FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Three-month period and year ended December 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 and year ended December 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, 2025. 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 February 28, 2026.

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.sedarplus.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 13 countries across five continents. As of December 31, 2025, the Company had 1,934 employees and had a fleet of 260 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 December 31,		Year ended December 31,	
	2025	**2024**	**2025**	**2024**
Revenue	**63,100**	**60,824**	**258,191**	**293,453**
Gross profit (1)	**10,111**	**11,262**	**45,963**	**63,056**
As a percentage of sales	*16.0%*	*18.5%*	*17.8%*	*21.5%*
EBITDA	**10,423**	**10,375**	**45,668**	**60,481**
As a percentage of sales	*16.5%*	*17.1%*	*17.7%*	*20.6%*
Operating profit	**5,121**	**6,124**	**26,898**	**42,546**
As a percentage of sales	*8.1%*	*10.1%*	*10.4%*	*14.5%*
Net profit for the period	**2,314**	**2,079**	**14,822**	**26,085**
Attributable to:				
Equity holders of the Company	2,188	3,361	15,572	27,811
Non-controlling interests	126	(1,282)	(750)	(1,726)
EPS (in US cents)				
Basic	2.22	3.40	15.82	28.18
Diluted	2.19	3.35	15.60	27.76

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

Three-month period ended December 31, 2025 – Q4 2025

Revenue

- Total revenue in Q4 2025 was US$63.1 million, compared to US$60.8 million in Q4 2024. Growth was driven by EMEA and South America, with revenues increasing by 15% and 95%, respectively. This performance was partly offset by lower activity in Asia-Pacific and North America, reflecting an earlier seasonal break in drilling operations compared to last year.

- The rig utilization rate in Q4 2025 was 40% compared to 35% in Q4 2024.

Profitability

- Gross margin for Q4 2025, including depreciation within cost of sales, was US$10.1 million, representing 16.0% of revenue, compared to US$11.3 million, or 18.5% of revenue, in Q4 2024. The decrease primarily reflects the ramp-up of new contracts, which typically carry lower margins during their initial phases.

- During the quarter, EBITDA amounted to US$10.4 million (16.5% of revenue) compared to US$10.4 million (17.1% of revenue) in the prior year period.

- Net profit for the quarter amounted to US$2.3 million (3.7% of the revenue) compared to US$2.1 million (3.4% of revenue) in the prior year period.

Year ended December 31, 2025 – FY 2025

Revenue

- For the year ended December 31, 2025, the revenue amounted to US$258.2 million compared to US$293.5 million in FY 2024.

Profitability

- In FY 2025, the gross margin, inclusive of depreciation within cost of sales, was US$46.0 million (or 17.8% of revenue), compared to US$63.1 million (or 21.5% of revenue) in FY 2024.

- During the period, EBITDA amounted to US$45.7 million (or 17.7% of revenue), compared to US$60.5 million (or 20.6% of revenue) for the same period last year.

- Free Cash Flow before debt service for the period was positive at US$7.4 million, including a significant US$ 7.5 million capital expenditures required to support the mobilization of new contracts for the coming year.

Net debt

- As of December 31, 2025, net debt, including the impact of IFRS 16, was US$71.1 million or US$64.6 million at constant exchange rates compared to US$60.9 million as of December 31, 2024.

Backlog

- As at December 31, 2025, the Company's order backlog for continuing operations was US$ 404.4 million of which US$ 228.5 million is expected to be executed during FY 2026. By comparison, as at December 31, 2024, the order backlog for continuing operations was US$ 220.5 million of which US$ 200.6 million was expected to be executed during FY 2025.

