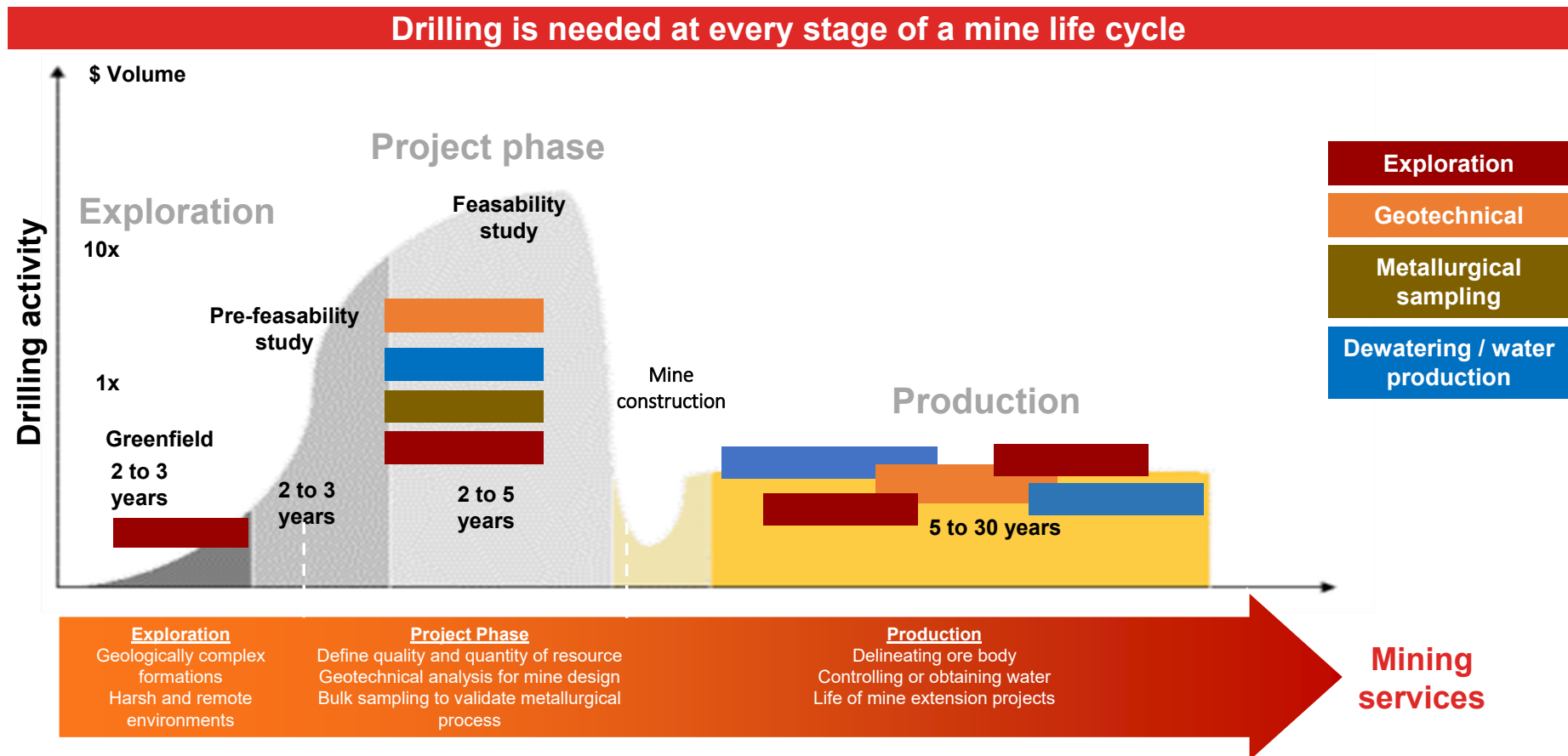
Capital markets profile

- Shares outstanding: **99.3m**
- Corporate headquarters: **Marseille, France**
- Exchange / ticker: **TSX / FAR**
- Share price (10/31/2023): **C\$1.80**
- Market capitalization: **C\$180m**
- 52 week high/low: **C\$2.00 / C\$1.15**

Key investment highlights

- 
- 1 Leading specialized driller, providing innovative solutions to clients' complex challenges over our 60+ year history
 - 2 Well diversified and balanced business mix across geographies, commodities and customers
 - 3 Capitalizing on fast-growing battery metals sector, while exposure to gold and other metals mitigates risk of a cyclical downturn in any single commodity
 - 4 Strong customer base mostly with long-term contracts comprised primarily of Tier 1 mining companies (85% of total)
 - 5 Demonstrated financial and operational top performances (TTM Q3 23 CAGR for Revenue: 17% & 37% for EBITDA)
 - 6 Unique product offering in water-related services providing strong organic growth and margins
 - 7 Focus on safety culture (LTIFR of 0.07 in 2022) and innovation is at the core to Foraco's operational excellence
 - 8 Experienced management team with strong shareholder alignment

Foraco provides drilling solutions across the mining markets



Source: Management

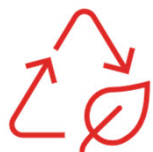
ESG report summary



Follow SASB Sustainability Accounting Standards: Metals and Mining 2018-2010



Foraco has collective bargaining agreements covering 56% of its workforce in complement of labor laws



2022 current impact (YoY %):

- CO2 emission: 59,396 TCO2 (-6%)
- Water consumption: 887,990 m3 (-18%)
- Energy: 844,019 Gj (-10%)



Foraco has a strong safety at work policy and systems in place:

- 2 LTI in 2022 (+2)
- TRIFR of 1.31 (-22%) for 5,800,574 hours reported (+9%)



Foraco does not work in war zones and has developed a systematic cooperation approach with natives or local community groups wherever possible



Foraco has a strong business ethics policy and procedures that are compliant with Europe's most stringent anti-corruption rules like Sapin 2 law and OECD rules

