FORACO INTERNATIONAL S.A.

MANAGEMENT'S DISCUSSION & ANALYSIS

Year ended December 31, 2021

FORACO INTERNATIONAL S.A.

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 audited consolidated financial statements for the year ended December 31, 2021, including the notes thereto. These consolidated 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, all amounts presented in this MD&A are denominated in US Dollars ("US$"). The discussion and analysis within this MD&A are as of March 30, 2022.

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 March 30, 2022, 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.

This MD&A is presented in the following sections:

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Business Overview

Headquartered in Marseille, France, Foraco is a worldwide drilling service provider and is present in 22 countries and 5 continents. On December 31, 2021, the Company had 2,891 employees and operated 302 drill rigs worldwide, providing a diverse range of drilling services to its customer base. The Company has developed and acquired significant expertise in destructive and non-destructive drilling, as well as proprietary drill rig design capabilities. These capabilities allow Foraco to tailor solutions to meet the specific conditions and drilling requirements of certain customers such as mining companies, governmental organizations and international development funds. Through its global operations the Company services a range of industries focusing on mining and water.

Foraco specializes in drilling in harsh environments and isolated locations including arctic, desert and mountainous regions, generally under conditions where operations are challenged by logistical matters and geographic barriers. The Company's engineers and technicians have developed special drilling methods which respond to the requirements of certain areas in which geology prevents the use of standard techniques and equipment. The Company has specialized equipment for, among other uses, helicopter-based drilling campaigns, combination rigs able to perform multi-drilling technique contracts, desert-suited rigs and large diameter core sampling systems.

Consolidated Financial Highlights

Income Statement

(In thousands of US$) *(audited)*	Year ended December 31, 2021	2020
Revenue	**269,689**	**207,122**
Gross profit / (loss) (1)	**46,820**	**38,225**
As a percentage of sales	*17.4%*	*18.5%*
EBITDA	**43,041**	**34,054**
As a percentage of sales	*16.0%*	*16.4%*
Operating profit / (loss)	**24,127**	**17,185**
As a percentage of sales	*8.9%*	*8.3%*
Profit / (loss) for the period	**39,010**	**7,519**
Attributable to:		
Equity holders of the Company	35,487	4,236
Non-controlling interests	3,523	3,283
EPS (in US cents)		
Basic	37.65	4.72
Diluted	36.71	4.61

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

Year-end backlog

- Order backlog of US$ 419.8 million at 2021 year-end vs US$ 270.1 million at 2020 year-end (+55%),
- Order backlog to be executed during calendar year 2022 of US$ 216.5 million vs US$ 174.7 million last year (+24%).

Year ended December 31, 2021 – FY 2021

Revenue

- FY 2021 revenue was US$ 269.7 million compared to US$ 207.1 million in FY 2020, representing an increase of 30%.

Profitability

- FY 2021 gross margin including depreciation within cost of sales was US$ 46.8 million (or 17.4% of revenue) compared to US$ 38.2 million (or 18.5% of revenue) in FY 2020.
- During the period, EBITDA amounted to US$ 43.0 million (or 15.9% of revenue), compared to US$ 34.0 million (or 16.4% of revenue) for the same period in the previous year.

Results of Operations

Comparison of the year ended December 31, 2021 and December 31, 2020

Revenue

The following table provides a breakdown of the Company's revenue for FY 2021 and FY 2020 by reporting segment and geographic region:

(In thousands of US$) - *(audited)*	FY 2021	% change	FY 2020
Reporting segment			
Mining	232,356	37%	169,305
Water	37,333	-1%	37,817
Total revenue	***269,689***	***30%***	***207,122***
Geographic region			
North America	92,261	37%	67,563
Europe, Middle East and Africa	81,875	20%	68,209
South America	52,797	59%	33,130
Asia Pacific	42,756	12%	38,220
Total revenue	***269,689***	***30%***	***207,122***

FY 2021 revenue was US$ 269.7 million compared to US$ 207.1 million in FY 2020, an increase of 30%. The increase in revenue is the result of a combination of a steady stream of demand and the capacity of the Company to deliver.

Revenue in North America increased by 37% to US$ 92.3 million in FY 2021 from US$ 67.6 million in FY 2020, a growth driven by new long-term contracts.

In EMEA, revenue increased by 20%, to US$ 81.9 million in FY 2021 from US$ 68.2 million in FY 2020. Both Russia and Africa areas showed sustained activity.

Revenue in South America increased by 59% at US$ 52.8 million in FY 2021 (US$ 33.1 million in FY 2020). The activity in the region was particularly impacted by the effect of the Covid-19 pandemic during 2020.

In Asia Pacific, FY 2021 revenue amounted to US$ 42.8 million, an increase of 12%.

