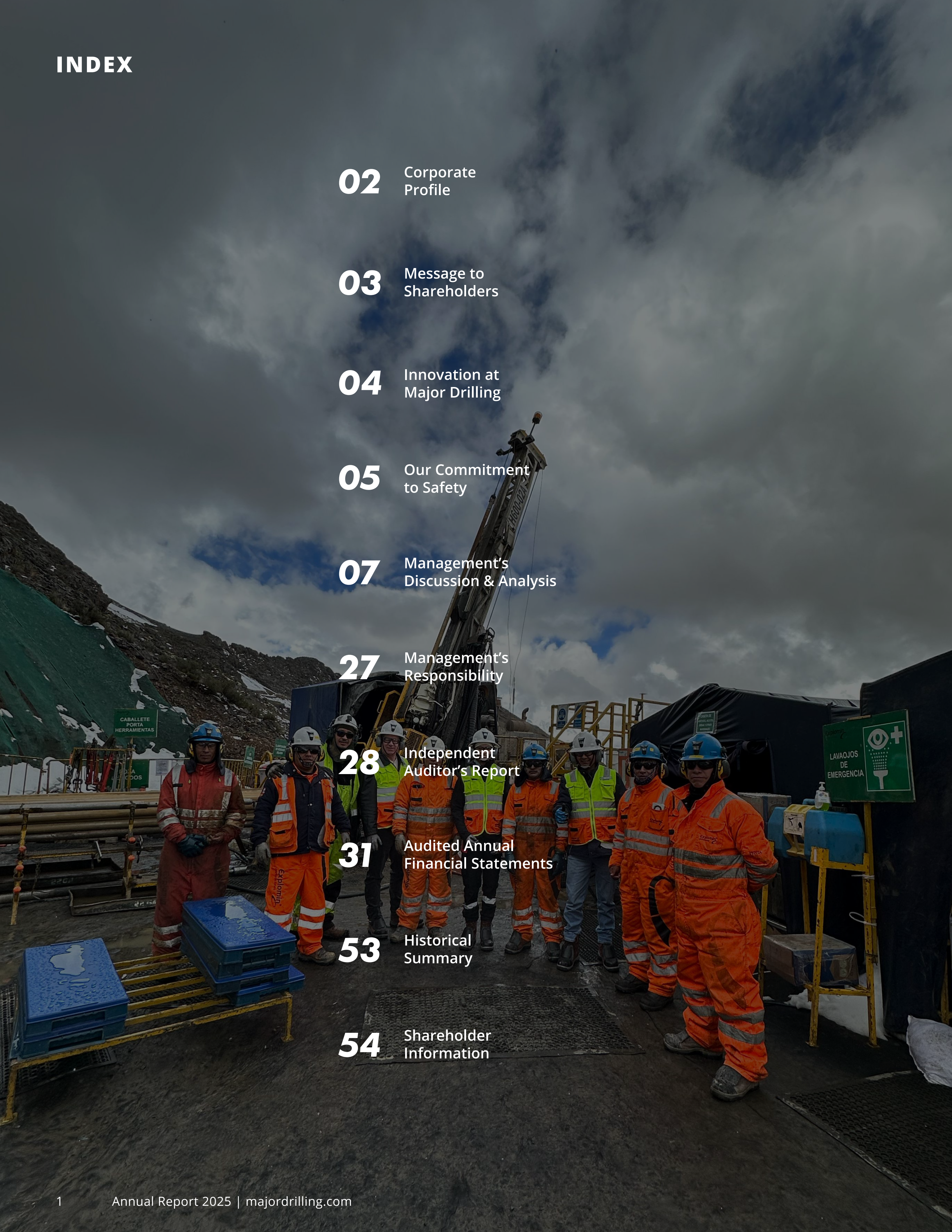
MAJOR Drilling

ANNUAL REPORT 2025

www.majordrilling.com

INDEX



CORPORATE PROFILE

Major Drilling Group International Inc. ("the Company") is the world's leading provider of specialized drilling services in the metals and mining industry. The diverse needs of the Company's global clientele are met through field operations and registered offices that span across North America, South America, Australia, Asia, Africa, and Europe. Established in 1980, the Company has grown to become a global brand in the mining space, known for tackling many of the world's most challenging drilling projects. Driven by a highly skilled workforce, Major Drilling is led by an experienced senior management team who have steered the Company through various economic and mining cycles, supported by regional managers known for delivering decades of superior project management.