- No whistleblow in 2022

Market fundamentals: pointing to sustained growth



Deep coring, South Australia

Mineral drilling traditionally driven by metal prices, supply/demand

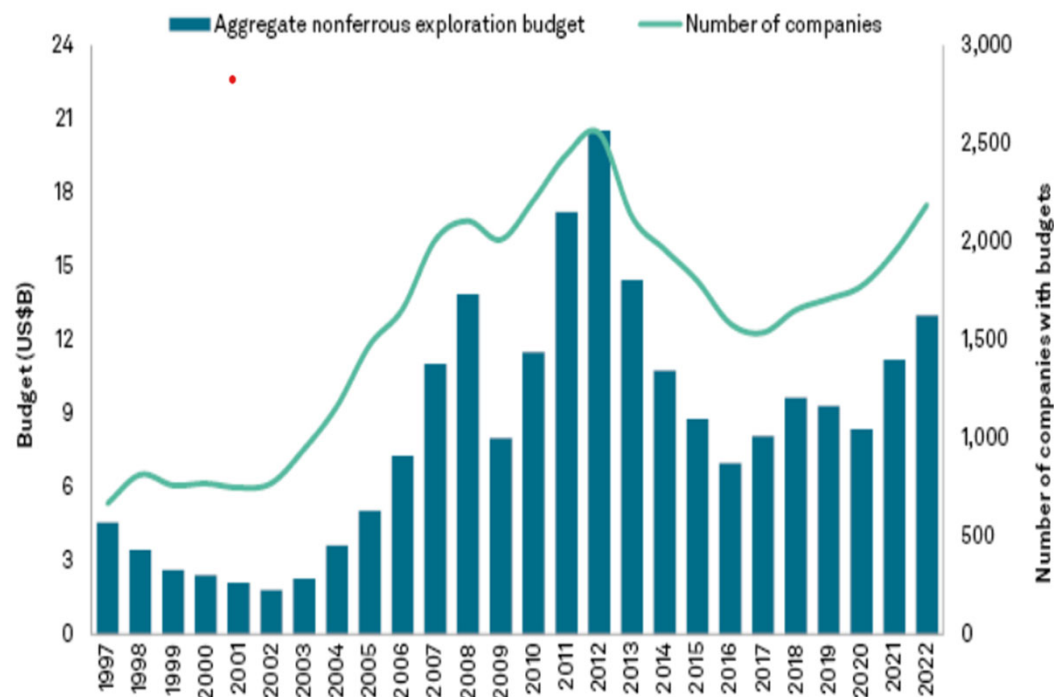
- **EV metals** (Copper, Nickel, Cobalt and Rare Earths) **under significant tension although prices are fluctuating**
- Large Cap **gold reserves decreased 35%** since 2012
- **Iron ore prices are still largely above long-term average**
- **Tier 1 clients** such as Vale, Rio Tinto, Teck, BHP, and others **are maintaining strong drilling activity in 2023**
- Increasing signs point **to inevitable squeeze in certain metals** such as Copper or Nickel
- **Decreasing grades** in most world class mines

- **Only a fraction** (50%) of drilling activity is reported as such, generally as “Exploration”, the rest being buried in production or projects expenses
- Market is split between
 - **Juniors activity (mostly exploration and projects)** who depend on financial markets to finance their activities and
 - Tier 1 and 2 (producers) who depend on metals prices: **exploration, projects and production**
- These two compartments are having their own dynamics and **are not necessarily synchronized**

Conditions continue to align for a sustained up cycle in mining

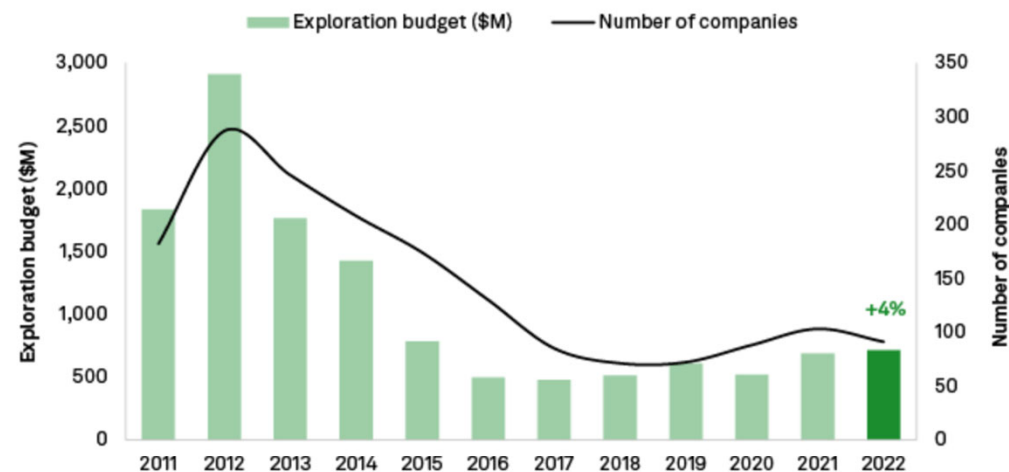
Exploration segment is well documented

Annual nonferrous exploration budgets, 1997-2022

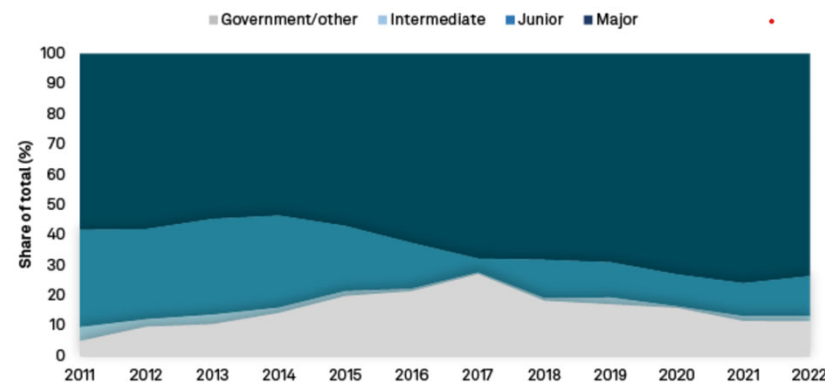


Data as of Sep. 26, 2022.
Source: S&P Global Market Intelligence.
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Iron ore exploration budgets, 2011-2022 (\$M)



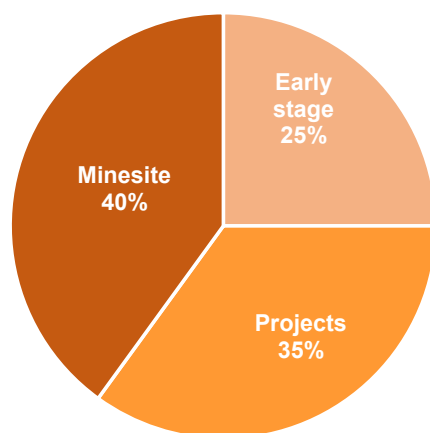
Iron ore exploration budget share by company type, 2011-2022 (%)



Data as of Jan. 30, 2023.
Source: S&P Global Market Intelligence.
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Market for global drilling services is more difficult to estimate: we believe it's 140 to 170% of reported "exploration expenditures"