Results of Operations

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

Revenue

The following table provides a breakdown of the Company's revenue for Q4 2025 and Q4 2024 by reporting segment and geographic region:

(In thousands of US$) - *(unaudited)*	Q4 2025	% change	Q4 2024
Reporting segment			
Mining	51,585	3%	50,219
Water	11,515	9%	10,605
Total revenue	**63,100**	**4%**	***60,824***
Geographic region			
North America	20,397	-13%	23,477
Asia Pacific	17,546	-22%	22,379
South America	19,333	95%	9,896
Europe, Middle East and Africa	5,824	15%	5,073
Total revenue	**63,100**	**4%**	***60,824***

Revenue in Q4 2025 was US$63.1 million, compared to US$60.8 million in Q4 2024. At constant exchange rates, revenue increased by US$5.0 million (+8.2%).

Activity in North America decreased by 13% to US$20.4 million in Q4 2025, compared to US$23.5 million in Q4 2024. This decrease was primarily driven by the discontinuation of certain client programs in Canada partially offset by the start-up of new contracts in the United States.

Asia Pacific decreased by 22% compared to Q4 2024 due to the earlier seasonal break in drilling operations compared to last year.

Revenue in South America increased by 95% to US$19.3 million, compared to US$9.9 million in Q4 2024. In Chile, the company continued to mobilize new rigs under long-term contracts initiated in the previous quarter. In Brazil, additional long-term contracts were mobilized and revenue increased by 60% compared to Q4 2024. These new projects remain in the learning-curve phase, temporarily impacting both revenue and margins.

In the EMEA region, revenue grew by 15% at US$5.8 million in Q4 2025, compared to US$5.1 million in Q4 2024 supported by the start-up of new contracts during the previous period.

Overall, rig utilization rate in Q4 2025 was 40% compared to 35% in Q4 2024.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for Q4 2025 and Q4 2024:

(In thousands of US$) - *(unaudited)*	Q4 2025	% change	Q4 2024
Reporting segment			
Mining	6,734	-17%	8,105
Water	3,377	7%	3,158
Total gross profit	**10,111**	**-10%**	***11,262***

The Q4 2025 gross margin, including depreciation within cost of sales, was US$10.1 million (16.0% of revenue) compared to US$11.3 million (18.5% of revenue) in Q4 2024. The decline in the mining segment's gross margin was primarily due to the phasing and ramp-up of new contracts, which are typically associated with lower initial margins. Gross profit in the water segment slightly increased as a percentage of revenue.

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)*	Q4 2025	% change	Q4 2024
Selling, general and administrative expenses	4,990	-3%	5,138

SG&A expenses decreased by 3% compared to the prior-year quarter. As a percentage of revenue, SG&A decreased to 7.9% (8.4% in Q4 2024).

Operating result

The following table provides a breakdown of the Company's operating result for Q4 2025 and Q4 2024 by reporting segment:

(In thousands of US$) - *(unaudited)*	Q4 2025	% change	Q4 2024
Reporting segment			
Mining	2,655	-31%	3,863
Water	2,467	9%	2,262
Total operating profit	**5,121**	**-16%**	**6,124**

The operating profit was US$5.1 million compared to US$6.1 million in the same quarter last year.

Finance costs

Net financial expenses were US$1.8 million in Q4 2025, compared to US$2.1 million in Q4 2024.

Income tax

In Q4 2025, corporate income tax expense amounted to US$ 1.0 million, down from US$ 1.9 million in the same period of the previous year. This tax expense reflects taxable income in profitable jurisdictions and the recognition of deferred tax assets, when they can be used against taxable profits within a reasonable timeframe, typically five years.

Comparison of the year ended December 31, 2025 and December 31, 2024

Revenue

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

(In thousands of US$) - *(unaudited)*	**FY 2025**	**% change**	**FY 2024**
Reporting segment			
Mining	213,632	-16%	255,306
Water	44,559	17%	38,147
Total revenue	***258,191***	***-12%***	***293,453***
Geographic region			
North America	89,335	-25%	118,445
Asia Pacific	86,313	3%	83,964
South America	57,131	-14%	66,788
Europe, Middle East and Africa	25,412	5%	24,256
Total revenue	***258,191***	***-12%***	***293,453***

FY 2025 revenue totaled US$258.2 million, down from US$293.5 million in FY 2024.