Major Drilling is regarded as an industry expert at delivering a wide range of drilling services, including reverse circulation, surface and underground coring, directional, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole, and surface drill and blast, along with the ongoing development and evolution of its suite of data and technology-driven innovation services.

For over 45 years, the Company has progressed to become the industry leader in delivering innovative and high-quality drilling solutions by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems marked by a top-tier safety record, diligent fiscal management, and long-standing relationships with the world's largest mining companies. With steady success in responsible growth, global expertise and key customer partnerships, Major Drilling continues to demonstrate its diversified offering in geography and customer base.

The Company's strategy remains focused on:

- Maintaining its position as the world leader in specialized drilling, both in fleet and workforce;
- Diversifying/expanding service offerings for evolving client needs;
- Ongoing fleet modernization;
- Continued prudent fiscal management, including maintaining a strong balance sheet;
- Upholding best-in-class safety culture and human resource practices;
- Strategically expanding in mining friendly regions; and
- Keeping sustainability commitments embedded within company culture and core business practices.

Major Drilling's common shares trade on the Toronto Stock Exchange under the symbol MDI.

Note: The statements in this annual report relating to matters that are not historical facts are forward-looking statements. Forward-looking statements are necessarily based upon various estimates and assumptions including, but not limited to: the level of activity in the mining industry and the demand for the Company's services, competitive pressures, global and local political and economic environments and conditions and other factors beyond the control of the Company that could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with the Company's business can be found in the Management's Discussion & Analysis section of this Annual Report and the Annual Information Form for the fiscal year ended April 30, 2025, both of which will be filed with the Canadian Securities Administrators and available on www.sedarplus.ca.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

Fiscal 2025 has been a transformative year for Major Drilling, marked by the successful completion of our largest acquisition to date, Explomin Perforaciones ("Explomin"), and the continued development of Drillside GeoSolutions through a key partnership with DGI Geoscience (“DGI”) and KORE Geosystems (“KORE”). Most importantly, we accomplished this while setting a new safety record, with our Total Recordable Incident Frequency Rate (“TRIFR”) reaching an industry-leading 0.74.

With the addition of Explomin, we reported revenue of $727.6 million for the year, representing a 3% increase over the prior year, despite a slight decline in global exploration spending, according to S&P Global data. Our strong balance sheet allowed us not only to execute the largest acquisition in Company history, but also to continue investing strategically in our people, equipment, and innovation.

We invested approximately $72.5 million in capital expenditures during the fiscal year, reinforcing our leadership in fleet condition, inventory levels, and crew experience, while also remaining on the leading edge of technological innovations.

The ongoing digitization of our rigs through the Rock5 console is enabling the collection of valuable drilling data and analytics to optimize operations. Our partnership with DGI and KORE is expanding our service offerings and strengthening relationships with senior customers. These advancements represent meaningful progress in integrating data, technology, and operational expertise into our services. Alongside fleet modernization, we have also prioritized safety through investments in ancillary equipment, such as hands-free rod handlers, which enhance both efficiency and crew protection.

Looking ahead, anticipated global infrastructure investments and rising power demands, partly driven by the artificial intelligence revolution, are expected to contribute to growing copper supply deficits. In the gold sector, high prices and depleted reserves are prompting renewed exploration interest. At the same time, countries are accelerating investments in mining operations to secure critical minerals such as copper, nickel, and lithium, key to maintaining economic and geopolitical sovereignty amid evolving global supply chains.

As we enter fiscal 2026, we see encouraging signs for exploration spending, particularly given the expanded budgets announced by several of our senior customers. This momentum is expected to drive increased demand for drilling services. Although junior equity financings have not yet accelerated as hoped, despite rising commodity prices, we’re seeing a growing trend of senior companies funding juniors as strategic exploration partners.