2022 reported drilling expenses (13 B\$)
(Up 16% YoY)

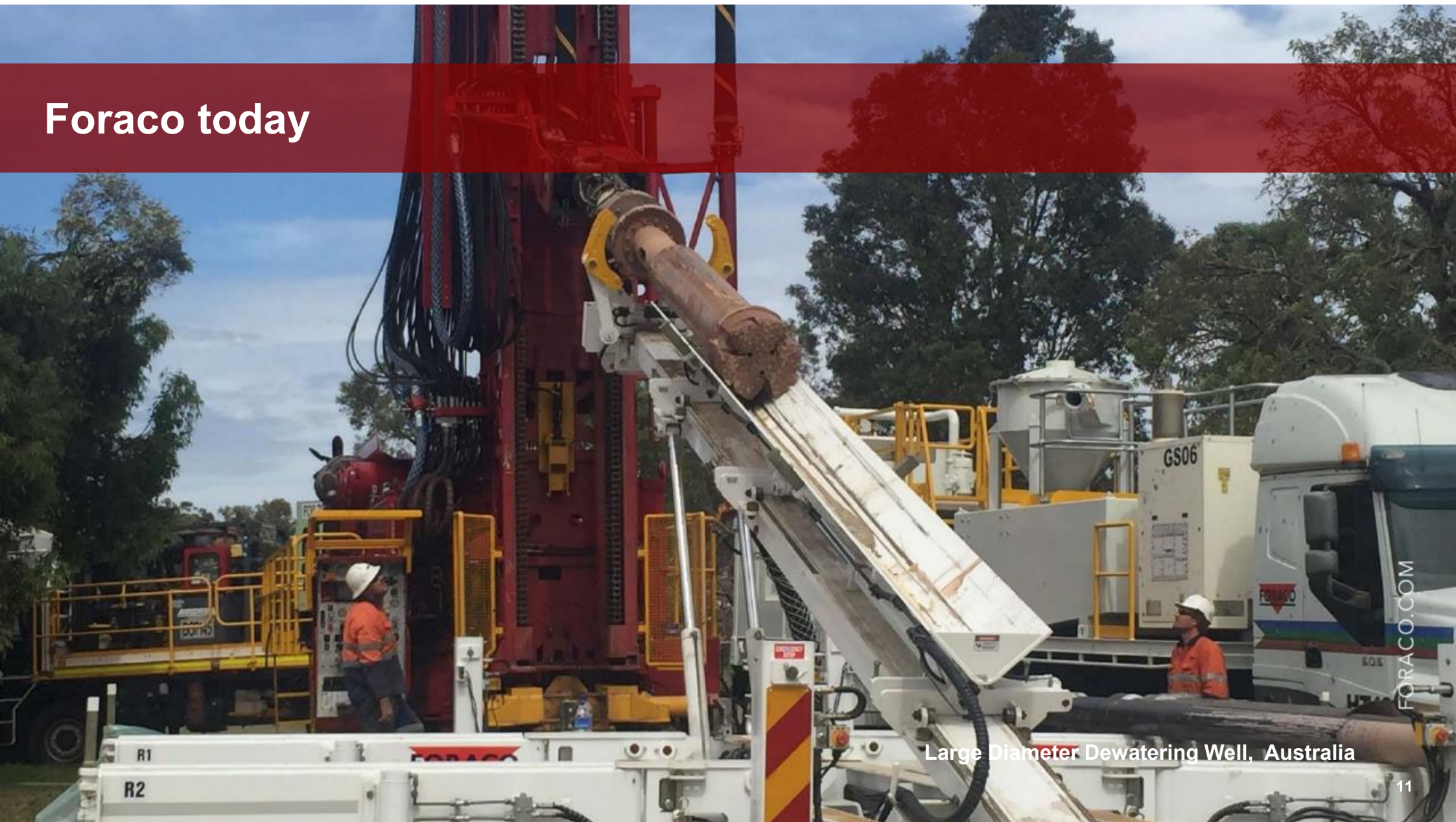


+

**Production
related and water
drilling**

= 18 to 22 B\$ in 2022

Foraco today

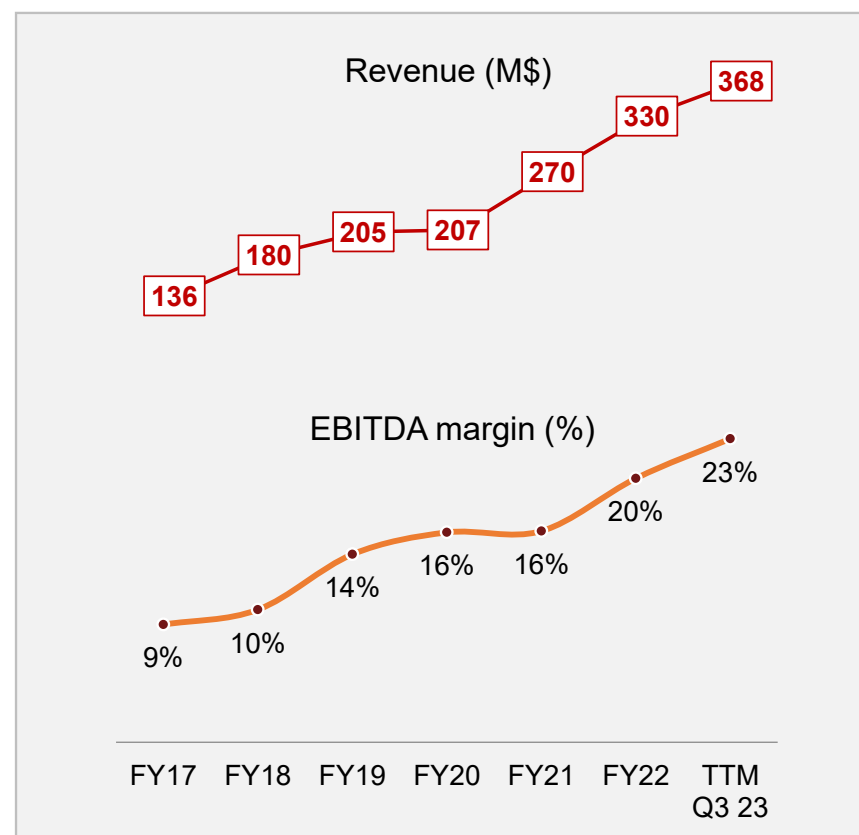


Large Diameter Dewatering Well, Australia

Foraco today is stronger thanks to the deep turnaround that commenced in 2017

Organic growth and profitability restoration drove revenue to \$368M and EBITDA to \$85M in TTM Q3 2023