Gross Profit

The following table provides a breakdown of the Company's gross profit by reporting segment for FY 2021 and FY 2020:

(In thousands of US$) - *(audited)*	FY 2021	% change	FY 2020
Reporting segment			
Mining	39,342	34%	29,347
Water	7,478	*-16%*	8,878
Total gross profit / (loss)	***46,820***	***22%***	***38,225***

The FY 2021 gross margin including depreciation within cost of sales was US$ 46.8 million compared to US$ 38.2 million in FY 2020. Ongoing contracts reported solid performances while some new contracts in their mobilization phase generated a lower percentage of gross margin. All regions face ongoing inflationary pressures on operating costs. There is generally a time lag before these cost increases can be passed on through selling prices. Increased costs were passed on to the new selling prices in the renewal and the renegotiation of contracts which were carried out at year end.

Selling, General and Administrative Expenses

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

(In thousands of US$) - *(audited)*	**FY 2021**	**% change**	**FY 2020**
Selling, general and administrative expenses	22,693	8%	21,040

SG&A increased by 8% compared to the same period last year. As a percentage of revenue, SG&A decreased from 10.2% to 8.4% of revenue.

Operating result

The following table provides a breakdown of the Company's operating result for FY 2021 and FY 2020 by reporting segment:

(In thousands of US$) - *(audited)*	**FY 2021**	**% change**	**FY 2020**
Reporting segment			
Mining	19,851	64%	12,122
Water	4,276	-16%	5,063
Total operating gain (loss)	**24,127**	***40%***	**17,185**

The operating profit was US$ 24.1 million in FY 2021, a US$ 6.9 million improvement compared to FY 2020 as a result of the increase in activity and the continued control over the operations and SG&A expenses.

Finance costs

Net financial expenses increased to US$ 9.4 million in FY 2021 from US$ 8.7 million in FY 2020.

Gain on refinancing

In July 2021, the Company finalized its financial reorganization related to the early redemption of its euro-denominated bonds maturing in May 2022. The early redemption of these bonds has been completed by way of a repayment of US$ 91 million in cash and the issuance of 9,300,000 ordinary shares of the Company. The difference between the fair value of the contribution paid to the former bond holders including the new shares issuance and the book value of the early redeemed bonds generated a financial gain of US$ 34.2 million before tax for the Company.

Income tax

In FY 2021, the corporate income tax expense was US$ 10.0 million including US$ 9.0 million non-cash related to the gain on refinancing compared to US$ 1.0 million for the same period last 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 West Africa, most of the Company's operations are suspended between July and October due to the rainy season. 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. Russia is also affected by the winter period during which operations are suspended. 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. Certain contracts are also affected in Chile in July and August when the winter season peaks.

Effect of Exchange Rates

The Company operates in a large number of countries with functional currencies (Euros, Canadian Dollars, Australian Dollars, Chilean Pesos, Brazilian Reals and Russian Rubles) and therefore not with the US Dollar which is the presentation currency of the Group. The significant variations in the value of the US Dollar over the previous quarters have had a substantial impact on the Company's financial statements.

The Company, however, 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$ for the periods under review are as follows:

	Average FY 2021	**Average FY 2020**	**Closing Q4 2021**	**Closing Q4 2020**
€	0.85	0.88	0.88	0.81
CAD	1.25	1.34	1.28	1.28
AUD	1.33	1.45	1.38	1.31
CLP	759	792	849	713
BRL	5.39	5.15	5.64	5.20
RUB	74.43	72.24	74.47	74.19

Liquidity and Capital Resources

The following table provides a summary of the Company's cash flows for FY 2021 and FY 2020:

(In thousands of US$)	FY 2021	FY 2020
Cash generated by operations before working capital requirements	**43,041**	**34,054**
Working capital requirements	(4,048)	3,349
Income tax paid	(6,764)	(3,982)
Purchase of equipment in cash	(18,586)	(13,320)
Free Cash Flow before debt servicing	**13,643**	**20,100**
Proceeds from issuance of bonds, net of issuance costs	95,564	-
Repayments of Bonds including costs paid	(96,125)	-
Repayments of borrowings and others	(4,906)	(9,239)
Interests paid	(3,210)	(2,904)
Acquisition of treasury shares	(552)	(163)
Dividends paid to non-controlling interests	(1,778)	(2,536)
Net cash generated / (used in) financing activities	**(11,007)**	**(14,842)**
Net cash variation	**2,636**	**4,576**
Foreign exchange differences	328	(354)
Variation in cash and cash equivalents	**2,963**	**4,907**
Cash and cash equivalents at the end of the period	**23,924**	**20,960**

In FY 2021, the cash generated from operations before working capital requirements amounted to US$ 43.0 million compared to US$ 34.0 million in FY 2020.