In summary, Major Drilling is well positioned to capitalize on this anticipated increase in demand for our services. The pressing need to replenish mineral reserves, combined with our balance sheet strength and commitment to innovation, strategic partnerships, and operational excellence, puts us in a solid position for continued growth.

We extend our sincere thanks to our more than 5,400 employees for their enthusiasm, great ideas, unwavering dedication, and loyalty. We are always impressed by the passion and commitment of our crews and staff to safely getting the job done. This is one of the things that makes Major Drilling a great company.

To our loyal customers and valued investors, we thank you for your continued support. We look forward to a promising future and the opportunities that lie ahead.

Sincerely,

Kim Keating
Chair of the Board

Denis Larocque
President & Chief Executive Officer

INNOVATION AT MAJOR DRILLING

Major Drilling continues to solidify its position as an industry leader with value-adding innovations and smart technologies. By providing an integrated suite of innovative services, the Company enhances its offerings, optimizes productivity, and improves employee experience.

Our Vision: To be the global leader in drillside orebody intelligence by combining innovative GeoSolutions technology with our legacy of drilling excellence.

INNOVATION SUITE OVERVIEW

By optimizing operations, Major Drilling ensures its services maximize client investments while paving the way for the future of mining.

Major Drilling's Innovation Suite is divided into two core components:

- **In-House Solutions**: Focused on productivity gains and enhancing employee experience, these solutions include:
    - **Rock5**: Real-time drilling optimization system that boosts productivity and enhances training through smart analytics and meaningful insights.
    - **SafeGrip**: Hands-free rod handling systems to improve efficiency and reduce physical injury risks.
    - **MTB Mobile & Client Portal**: Enables real-time access to shift reports and performance metrics; connection ready for customer platforms.
    - **AquaLink**: Monitors and adjusts water supply and performance in real-time, maximizing efficiency and minimizing environmental impact.
- **GeoSolutions:** Services and solutions with Kore GeoSystems and DGI Geoscience at the drillside. Highlights include:
    - Utilizing **Artificial Intelligence**, the swift and automated processing of core logging will assist clients in improving consistency, quality, and timeliness of logging results.
    - Immediate core imaging provides clients with **remote access to real-time insights**, facilitating collaboration among global teams.
    - With down-the-hole high-quality instruments, sophisticated methodologies, and precise interpretation of borehole data, clients will be enabled to **make timely, informed decisions grounded in solid evidence**.
    - Geological Consulting Services include field logistics, project management, data interpretation, and data management, with custom workflows tailored to onsite requirements.

INNOVATION HIGHLIGHTS FOR 2024-2025

- With the deployment of **Rock5 Live View**, field supervisors can now **monitor and guide operations remotely**, providing better support for drillers. This new feature demonstrates our commitment to **improving the efficiency and effectiveness of our drilling operations**.
- Through our partnership with **DGI Geoscience**, who specialize in down-the-hole data collection for **evidence-based decisions** at the drillside, and **KORE GeoSystems**, known for providing precision-driven AI technology **designed to optimize and simplify your core logging workflow**, we now offer additional technology and solutions at the drillside to **add value to our clients' investment**.
- Further development of hands-free rod handling technologies, including our **underground robotic unit SafeGrip UG**, at drilling projects continued to **enhance safety and efficiency** in drilling operations.

OUR COMMITMENT TO SAFETY

At Major Drilling, safety is a core operating principle and a key measure of performance. Our safety systems are designed to evolve alongside our operations. As we expand into new jurisdictions and scale existing operations, we remain focused on prevention, accountability, and continuous improvement. Safety performance is regularly reviewed at the executive and board levels and remains one of our most closely monitored key performance indicators.

In Fiscal 2025, we strengthened our safety programs, introduced new tools and metrics, and achieved the lowest injury rate in Company history, continuing our long-standing commitment to building a strong safety culture across all regions.

PROGRAM ENHANCEMENTS AND KEY INITIATIVES

Lifesaving Rules and Critical Risk Program Updates

We reviewed past incidents across the business and added new elements to our Lifesaving Rules and Critical Risk programs. These updates are designed to address root causes and further reduce risk in high-exposure activities.