In North America, revenue declined by 25%. The decrease was primarily due to the discontinuation of certain client programs and delays in starting new contracts in Canada. In the US, the Company has successfully begun operations and secured new long-term contracts to mobilize in 2026.

In Asia Pacific, FY 2025 revenue amounted to US$86.3 million, a 3% increase (6% excluding adverse foreign exchange) compared to FY 2024. This growth was primarily attributable to successful operations and the commissioning of new proprietary rigs.

Revenue in South America totaled US$57.1 million in FY 2025, down 14% from US$66.8 million in FY 2024. After delays in the mobilization process due to client-driven program rescheduling, the Company started new long-term contracts which are currently in the mobilization and learning curve phases, temporarily impacting both revenue and margins.

In the EMEA region, revenue increased by 5% to US$25.4 million, compared to 24.3 million in FY 2024. Excluding the exit from CIS and certain West African countries, revenue increased by US$6.7 million or 43%.

Gross Profit

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

(In thousands of US$) - *(unaudited)*	**FY 2025**	**% change**	**FY 2024**
Reporting segment			
Mining	31,850	-39%	52,564
Water	14,113	35%	10,492
Total gross profit	***45,963***	***-27%***	**63,056**

The FY 2025 gross margin including depreciation within cost of sales was US$46.0 million (17.8% of revenue) compared to US$63.1 million (21.5% of revenue) in FY 2024.

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)*	**FY 2025**	**% change**	**FY 2024**
Selling, general and administrative expenses	19,354	-14%	22,621

SG&A decreased 14% compared to last year. As a percentage of revenue, SG&A remained stable at approximately 7.5% of revenue.

Operating result

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

(In thousands of US$) - *(unaudited)*	**FY 2025**	**% change**	**FY 2024**
Reporting segment			
Mining	16,168	-54%	35,003
Water	10,730	42%	7,543
Total operating profit	***26,898***	***-37%***	***42,546***

The FY 2025 operating profit was US$26.9 million compared to US$42.5 million in FY 2024.

On May 22, 2025, Foraco sold its 50% stake in its Kazakh subsidiary, Eastern Drilling Company LLP, generating a net gain of US$289 thousand, which was recorded under “Other Operating Income” in the Company’s consolidated financial statements for the nine-month period ended December 31, 2025.

Finance costs

Net financial expenses were US$6.3 million in FY 2025, compared to US$7.9 million in FY 2024.

Income tax

In FY 2025, the corporate income tax expense was US$5.8 million, compared to US$8.6 million in the previous year This expense reflects taxable income in profitable jurisdictions and the recognition of deferred tax assets, which are utilized against taxable profits within a reasonable timeframe, typically five years.

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, Euros, Canadian Dollars, Australian Dollars, Chilean Pesos, and Brazilian Reals. 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 Q4 2025	Average Q4 2024	Average Q3 2025	Average Q3 2024	Average Q2 2025	Average Q2 2024	Average Q1 2025	Average Q1 2024	Closing Q4 2025	Closing Q4 2024
€	0.86	0.94	0.86	0.91	0.88	0.93	0.95	0.92	0.85	0.96
CAD	1.39	1.40	1.38	1.36	1.38	1.37	1.44	1.35	1.37	1.44
AUD	1.52	1.53	1.53	1.49	1.56	1.52	1.59	1.52	1.49	1.61
CLP	934	895	959	930	946	933	964	946	909	993
BRL	5.40	4.95	5.45	5.54	5.67	5.21	5.86	4.95	5.53	6.19

