FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month period ended March 31, 2025

FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") relates to the results of operations, liquidity, and capital resources of Foraco International S.A. ("Foraco" or the "Company"). This report has been prepared by Management and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2025, including the notes thereto. These quarterly unaudited interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Following the decision taken by the Accounting Standards Board, IFRS became the accounting standards for all issuers in Canada on January 1, 2011. The Company adopted IFRS and made an explicit and unreserved statement that its consolidated financial statements comply with IFRS in 2004.

Except as otherwise stated in Note 2 to the unaudited interim condensed consolidated financial statements, these quarterly unaudited condensed interim consolidated financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2024. Except when otherwise stated, all amounts presented in this MD&A are denominated in US Dollars ("US$"). The discussion and analysis within this MD&A are as at April 29, 2025.

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 using words such as "may", "will", "should", "plans", "expects", "intends", "anticipates", "believes", "budget", and "scheduled" or the negative thereof or variations thereof 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 March 2, 2025, which is filed with the 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.

This MD&A is presented in the following sections:

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Business Overview

Headquartered in Lunel, France, Foraco is a global provider of drilling services, maintaining a presence in 17 countries across five continents. As of March 31, 2025, the company had close to 1,950 employees and had a fleet of 265 drill rigs worldwide, offering a broad range of drilling services to its clients. The Company has developed and acquired significant expertise including proprietary drill rig design capabilities. Its global operations cater to a variety of industries, with an emphasis on long-term valuable commodities and water.

Foraco's strategy involves assisting its clients in exploring or managing their deposits throughout the entire life cycle, with particular emphasis on activities extending the lifespan of mines. The Company plans to persist in expanding its services worldwide, prioritizing stable jurisdictions, high-tech drilling services, and an optimal mix of commodities, including battery metals and gold. Foraco maintains a substantial presence in water-related drilling services. It is also gradually implementing advanced digital applications. The company anticipates achieving its strategic goals primarily through organic growth and targeted acquisitions.

Foraco is attentive to environmental, social, and governance (ESG) requirements. It has implemented a pragmatic and measurable approach to ESG, using quantitative KPIs to ensure maximum improvements and efficiencies.

Interim Consolidated Financial Highlights

Income Statement

(In thousands of US$) *(unaudited)*	Three-month period ended March 31, 2025	2024
Revenue	**55,010**	**77,089**
Gross profit (1)	**7,729**	**16,812**
As a percentage of sales	*14.1%*	*21.8%*
EBITDA	**7,027**	**17,574**
As a percentage of sales	*12.8%*	*22.8%*
Operating profit	**2,894**	**12,624**
As a percentage of sales	*5.3%*	*16.4%*
Net profit for the period	**1,027**	**8,464**
Attributable to:		
Equity holders of the Company	1,544	8,846
Non-controlling interests	(517)	(382)
EPS (in US cents)		
Basic	1.57	8.96
Diluted	1.54	8.78

(1) includes amortization and depreciation expenses related to operations.

Three-month period ended March 31, 2025 – Q1 2025

Revenue

- Revenue for Q1 2025 totaled US$55.0 million, compared to US$77.1 million in Q1 2024. As expected, the Asia Pacific region delivered an excellent performance, while revenue in other regions was impacted by the phasing of contracts by some major clients (US$11.6 million) and the Company's strategic exit from unstable jurisdictions (US$4.8 million). In addition, unfavorable foreign exchange variation affected revenue by US$4.0 million.

- Mining activity was the most affected by the factors described above while Water activity increased by 40% to reach a record revenue for a first quarter at US$11.3 million.

Profitability

- Gross margin for Q1 2025, including depreciation within cost of sales, was US$7.7 million (14.1% of revenue), compared to US$16.8 million (21.8% of revenue) in Q1 2024. The decline in gross margin was primarily driven by the phasing and the ramp-up of new contracts (typically associated with lower margins) and the relative weight of fixed operational costs due to lower revenue levels.

- During the quarter, EBITDA amounted to US$7.0 million (or 12.8% of revenue) compared to US$17.6 million (or 22.8% of revenue) in the previous year.

- Net profit for the quarter amounted to US$1.0 million (2% of the revenue) compared to US$8.5 million (11% of revenue) in Q1 2024.

Net debt

- As of March 31, 2025, the net debt, including the impact of IFRS 16, stood at US$ 69.5 million, compared to US$85.0 million as of March 31, 2024.