Safety Technology Improvements

We upgraded our Intelex safety management system, improving accessibility and usability for employees in the field. The platform continues to support consistent safety processes and stronger reporting across the Company.

New Leading Indicator – Proactive Safety Efforts

This year we introduced a new internal metric called the Proactive Safety Effort, which consolidates several leading indicators into a single score. It helps track and encourage the frequency and quality of proactive safety activities, including hazard reporting, competency assessments, TAKE 5s, safety interactions, task observations, and near miss reports, across all levels of the organization.

OUR COMMITMENT TO SAFETY

PERFORMANCE AND COLLABORATION

Record Safety Performance

In Fiscal 2025, we achieved a Total Recordable Injury Frequency Rate of 0.74, the lowest in the Company's history. This result reflects sustained effort from teams across all divisions and regions.

Explomin Integration and Knowledge Sharing

Following the acquisition of Explomin Perforaciones, we have initiated cross-regional collaboration and sharing of best practices. The combined expertise has already helped strengthen safety performance and align operating standards.

RECOGNITION, AWARDS, AND LOST TIME INJURY-FREE MILESTONES

In Fiscal 2025, Major Drilling received recognition from industry associations, clients, and internally for strong safety performance:

- **Safe Day Everyday Gold Award** – Canada.
- **Excellence in Safety Award** – Minsur, presented to our team with Explomin.
- **Lost Time Incident Free Recognition** – ACHS Seguro Laboral, Chile.
- Our Canadian Underground division **reached more than 11 years LTI-free**.
- Our Argentina operations **reached more than 5 years LTI-free**.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A"), prepared as of June 11, 2025, should be read together with the Company's audited financial statements for the year ended April 30, 2025 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars ("CAD") unless otherwise indicated.

Amounts presented in comparative periods for certain items may have been allocated consistent with current year presentation.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this MD&A is qualified by this cautionary note.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management related to the factors set forth below. While these factors and assumptions are considered reasonable by the Company as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; measures affecting trade relations between countries, including the imposition of tariffs and countermeasures, as well as the possible impacts on the Company's clients, operations and, more generally, the economy; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); changes in jurisdictions in which the Company operates (including changes in regulation); currency restrictions; the Company's dependence on key customers; efficient management of the Company's growth; the impact of operational changes; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disasters; the geographic distribution of the Company's operations; failure by counterparties to fulfill contractual obligations; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" herein. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

Forward-looking statements made in this document are made as of the date of this document and the Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events, or for any other reasons, except as required by applicable securities laws.

CORPORATE OVERVIEW

Major Drilling Group International Inc. is the world's leading provider of specialized drilling services in the metals and mining industry. The diverse needs of the Company's global clientele are met through field operations and registered offices that span across North America, South America, Australia, Asia, Africa, and Europe. Established in 1980, the Company has grown to become a global brand in the mining space, known for tackling many of the world's most challenging drilling projects. Supported by a highly skilled workforce, Major Drilling is led by an experienced senior management team who have steered the Company through various economic and mining cycles, supported by regional managers known for delivering decades of superior project management.

Major Drilling is regarded as an industry expert at delivering a wide range of drilling services, including reverse circulation, surface and underground coring, directional, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole, and surface drill and blast, along with the ongoing development and evolution of its suite of data and technology-driven innovation services.

The Company has two categories of customers: junior exploration companies and a diversified portfolio of senior/intermediate companies, for which the Company provides greenfield exploration drilling and/or drilling at operating mines.

At Major Drilling, safety is a core value. The Company promotes a proactive approach to health and safety as keeping people safe is of the utmost importance. The Company's safety standards lead the industry with well-trained, dedicated crews who know safety excellence occurs when every employee understands their right and responsibility to work safely every day. These crews quickly assess and manage risk, leading to better results for the Company's clients. The Company has partnered with industry leaders to develop a safety system that meets or exceeds all applicable government and client standards.