- ✓ Adjusted footprint marginally to focus fleet on most stable jurisdictions
- ✓ **Regained pricing power to offset inflation**
- ✓ Focus on high tech or client critical contracts
- ✓ **Successfully signed significant multi-years contracts with long-term Tier 1 customers**
- ✓ Renewed most of our long-term contracts since 2022
- ✓ Deployed efficient HR policy to attract, retain and develop young professionals
- ✓ Deployed directional deep coring services in Canada, Brazil and Australia
- ✓ **Successfully recapitalized and improved financial flexibility with extended debt maturities**



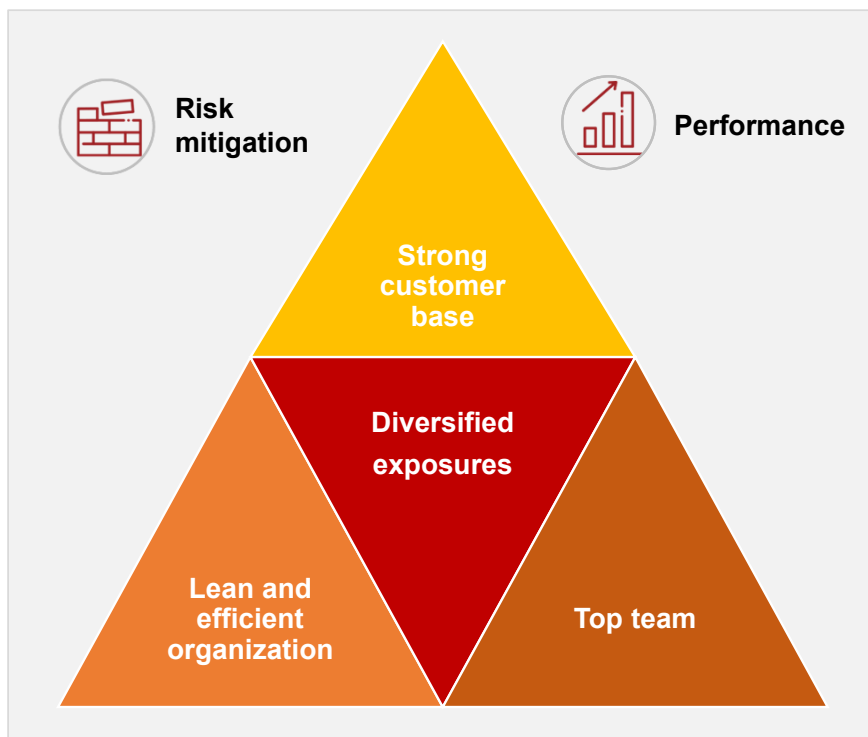
Foraco's strategy

De-risk most dimensions of business to deliver superior and sustained performance

Resilient business model

Highly adaptive

Foraco's outperformance

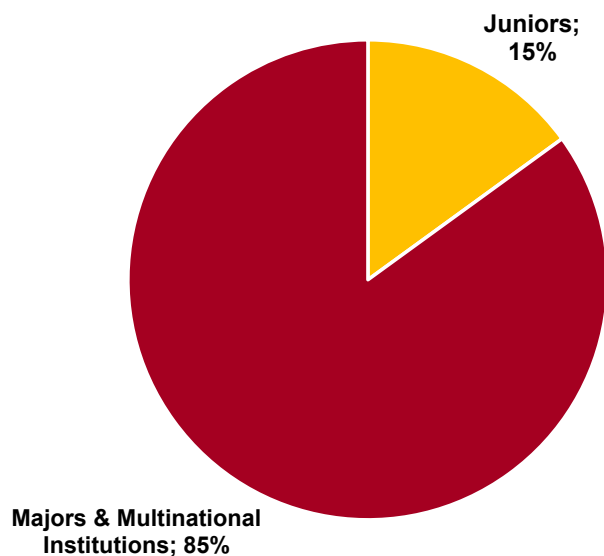


- ✓ Target the most demanding and sustainable client base: Tier 1 (Majors)
- ✓ Diversify all exposures to de-risk the business model: jurisdictions, customers, commodities, type of services and mine cycle
- ✓ Recruit, train, empower and develop an excellent, international management team
- ✓ Adopt the leanest and most efficient organization: decentralization of operational decisions with razor sharp jobs financial monitoring, centralized commercial monitoring and assets allocation.
- ✓ Strive to be promote safe and collaborative environment

Strong and consolidated Tier 1 customer base

Longer term contracts, higher barriers of entry and less volatility in activity than when dealing with other Tiers

Revenue by Tier
(FY 2022)