In FY 2021, the working capital requirement was US$4.0 million compared to a US$ 3.3 million decrease in the same period last year. This is mainly linked to the improved activity requiring higher inventories and resulting in higher receivables at year end which is only partially offset by the increased amounts payable to suppliers.

During the period, Capex totaled US$ 18.6 million in cash compared to US$ 13.3 million in FY 2020. The higher 2021 Capex is also driven by the increased activity. Capex essentially relates to the acquisition of rigs, major rig overhauls, ancillary equipment and rods.

On July 7, 2021, the Company finalized its financial reorganization related to the early redemption of its euro-denominated bonds amounting to US$ 145.9 million thousand as at June 30, 2021 through a cash payment of US$ 96.1 million. To finance the reorganization, the Company raised US$ 95.6 million net of Original Issue Discount and related transaction fees. The new bonds will mature in December 2025.

As at December 31, 2021, the maturity of financial debt can be analyzed as presented in the table below:

	December 31, 2021
Credit lines	1,382
Long-term debt	
Within one year	7,584
Between 1 and 2 years	10,183
Between 2 and 3 years	9,858
Between 3 and 4 years	74,061
Between 4 and 5 years	
Total	103,067

As at December 31, 2021, cash and cash equivalents totaled US$ 23.9 million compared to US$ 21.0 million as at December 31, 2020. Cash and cash equivalents are mainly held at or invested within top tier financial institutions.

As at December 31, 2021, the net debt including operational lease obligations (IFRS 16) amounted to US$ 85.7 million (US$ 141.7 million as at December 31, 2020).

Bank guarantees as at December 31, 2021 totaled US$ 9.0 million compared to US$ 8.1 million as at December 31, 2020. The Company benefits from a confirmed contract guarantee line of € 6.5 million (US$ 7.4 million).

Covid 19

Key profitability indicators continue to improve period over period despite the continuing uncertainties linked to the Covid-19 pandemic. The market for commodities is supported by the global economic recovery and the increased demand for energy transition and water management. In 2021, the Company largely exceeded 2019 pre-Covid activity levels.

Impairment testing

As at December 31, 2021, the Company performed impairment tests at the level of each geographic region using the carrying value of the Company's long-lived assets based on the expected discounted cash flows method. Based on the internal forecasts and projections made, the expected discounted future cash flows exceeded each of the long-lived asset's carrying amount for each geographic region and accordingly no impairment was recognized as at December 31, 2021.

Cash Transfer Restrictions

Foraco operates in a number of different countries where cash transfer restrictions may exist. The Company organizes its business so as to ensure that the majority of payments are collected in countries where there are no such restrictions. No excess cash is held in countries where cash transfer restrictions exist.

Related-Party Transactions

For details of related-party transactions, please refer to Note 28 of the audited consolidated financial statements.

Capital Stock

As at December 31, 2021, 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	34.41%
Common shares held directly or indirectly by individuals in their capacity as members of the Board of Directors *	1,164,754	1.17%
Common shares held by the Company**	378,460	0.39%
Common shares held by the public	63,553,393	64.03%
Total common shares issued and outstanding	**99,251,798**	
Common shares held the Company	(378,460)	
Total common shares issued and outstanding excluding shares held by the Company	**98,873,338**	

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

***378,460 common shares are held by the Company to meet the Company's obligations under the employee free share plan.*

Critical Accounting Estimates

The consolidated financial statements have been prepared in accordance with IFRS. The Company's significant accounting policies are described in Note 2 to the annual 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 lease obligations are included in the net debt calculation.

Reconciliation of EBITDA is as follows:

(In thousands of US$) *(audited)*	FY 2021	FY 2020
Operating profit / (loss)	24,127	17,185
Depreciation expense	18,681	16,673
Non-cash employee share-based compensation	233	195
EBITDA	***43,041***	***34,054***

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 ensuing costs in resolving these matters to have a material adverse effect on either the Company's consolidated financial position, results of operations or cash flows.

Subsequent Events

The Company is deeply concerned by the recent events occurred between Russia and Ukraine. Although the Company does not have any direct or indirect interest in Ukraine, the conflict may affect its activity in the region and the Company is currently assessing its potential economic impact. To date, continuity of operations is not affected. As part of the Company's financial strategy, no significant cash balances are held in subsidiaries worldwide. Foraco is following up on any new regulatory decisions and will comply.

Backlog

As at December 31, 2021, the Company's order backlog for continuing operations was US$ 419.8 million of which US$ 216.5 million is expected to be executed during FY 2022. Last year at the same period, the order backlog for continuing operations was US$ 270.1 million of which US$ 174.7 million was expected to be executed during FY 2021. The Company's order backlog consists of sales orders. 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.