In today's world of rapidly changing technology, Major Drilling is dedicated to finding new and innovative solutions to support its specialized services. Major Drilling is developing cutting-edge technologies, investing in a fleet of digitized drills that capture drilling data, as well as mobile underground drills that reduce dependence on client resources. These rigs increase the ability for automation and versatility as the Company is introducing analytics to optimize drilling operations. The Company is working towards modernizing its fleet with hands-free rod handling to create a safer, more productive work environment, while reducing maintenance costs and minimizing downtime.

The Company leverages its collective experience to continuously improve its equipment and processes to meet current and future industry demands, and to offer value-added services to its customers. By entering into strategic partnerships with companies providing cutting-edge technologies, paired with a commitment to safety and environmental and social responsibility, Major Drilling is positioned to remain a leader in the drilling services field as mine discovery and development evolve.

BUSINESS STRATEGY

Over the years, Major Drilling has become the largest specialized drilling operator in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems (marked by a top-tier safety record), diligent fiscal management, and long-standing relationships with the world's largest mining companies.

As the world accelerates its efforts toward decarbonization and artificial intelligence, leading to a more sustainable future, the growing global demand for electrification continues to increase the need for copper and other critical metals, increasing pressure on the existing supply/demand dynamic, as supply is currently not keeping pace with demand. This requires complex drilling solutions that heighten the demand for Major Drilling's specialized services. Major Drilling's core strategy is to focus on these specialized drilling projects and remain the world's leading provider of specialized drilling services by providing top quality service through safe and productive drill programs, with expert crews that use specialty equipment and techniques in areas that are difficult to access.

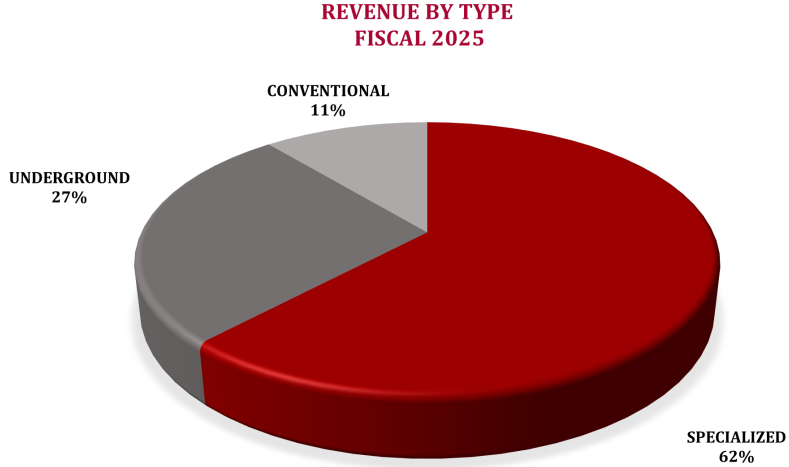
Diversification within the drilling field, while maintaining high safety standards that help lead the drilling industry, continues to be an integral part of the Company's business strategy. Driven by a diversified commodity mix, the Company focuses operations on strategic mining geographies and stable jurisdictions, providing shareholders, and potential new investors, an opportunity to invest in the mining industry with growing exposure to precious metals, battery metals and critical minerals, while limiting mine or country exposure.

Major Drilling intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas. The Company's globally diversified operations provide a wide variety of equipment available to meet its clients' needs for all phases of their projects. The Company's investments and advancements in strategic innovation allow it to develop cutting-edge technologies, such as digitizing rigs to capture drilling data, and introducing analytics to optimize drilling operations. With the Company's strategic partnership with DGI Geoscience Inc. ("DGI") (detailed in the Investment section herein), the Company can now offer KORE GeoSystems Inc.'s ("KORE") digital rock analysis platform as part of its offering, complemented by the borehole data acquisition services offered by DGI, providing the opportunity to deliver valuable data to customers.

Major Drilling delivers quality, high safety standards, and results on even the toughest sites through the Company's extensive knowledge and experience, focus on safety, and commitment to meeting the local needs of every customer. With the best people on the ground and a well-maintained fleet, the Company partners with its customers and local communities for outstanding results.