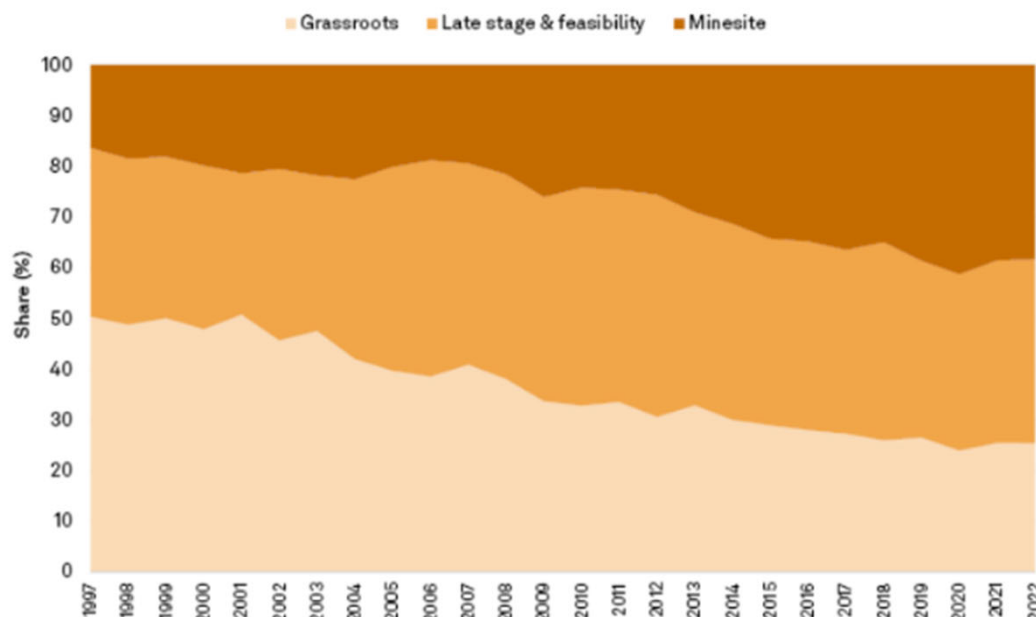


Primary customers

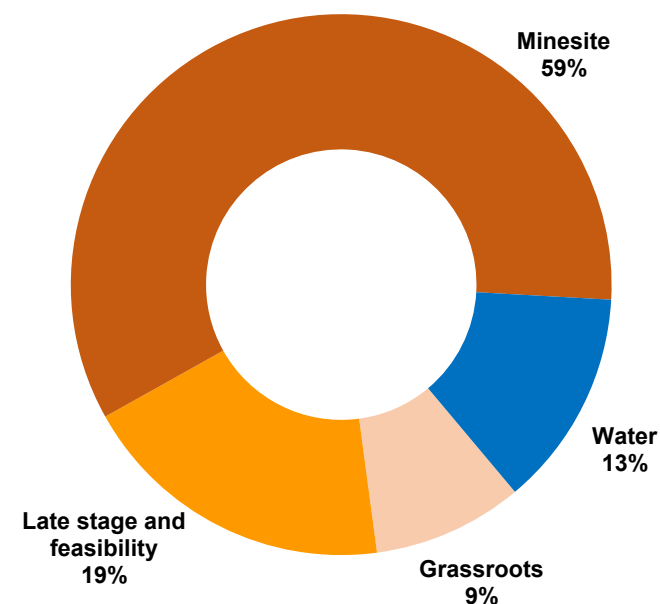


Foraco has built a significant position in the most resilient part of the mine cycle away from exploration

Share of global budget by stage
(1997-2022)¹



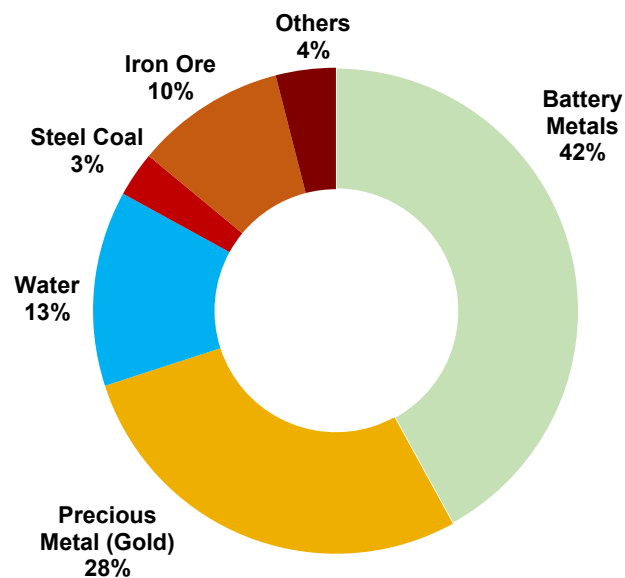
Foraco revenue by mine cycle
(FY 2022)



Sources: SP Global Markets Intelligence
Notes: (1) As of Sep. 26, 2022

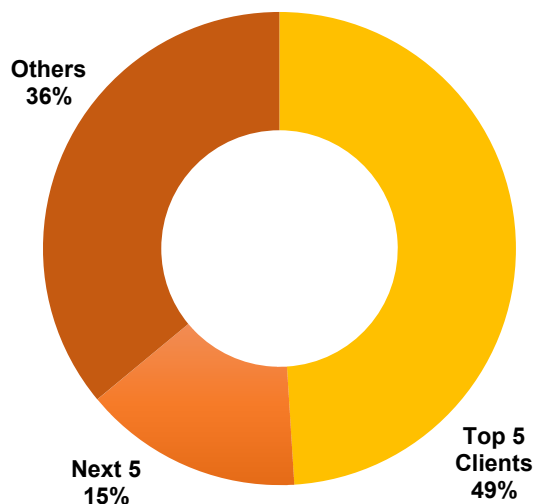
Diversified exposure: Increased resilience to cycles

Revenue by commodities
(FY 2022)



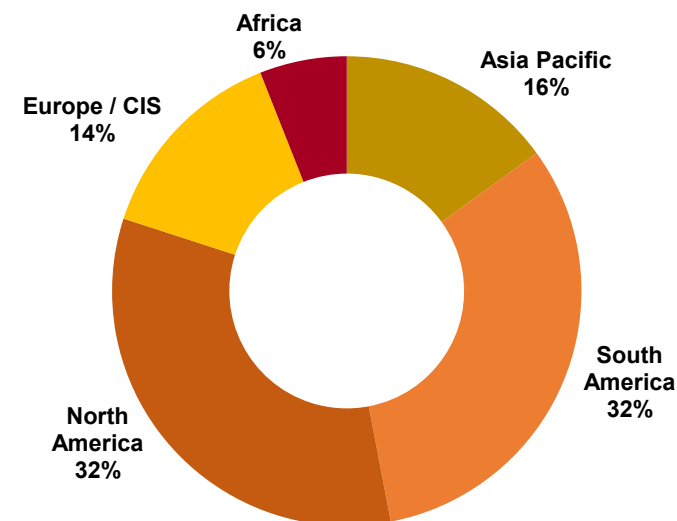
Broad spread of commodity exposure
with no dependence on any one resource

Top customers
(FY 2022)



Top 10 customers
account for 64% of revenue

Revenue by geography
(FY 2022)



Geographical exposure is
diversified mostly in stable jurisdictions

Foraco's ingredients for success



An experienced, international workforce retained by a fair, progressive and efficient HR policy



Sustainable long-term contracts



Long-term employment opportunities



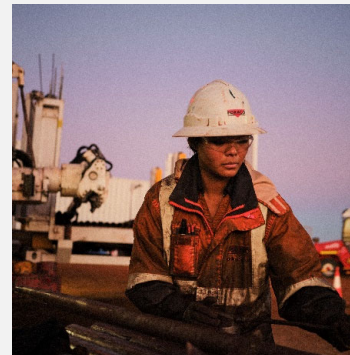
Leading class HSEC (Health, Safety, Environment and Community) and productivity