Results of Operations

Comparison of the three-month periods ended March 31, 2025 and March 31, 2024

Revenue

The following table provides a breakdown of the Company's revenue for Q1 2025 and Q1 2024 by reporting segment and geographic region:

(In thousands of US$) - *(unaudited)*	Q1 2025	% change	Q1 2024
Reporting segment			
Mining	43,738	-37%	69,046
Water	11,272	40%	8,043
Total revenue	**55,010**	**-29%**	***77,089***
Geographic region			
Asia Pacific	20,393	39%	14,671
North America	18,099	-33%	27,023
South America	10,118	-60%	25,575
Europe, Middle East and Africa	6,400	-35%	9,820
Total revenue	**55,010**	**-29%**	***77,089***

Revenue for Q1 2025 totaled US$55.0 million, compared to US$77.1 million in Q1 2024. The Asia Pacific region delivered an excellent performance, while revenue in other regions was impacted by (i) the phasing of contracts with major clients (US$11.6 million), (ii) the Company’s strategic exit from unstable jurisdictions (US$4.8 million), and (iii) unfavorable foreign exchange effects (US$4.0 million).

Activity in North America declined by 33% to US$18.1 million in Q1 2025, compared to US$27.0 million in Q1 2024. The decrease was primarily due to delays initiated by clients in launching contract awards and the starting up some contracts.

Asia Pacific marked an excellent quarter at US$20.4 million, a 39% increase compared to Q1 2024. This growth is primarily attributable to successful operations and commissioning of new proprietary rigs, notably enhancing the Water related services valued by clients.

Revenue in South America was US$10.1 million, down from US$25.6 million last year. In Chile and Argentina, the Company started new long-term contracts during this quarter including the mobilization and learning curve phases which impacts revenue and margins. In Brazil, the Company was impacted by disruption in the usual mobilization process due to client-driven delays.

In the EMEA region, revenue was US$6.4 million in Q1 2025, compared to US$9.8 million in Q1 2024. This decrease was primarily due to the Company’s exit from the CIS region. Excluding the CIS region, revenue in Africa and Europe grew by 28%, supported by the start of contracts that are significant for the region.

Overall, rig utilization rate in Q1 2025 was 30% compared to 42% in Q1 2024.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q1 2025 and Q1 2024:

(In thousands of US$) - *(unaudited)*	Q1 2025	% change	Q1 2024
Reporting segment			
Mining	4,040	-74%	15,446
Water	3,689	170%	1,366
Total gross profit	**7,729**	**-54%**	***16,812***

The Q1 2025 gross margin, including depreciation within cost of sales, was US$7.7 million (or 14.1% of revenue) compared to US$16.8 million (or 21.8% of revenue) in Q1 2024. The decline in gross margin in the mining segment was primarily driven by the phasing and the ramp-up of new contracts (typically associated with lower margins) and the relative weight of fixed operational costs due to lower revenue levels. The gross profit in the water segment increased by 2.7 times compared to last year, driven by the deployment of new proprietary rigs in long-term contracts.

Selling, General and Administrative Expenses

The following table provides an analysis of the selling, general and administrative expenses (SG&A):

(In thousands of US$) - *(unaudited)*	Q1 2025	% change	Q1 2024
Selling, general and administrative expenses	4,835	-23%	6,299

SG&A decreased 23% compared to the same quarter last year. As a percentage of revenue, SG&A remained stable at approximately 8.5% of revenue.

Operating result

The following table provides a breakdown of the Company's operating result for Q1 2025 and Q1 2024 by reporting segment:

(In thousands of US$) - *(unaudited)*	Q1 2025	% change	Q1 2024
Reporting segment			
Mining	195	-98%	11,915
Water	2,699	281%	709
Total operating profit	**2,894**	**-77%**	**12,624**

The operating profit was US$2.9 million compared to US$12.6 million in the same quarter last year.

Finance costs

Net financial expenses were US$1.5 million in Q1 2025, compared to US$1.7 million in Q1 2024.

Income tax

Q1 is a quarter that is seasonally lower. The income tax expense is recognized based on Management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis. In Q1 2025, corporate income tax expense amounted to US$0.4 million, down from US$2.4 million in the same period of the previous year.

Seasonality

The worldwide presence of the Company reduces its overall exposure to seasonality and the influence this can have on the business activity. In Canada, seasonal slow periods occur during the winter freeze and spring thaw or break-up periods. Depending on the latitude, this can occur anytime from October until late December (freezing) and from mid-April through to mid-June (break-up). Operations at mining sites continue throughout the year. In Asia Pacific and in South America, where the Company operates exclusively in the Mining segment, a seasonal slowdown in activity occurs around year-end, during the vacation period. In Chile, certain contracts are also affected in July and August, when the winter season peaks.

Effect of Exchange Rates

The Company's operations span across a vast array of countries, each with their own functional currencies such as, Canadian Dollars, Brazilian Reals, Australian Dollars, Chilean Pesos, and Euros. The US Dollar has been adopted as the presentation currency for group reporting purposes. Over recent quarters, the US Dollar has experienced significant fluctuations in its value. This volatility has an impact on the Company's financial statements, due to the currency conversion required for financial reporting purposes.

The Company mitigates its net exposure to foreign currency fluctuations by balancing its costs, revenues and financing in local currencies, resulting in a natural hedge.