A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, retain key employees, invest in training and innovation, maintain its equipment in top condition, and maintain optimal inventory to meet increased customer demands. The Company has the liquidity required to adapt and manage effectively through challenging periods, and to respond to rapid increases in demand as the need arises.

Major Drilling categorizes its mineral drilling services into three types: specialized drilling, conventional drilling, and underground drilling.



Specialized drilling can be defined as any drilling project that, by virtue of its scope, technical complexity, or location, creates significant barriers to entry for smaller drilling companies. This includes, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Given that significant deposits are increasingly challenging to find, with more recent discoveries located in remote regions, the Company anticipates that specialized drilling services will continue to fuel future growth and that demand for these skills will further increase over time.

Conventional drilling tends to be more affected by the industry cycle, as the barriers to entry are not as significant as with specialized drilling. This part of the industry is highly fragmented and has numerous competitors. Because the Company offers only limited differentiation in this sector, it is not its primary focus.

The Company's underground services include both underground exploration drilling and underground percussive/longhole drilling. Underground exploration drilling takes on greater importance in the latter stages of the mining cycle as clients develop underground mines. Underground percussive/longhole drilling, which relates more to the production function of a mine, provides relatively more stable work during the mining cycles. By offering both underground production drilling and underground exploration drilling, the Company provides a wide range of complementary services to its clients.

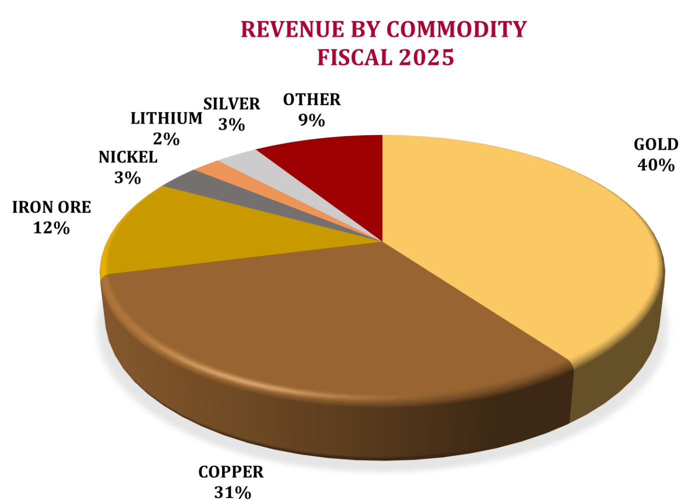
SUSTAINABILITY

Major Drilling understands its long-term sustainability depends on the Company serving as: stewards of the environment where we work; valued contributors to the communities where we operate; and responsible corporate citizens in the eyes of the Company's workforce, clients, local communities, shareholders, and other external stakeholders. To achieve this, the Company is committed to continuously strengthening and adhering to its Sustainability Framework for its global operations, which is underpinned by Major Drilling's Sustainability Policy, complementing other corporate policies, such as its Code of Ethics and Business Conduct, Diversity Policy, Biodiversity Policy, Anti-Corruption Policy, and Human Rights Policy. Additionally, the Company relies on critical governance mechanisms including the global Whistleblower Program and its industry-leading Health and Safety Program.

Major Drilling remains committed to delivering impactful contributions to the communities where it operates around the world, as underscored in the Company's Communities Policy. This commitment is demonstrated through longstanding Indigenous partnerships in Canada, and frequent community initiatives by its teams worldwide.

Major Drilling's 2024 Sustainability Report is slated for publication on the Company's website in June 2025.

INDUSTRY OVERVIEW



The mineral drilling industry is primarily reliant on demand from two metal groups: precious and base metals, and to a lesser extent, specialty metals including rare earths and other metals deemed "critical". Each commodity group is influenced by distinct market forces, with the latest market downturn (fiscal 2013 to fiscal 2021) driven by depressed commodity prices, which led to lower levels of cash flow generation by senior companies, and in turn, lower levels of exploration spending. Similarly, depressed commodity prices also resulted in a declining number of equity financings being completed over the same period, which resulted in sharply lower levels of exploration spending by juniors. According to S&P Global Market Intelligence, this market downturn resulted in global non-ferrous exploration spending declining from a peak of $21.5 billion in 2012 to a trough of $6.9 billion in 2016 (not inflation adjusted).