Investment in skills and knowledge



Long-term financial incentives for executives



Engaged and empowered employees

A versatile drill fleet in constant evolution

302 Drill rigs

62 Rotary & RC

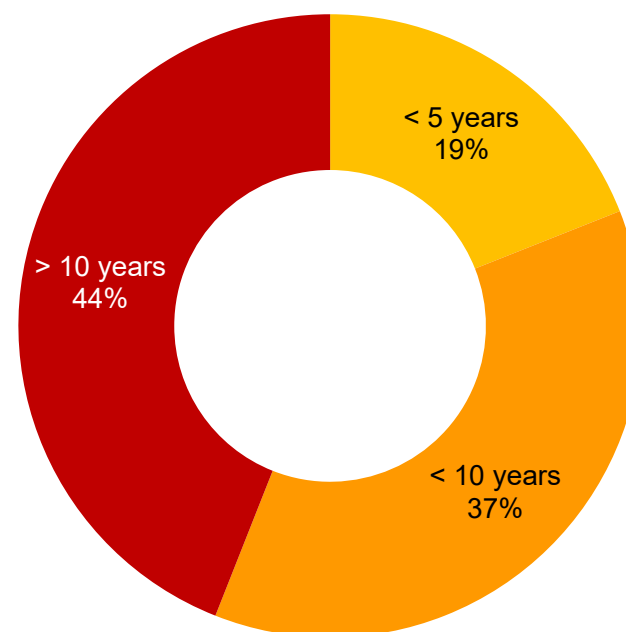
190 Diamond

18 Combination

32 Underground

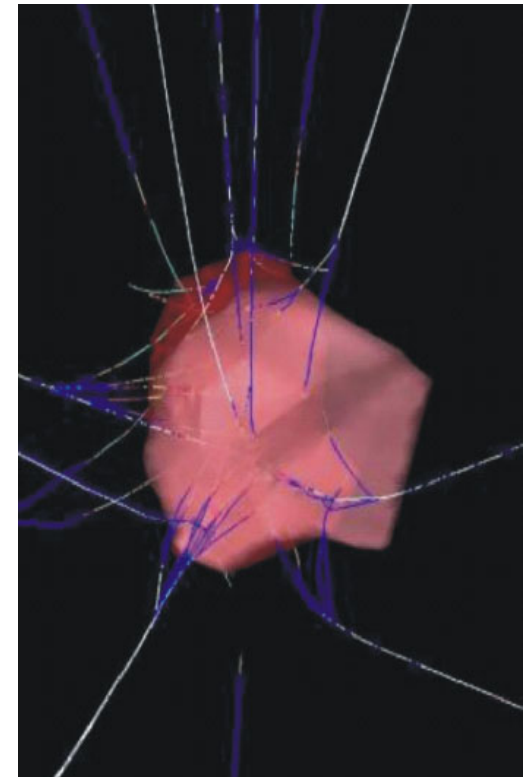
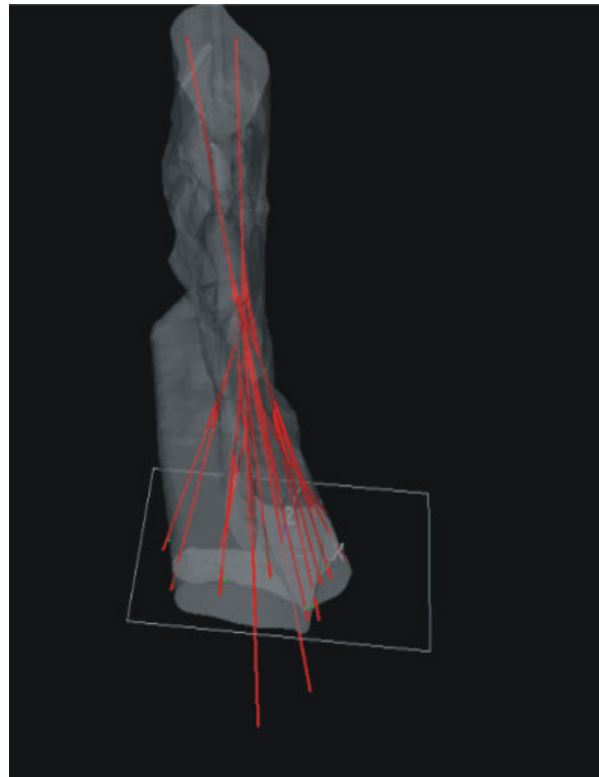
- 50 new rigs were added to the fleet since 2017
- All rigs purchased on the back of long-term contracts
- FAR invests approx. 8% of its revenue in capex
- Current market value of equipment estimated at US\$150M
- Replacement value of a rig is between US\$0.5M and US\$2.5M
- New rig has an operational life of 15 to 20 years
- A rig can be rebuilt every 10 years, regaining another decade of market life

Global Foraco Drill Rig Fleet



Deep directional coring drilling lead

- Techniques and tools which allow 3D drill steering through hard rock in order to follow a preset 3D trajectory
- Without directional drilling, the hole geometry is dictated by the geological natural conditions
- FAR setup a JV with the developers of the Continuous Wedging Tool (CWT) to market and operate their tool in North America, Brazil and West Africa
- The CWT complements Foraco's existing deep directional drilling expertise
- Customer benefits: significant financial savings together with the best geo data



Innovation as one of our founding values

- Pioneered first wireless remote RC rig with fully featured Measure While Drilling (MWD)
- Awarded DMIRS Engineering Award of Merit
- In 2019, introduced next generation of remote RC (functional isolation / electronic exclusion zones)
- New generation of water well specialized rig – roll out in early-2023
- **We aim to reduce drill time and enhance crew safety**



Recognized leadership in water well drilling

- Technical leadership in large diameter flooded reverse technique
- Front runner in drilling groundwater in situ treatment wells (Selenium)
- More than 42,000 of drinking water wells drilled in West Africa
- Expertise in rural zone water supply
- Extension of water drilling technique to solution mining (Lithium, Magnesium)



Forward strategy



Remotely operated rig Pilbara,
Australia

Foraco's ingredients for success



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A versatile drill fleet in constant evolution

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302 Drill rigs

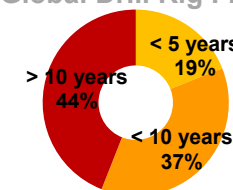
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Global Drill Rig Fleet



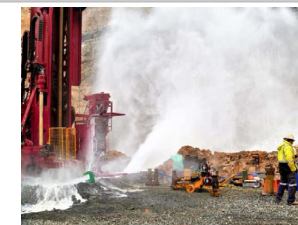
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Recognized leadership in water well drilling

- **Technical leadership in large diameter flooded reverse technique**
- **Expertise in rural zone water supply**
- **Extension of water drilling technique to solution mining** (Lithium, Magnesium)