Liquidity and Capital Resources

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

(In thousands of US$)	FY 2025	FY 2024
Cash generated by operations before working capital requirements	**45,667**	**60,482**
Working capital requirements	(595)	(10,467)
Income tax paid	(14,974)	(13,793)
Purchase of equipment in cash	(22,744)	(18,871)
Free Cash Flow before debt servicing	**7,354**	**17,531**
Proceeds from / (repayment of) long-term debt	(5,252)	(11,079)
Proceeds / (Repayment) of working capital financing	7,136	505
Interests paid	(5,761)	(6,993)
Acquisition of treasury shares	(1,559)	(1,231)
Deconsolidation of EDC Russia & Kazakhstan	(5)	(2,076)
Dividends paid to Company's shareholders	-	(4,544)
Dividends paid to non-controlling interests	-	(330)
Net cash generated / (used in) financing activities	**(5,441)**	**(25,748)**
Net cash variation	**1,913**	**(8,397)**
Foreign exchange differences	1,027	(1,529)
Variation in cash and cash equivalents	**2,941**	**(9,926)**
Cash and cash equivalents at the end of the period	**27,303**	**24,363**

In FY 2025, the cash generated from operations before working capital requirements amounted to US$45.7 million compared to US$60.5 million in FY 2024.

During the same period, working capital requirements were US$0.6 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$22.7 million in cash compared to US$18.9 million in FY 2024. Capex primarily relates to new rigs, and the acquisition of ancillary equipment and rods to support new contracts.

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

In thousands US$	December 31, 2025	December 31, 2024
Credit lines	13,791	3,364
Long-term debt		
Within one year	15,437	12,867
Between 1 and 2 years	14,797	12,012
Between 2 and 3 years	44,643	11,804
Between 3 and 4 years	2,065	40,104
Between 4 and 5 years	1,560	220
Total	**92,293**	**80,372**
IFRS 16	6,066	4,939
Cash	(27,303)	(24,363)
Net Debt	**71,056**	**60,948**

As at December 31, 2025, cash and cash equivalents totaled US$27.3 million, compared to US$24.4 million as at December 31, 2024. Cash and cash equivalents are mainly held with, or invested through, top-tier financial institutions.

As at December 31, 2025, the net debt including operational lease obligations (IFRS 16) was US$71.1 million (US$60.9 million as at December 31, 2024).

As of December 31, 2025, the Company had US$21.5 million of undrawn credit facilities and was in compliance with all financial covenants. No material refinancing risk is anticipated in the next twelve months.

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. Related-party transactions mainly consist of routine intercompany services and management compensation, conducted on an arm's-length basis.

Capital Stock

As at December 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	33,155,191
Common shares held directly, indirectly or controlled by Officers and individuals in their capacity as members of the Board of Directors	3,378,072
Common shares held by the Company	1,002,697
Common shares held by the public (*)	61,715,838
Total shares issued and outstanding	**99,251,798**
Common shares held by the Company	(1,002,697)
Total common shares issued and outstanding	**98,249,101**

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

***1,002,697 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)*	Q4 2025	Q4 2024	FY 2025	FY 2024
Operating profit / (loss)	5,121	6,124	26,898	42,546
Depreciation expense	5,117	4,054	18,146	17,432
Non-cash employee share-based compensation	184	198	625	504
EBITDA	***10,423***	***10,375***	***45,668***	***60,481***

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.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements that are reasonably likely to affect its financial condition or liquidity.

Subsequent Events

There are no significant post balance sheet events.

Backlog

As at December 31, 2025, the Company's order backlog for continuing operations was US$ 404.4 million of which US$ 228.5 million is expected to be executed during FY 2026. Last year at the same period, the order backlog for continuing operations was US$ 220.5 million of which US$ 200.6 million was expected to be executed during FY 2025.

The Company’s order backlog consists of confirmed sales orders. During the last period, order confirmations have tended to be delayed and for shorter durations. Sales orders are subject to modification by mutual consent and in certain instances orders may be revised by customers. As a result, the order backlog of any particular date may not be indicative of actual operating results for any subsequent period.

Internal Controls over Financial Reporting (ICFR) / Disclosure Controls

Management continues to assess the effectiveness of internal controls over financial reporting. No material changes were identified during the quarter.

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.sedarplus.com). No new material risks have been identified during the quarter.