More recently, exploration budgets have shown signs of improvement, with S&P Global Market Intelligence estimating that global non-ferrous exploration spending reached a total of $12.5 billion in 2024. While the trend continues to move in the right direction, the 2024 estimate for exploration spending represents approximately 60% of what was spent in the 2012 peak, on a non-inflation adjusted basis. The mineral industry (and in turn mineral drilling industry), continue to move increasingly into the spotlight as not only is there a pressing need to replenish mineral reserves for a variety of commodities, including gold and copper, but also due to a growing focus on critical metals. Consequently, the mining industry is expected to move through an intense multi-year drilling period in order to develop new mines and fill the projected supply gap in various commodities, with reserve growth becoming a top priority given that, on average, it takes 10 to 15 years to bring a mine into production.

The Company anticipates that growing global demand for electrification, along with more substantial government investment in projects recently, will lead to further increases in demand for critical metals including copper, uranium, and various battery metals. These factors are expected to lead to substantial additional investments in base metal exploration projects which, along with sustained demand for gold exploration, are expected to result in increasing levels of demand for drilling services. Additionally, as deposits of both precious and base metals are becoming increasingly challenging to find, with recent discoveries having been made in more remote regions, the Company believes that it remains very well positioned to take on these new challenges given its strong focus and expertise with respect to specialized drilling.

INVESTMENT

On July 22, 2024, the Company purchased shares in DGI Geoscience Inc. for $15 million in cash consideration, a 39.8% equity interest (that provides the Company with 42.3% of the voting rights). DGI and its subsidiaries are privately held entities, headquartered in Canada, focused on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples.

This new partnership with premier downhole technology company DGI, and its affiliate company, artificial intelligence-powered core logging tech innovator, KORE GeoSystems Inc., positions Major Drilling at the forefront of AI advancements in the drilling industry. This investment supports the Company's efforts to position itself as the contractor of choice to the drilling industry by providing a unique service offering with solutions to help accelerate its customers' projects with timely and quality data, contributing to their geological model.

BUSINESS ACQUISITION

On November 5, 2024, the Company completed the purchase of all of the issued and outstanding shares of Explomin Perforaciones and subsidiaries ("Explomin"), a leading specialty drilling contractor based in Lima, Peru. This acquisition provides Major Drilling with increased exposure to the copper market as Explomin is one of the largest South American drilling contractors.

The majority of Explomin operations are in Peru, while they also service markets in Colombia and Dominican Republic. The acquisition included Explomin's fleet of 92 well-maintained drills and strong customer relationships and reputation. Explomin offers a wide array of specialized services, including deep hole, directional, and high-altitude drilling, supplemented by a stable base of underground drilling operations with over 90% of revenue derived from senior mining companies.

The purchase price for the acquisition is valued at an amount up to US$85 million, consisting of: (i) a cash payment of US$63 million (funded from Major Drilling's cash and existing debt facilities), subject to working capital adjustments; and (ii) an earnout of up to US$22 million payable in cash over three years from the effective date of November 5, 2024, contingent upon Explomin reaching average annual EBITDA (see "Non-IFRS financial measures") of approximately US$21 million over the earnout period.

The results of operations of Explomin are included in the Consolidated Statements of Operations from November 5, 2024. Since the date of acquisition, revenue attributable to the Explomin operations was $71 million, with $2 million in net earnings. Explomin experiences the same seasonality in operations as the remainder of the Company, with November to January being the weakest season due to holiday slowdowns.

Due to the complexities of restating results using harmonized accounting policies, it is impracticable to reliably estimate the revenue and net earnings of the combined entities for the year as if the acquisition date had been May 1, 2024.

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

Fiscal 2025 was a successful year for the Company, with the completion of the largest acquisition in Company history in the third quarter. The addition of the Explomin group of companies provided a wide array of specialized services and growth opportunities in new jurisdictions. With an industry leading balance sheet, the Company was able to fund the US$63 million cash payment from its cash and existing credit facilities, ending the year with net debt (see "Non-IFRS financial measures") of $3.9 million.