Positioned for growth



Take advantage of our strengths

- Deploy specific and innovative techniques in additional regions
- Growth within Tier 1 clients
- Long-term contracts
- Increased exposure to EV metals
- Reinforce leadership in groundwater management

The path forward



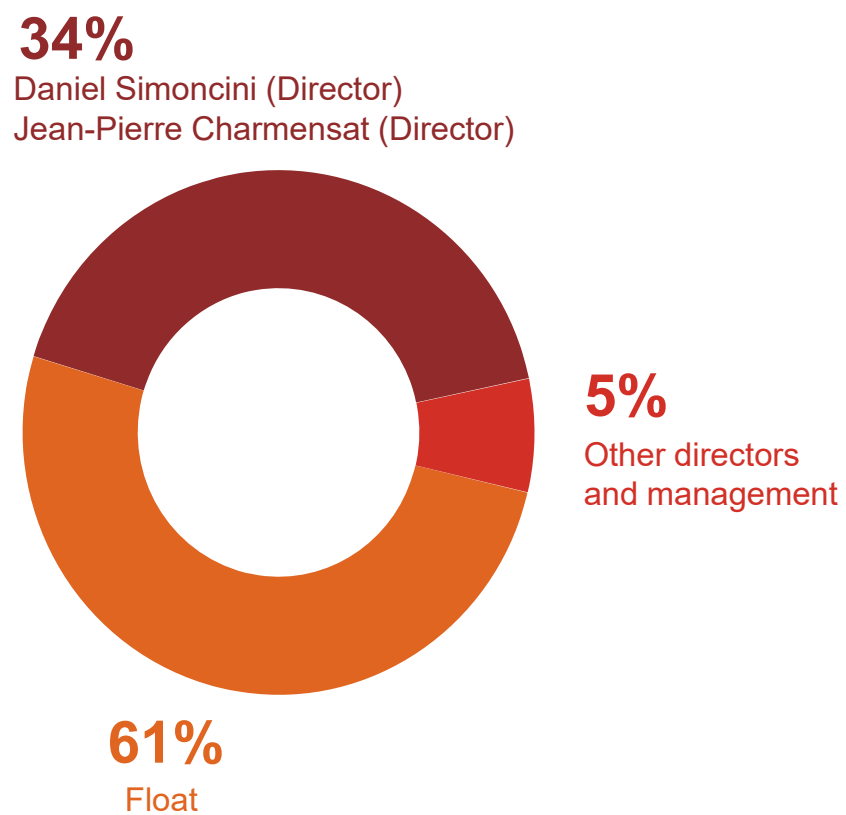
Strengthen balance sheet

- Generate significant cash flows on the back of solid economic activity
- Continue to deleverage the balance sheet (0.9x Q32023 Net debt to EBITDA)
- Review our capital allocation
- Prepare for probable metals shortage consequences

Appendix



Shareholding structure



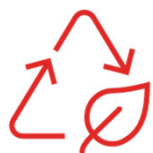
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Historical performance

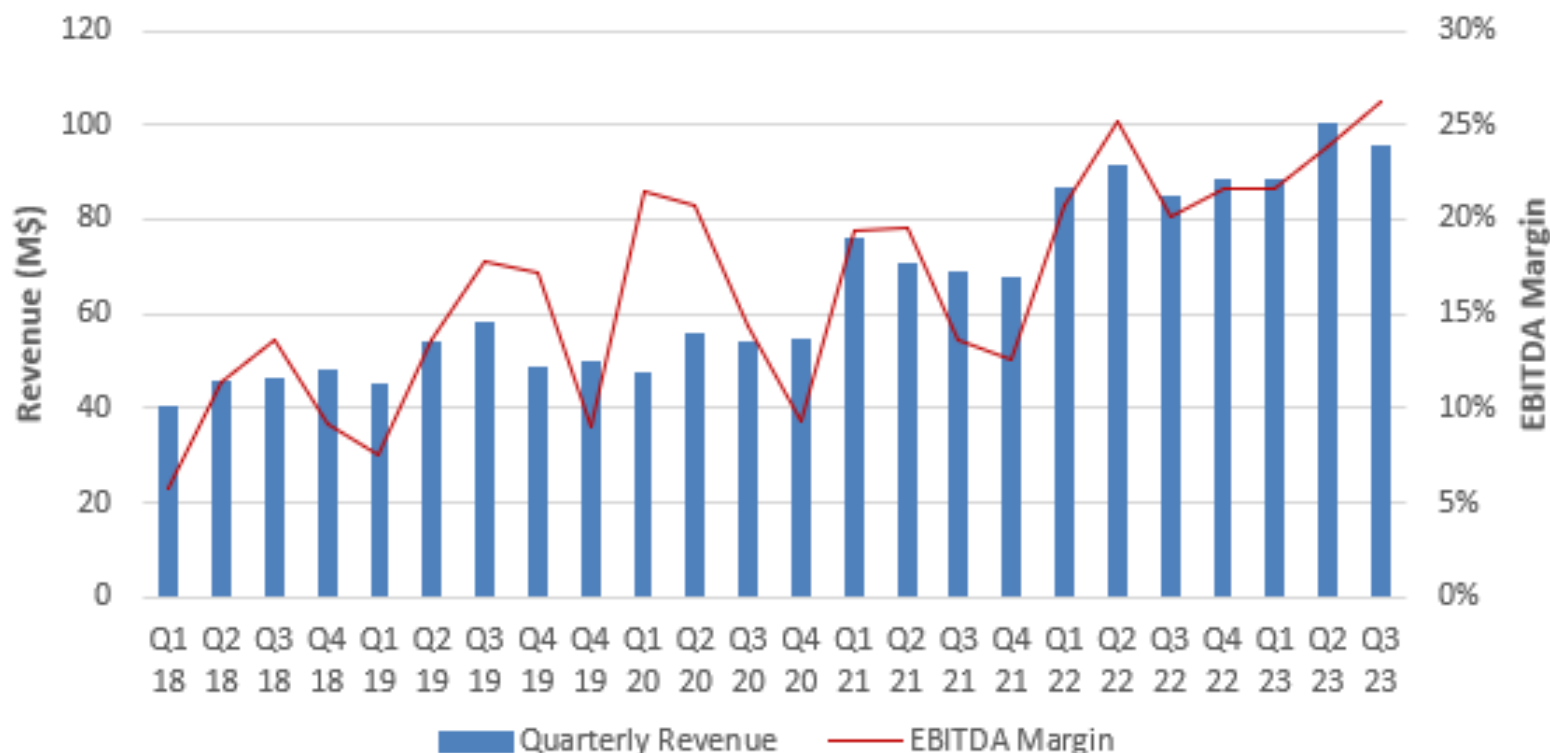
In US\$m, FYE 31/12	2018A	2019A	2020A	2021A	2022A	CAGR 18A-22A	2023 Q3 TTM
INCOME STATEMENT							
Revenues	180.0	205.4	207.1	269.7	330.6	12.9%	368.4
% Growth	32.6%	14.1%	0.8%	30.2%	22.6%		17.1%
Gross Profit	21.9	21.1	38.2	46.8	71.3	26.6%	92.4
% Margin	12.2%	10.3%	18.4%	17.4%	21.6%		25.1%
EBITDA	18.1	29.3	34.1	43.0	66.5	29.7%	85.1
% EBITDA	10.1%	14.3%	16.5%	15.9%	20.1%		23.1%
EBIT	1.1	11.0	17.2	24.1	46.4	n.m	65.2
% EBIT	0.6%	5.4%	8.3%	8.9%	14.0%		17.7%
CASH FLOW STATEMENTS							
EBITDA	18.1	29.3	34.1	43.0	66.5	29.7%	85.1
Var. of Working Capital	(6.8)	(0.6)	3.3	(4.0)	(9.7)		(14.2)
Other	0.1	0.0	(6.9)	(10.0)	(19.4)		(26.6)
Cash from operations	11.4	28.7	30.5	29.0	37.4		44.3
Capex	(12.7)	(12.5)	(13.3)	(18.6)	(20.0)		(26.7)
Free Cash Flow (pre interests and taxes)	(1.3)	16.2	17.2	10.4	17.4		17.6
Rigs	302	302	302	302	302		302
Employees	1,882	1,946	2,109	2,891	2,789	8.2%	2,850