Outlook

Many commodities analysts currently predict a market sustained not just by economic growth, but by a global energy transition. As developed economies adopt net-zero emissions targets and focus on "green" recovery, the demand for water related services and battery metals such as copper, nickel, lithium is sustained. Together with continued demand for gold this will drive the growth in the mining sector. In addition, commodity prices in the future will be priced in relation to environmental, social and governance constraints.

Strategy

The Company's strategy is to assist its customers in exploring or managing their deposits throughout the entire cycle, with a special focus on the life of mines extension activity. The Company intends to continue developing and growing its services across the world with a focus on stable jurisdictions, high tech drilling services, optimal commodities mix - with a significant presence in water related drilling services - and a gradual implementation of advanced digital applications. The Company expects it will execute its strategy primarily through organic growth and targeted acquisitions.

The Company anticipated the increased environmental, social and governance (ESG) requirements, and is implementing a pragmatic and measurable approach to ESG with quantitative KPIs to maximize improvement and efficiencies.

Internal control framework

Internal control is a process implemented by management with the objective of ensuring (i) the effectiveness and efficiency of the Company's operations, (ii) the reliability of financial reporting and disclosures, and (iii) compliance with applicable laws and regulations, including those promoted by the Toronto Stock Exchange (TSX).

The organization of the internal control environment of the Company is based upon the *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The inherent limitation in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

Responsibilities over internal control

The Company's Board of Directors is the primary sponsor of the internal control environment. The Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee are the specific bodies acting in the field of internal control and reporting to the Board of Directors. These committees comprise a majority of independent members.

Audit Committee

The Audit Committee meets at least every quarter before the Board of Directors meeting authorizing for issuance the quarterly and annual consolidated financial statements. The main responsibilities of the Audit Committee are the examination of the quarterly and annual financial statements including related disclosures, the internal control environment and the oversight of the work performed by the external auditors, as well as the effects of the COVID-19 pandemic on the Company's financial statements, the compliance with the Company covenants, the reorganization of the debt; and the new financing agreement with Marathon were core subjects discussed by the Audit Committee in 2021. During 2021 financial year, the Audit Committee met five times.

Compensation Committee

The principal responsibilities of the Compensation Committee are the examination of the Company's remuneration policy, in particular changes in the global payroll, and the review of the collective and individual objectives. The Compensation Committee meets at least once a year. During 2021 financial year, the Compensation Committee met two times.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee meets at least every quarter before the Board of Directors. It reports to the Board of Directors and is in charge of the supervision of the governance of the Company and its relationship with senior management. The Corporate Governance and Nominating Committee met four times during the 2021 financial year.

Internal control organization within the Company

The Company operates in various different countries worldwide and has organized its internal reporting process into a monthly centralized system which allows the flows of relevant operating and financial data upstream to management. The subsidiaries report under standardized forms which are prepared in accordance with IFRS. These forms include financial information such as detailed income statement data, cash flow and working capital data, capital expenditures and other relevant operational data. This reporting, combined with a comprehensive budgeting process and systematic reforecasting, reflects the latest operating conditions and market trends and allows management to perform thorough variance analysis. Management considers that this monthly reporting process provides a reasonable assurance over the monitoring of its operating and financial activities and an effective tool for the operating decision makers.

The financial controlling function is organized by region, internal control being a significant part of the regional controllers' duties. Timely on site reviews are performed by operating and financial representatives from corporate. Considering this organization, there is no dedicated internal control department.

In 2021, in the context of unprecedented challenges linked to Covid-19, the Company continued to maintain the internal control processes in all locations and enforced the implementation of Group procedures. Continuing attention was paid to processes such as the follow-up of contract margins at completion, receivables and treasury.

Approach implemented by the Company

The Company implements an approach consisting of (i) evaluating the design of its control environment over financial reporting and (ii) documenting the related control activities and key controls in a risk control matrix. This approach is implemented at every significant location of the Company. Management also focuses on the integration of newly acquired businesses over which the Company's two step approach on internal control is implemented within a reasonable time period.

The Company views its internal control procedure as a process of continuous improvement and will make changes aimed at enhancing the effectiveness of its internal control and to ensure that processes evolve with the business.

There were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company updated its risk assessment in 2019 which consisted of evaluating the likelihood and the magnitude of the risks to which it is exposed. A specific attention was paid in 2020 on the impact of the pandemic on the internal control processes. The conclusions were used to assess the adequacy of the Company's risk control matrix. The assessment did not reveal any significant deficiencies in the design of the Company's controls.

The Company has evaluated the effectiveness of the internal control procedures over financial reporting as at December 31, 2021 and has concluded that, subject to its inherent limitations, these were effective at a reasonable assurance level. The Company has evaluated the effectiveness of the Company's disclosure controls and concluded that, subject to its inherent limitations, the disclosure controls were effective for the year ended December 31, 2021.

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 30, 2022, under the heading "Risk Factors", which has been filed with the Canadian regulators on SEDAR (www.sedar.com).