The exchange rates against the US Dollar for the periods under review are as follows:

	Average Q1 2025	Average Q1 2024	Closing Q1 2025	Closing Q1 2024
€	0.95	0.92	0.92	0.93
CAD	1.44	1.35	1.43	1.35
AUD	1.59	1.52	1.59	1.53
CLP	964	946	950	979
BRL	5.86	4.95	5.76	5.01

Liquidity and Capital Resources

The following table provides a summary of the Company's cash flows for Q1 2025 and Q1 2024:

(In thousands of US$)	Q1 2025	Q1 2024
Cash generated by operations before working capital requirements	**7,027**	**17,574**
Working capital requirements	(7,829)	(26,716)
Income tax paid	(1,960)	(1,904)
Purchase of equipment in cash	(3,296)	(6,198)
Free Cash Flow before debt servicing	**(6,058)**	**(17,244)**
Proceeds from / (repayment of) debt	4,390	6,400
Interests paid	(990)	(1,710)
Acquisition of treasury shares	(396)	(269)
Deconsolidation of EDC Russia	-	(2,076)
Dividends paid to non-controlling interests	-	(330)
Net cash generated / (used in) financing activities	**3,004**	**2,015**
Net cash variation	**(3,054)**	**(15,229)**
Foreign exchange differences	527	(728)
Variation in cash and cash equivalents	**(2,528)**	**(15,958)**
Cash and cash equivalents at the end of the period	**21,835**	**18,331**

In Q1 2025, the cash generated from operations before working capital requirements amounted to US$7.0 million compared to US$17.6 million in Q1 2024.

During the same period, working capital requirements were US$7.8 million, a decrease compared to the same period last year, primarily driven by tightened control on working capital management and the reduction in activity.

During the period, Capex totaled US$3.3 million in cash compared to US$6.2 million in Q1 2024. Capex primarily relates to new proprietary rigs, and the acquisition of ancillary equipment and rods.

As at March 31, 2025, the maturity of financial debt can be analyzed as presented in the table below:

In thousands US$	**March 31, 2025**
Credit lines	10,164
Long-term debt	
Within one year	13,076
Between 1 and 2 years	12,185
Between 2 and 3 years	12,130
Between 3 and 4 years	39,245
Between 4 and 5 years	149
Total	**86,949**
IFRS 16	4,402
Cash	(21,835)
Net Debt	**69,516**

As at March 31, 2025, cash and cash equivalents totaled US$21.8 million compared to US$24.4 million as at December 31, 2024. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at March 31, 2025, the net debt including operational lease obligations (IFRS 16) was US$69.5 million (US$60.9 million as at December 31, 2024).

Cash Transfer Restrictions

Foraco operates in several different countries where cash transfer restrictions apply. The Company limits its activities in countries where there are such restrictions. No excess cash is held in countries where cash transfer restrictions are in force.

Related-Party Transactions

For details of related party transactions, please refer to Note 14 of the unaudited condensed interim consolidated financial statements.

Capital Stock

As at March 31, 2025, the total common shares of the Company are distributed as follows:

	Number of shares
Common shares held directly or indirectly by principal shareholders	34,155,191
Common shares held directly or indirectly by Officers and individuals in their capacity as members of the Board of Directors	1,580,235
Common shares held by the Company	622,497
Common shares held by the public (*)	62,893,875
Total shares issued and outstanding	**99,251,798**
Common shares held by the Company	(622,497)
Total common shares issued and outstanding	**98,629,301**

In the table above, the shares owned indirectly are presented as an amount corresponding to the pro rata of the ownership interest

***622,497 common shares are held by the Company to meet the Company's obligations under the employee free share plan.*

Critical Accounting Estimates

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS. The Company's significant accounting policies are described in Note 2 to the Annual and unaudited condensed interim consolidated financial statements. As required by IAS 1, the depreciation of property, plant and equipment related to operations is included within cost of sales.

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 as this 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 as 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 of payables related to acquisitions, net of cash and cash equivalents. The Company's lease obligations are included in the net debt calculation.

Reconciliation of EBITDA is as follows:

(In thousands of US$) *(unaudited)*	Q1 2025	Q1 2024
Operating profit / (loss)...	2,894	12,624
Depreciation expense	3,983	4,847
Non-cash employee share-based compensation........................	150	102
EBITDA	***7,027***	***17,574***

Litigation and claims

Generally, the Company is subject to legal proceedings, claims and legal action arising in the ordinary course of business. The Company's Management does not expect the outcome of these matters to have a material adverse effect on either the Company's consolidated financial position, results of operations or cash flows.

Subsequent Events

There are no significant post balance sheet events.

Risk Factors

For a comprehensive discussion of the important factors that could impact the Company's operating results, please refer to the Company's Annual Information Form dated March 2, 2025, under the heading "Risk Factors", which has been filed with the Canadian regulators on SEDAR (www.sedar.com).