Source: Management

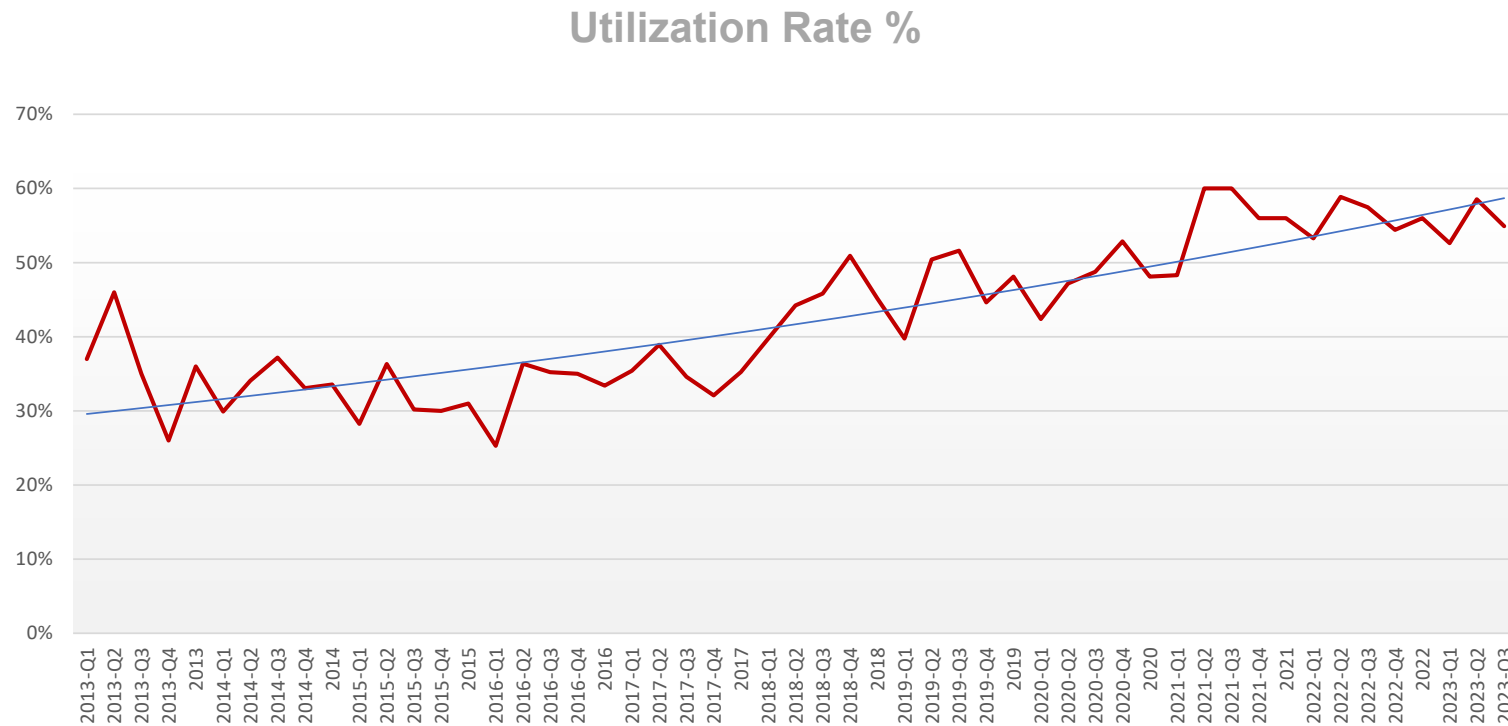
Notes: (1) Includes amortization and depreciation expenses related to operations

6 Years of quarterly revenue and EBITDA margin

With volume and LT contracts, seasonality tends to be reduced



Since 2016, bottom out fleet gained 20% in booking



Source: Management

Revenue generation



Characteristics

- **Duration of the contracts range between 1 and 3 years**
- **Invoicing is based on work performed and issued monthly**
- **Contracts are based on (i) meterage and price per meter (ii) hourly rate for client time**



Monitoring

- **Tender procedures follow a rigorous process**
- **Management considers that monitoring of contracts is key and implemented a strong financial reporting system**
- **Monitoring the profitability of all its contracts is performed on a monthly basis**



Risks

- **The Company is a pure player in the domain of drilling and does not perform the diagnostic and analysis of the geotechnical samples which it extracts**
 - This role is performed by the clients, thus, **limiting the risk of litigation**
- **There is a no history of claims**
- **Contracts are signed by local entities and are denominated in local currencies**
 - Local costs are mainly in the same currency as the contract



TSX: FAR

**For more information
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Heli Air Core Drilling, New Caledonia

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Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, the assumptions made in connection with the preparation of the pro forma financial statements. Although our management believes that the assumptions made and the expectations represented by such statement or information are reasonable, there can be no assurance that a forward-looking statement or information referenced herein will prove to be accurate.

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