In the first quarter of the year, the Company purchased a 39.8% equity interest in DGI Geoscience Inc. for $15 million in cash consideration. DGI and its subsidiaries focus on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples. During the second quarter of the year, the final contingent payment of $9 million was made on the fiscal 2022 McKay Drilling PTY Limited ("McKay") acquisition as they successfully met all of their EBITDA milestones in their earn-out period.

Strong commodity prices drove elevated levels of activity in certain regions, but juniors continued to have issues accessing capital. With the addition of Explomin, revenue was $727.6 million, up 3% from revenue of $706.7 million recorded in the previous year.

The Company continued to modernize and innovate the fleet, spending $72.5 million on capital expenditures for the year. The Company bought 23 drills and support equipment to meet the rigorous standards of its growing senior mining customer base, as well as adding 92 well-maintained rigs through the Explomin acquisition.

The competitive market in Canada-U.S., combined with the lack of junior financing, resulted in EBITDA (see "Non-IFRS financial measures") for fiscal 2025 of $101.3 million compared to $120.5 million the previous year. The Company recorded net earnings of $26.0 million or $0.32 per share for the year, compared to $53.1 million or $0.64 per share for the prior year.

SELECTED ANNUAL INFORMATION

Years ended April 30

(in millions of Canadian dollars, except per share information)

		2025		2024		2023
Revenue by region						
Canada - U.S.	**$**	**275**	$	345	$	405
South and Central America		**262**		188		167
Australasia and Africa		**191**		174		164
		728		707		736
Gross profit		**131**		153		177
as a percentage of revenue		**17.9%**		21.6%		24.0%
Adjusted gross profit *		**187**		201		221
as a percentage of revenue		**25.6%**		28.4%		30.0%
Net earnings		**26**		53		75
per share (basic and diluted)	**$**	**0.32**	$	0.64	$	0.90
Total assets		**719**		612		612
Total cash		**46**		96		94
Total long-term financial liabilities		**50**		9		35

** see "Non-IFRS financial measures"*

RESULTS OF OPERATIONS

FISCAL 2025 COMPARED TO FISCAL 2024

Total revenue for the year was $727.6 million, up 3% from revenue of $706.7 million recorded in the previous year. Excluding Explomin, revenue for the year would have been $657.0 million, down 7% from the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately $10 million on revenue, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

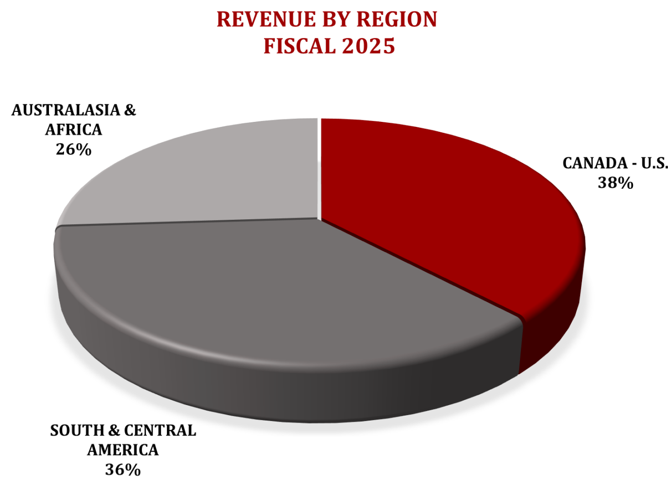
MANAGEMENT'S DISCUSSION & ANALYSIS

Canada - U.S.

Revenue for the year from Canada – U.S. decreased by 20% to $274.4 million, compared to the previous year. The lack of junior financing continues to impact this region year-over-year, and project delays resulted in a slow start to calendar 2025.

South and Central America

South and Central American revenue increased by 40% to $262.3 million for the year, compared to the previous year. While some countries in the region are experiencing slowdowns and project delays, growth was generated by the additional revenue from the Explomin acquisition, and continued growth in Chile, driven by copper exploration.



Australasia and Africa

Australasian and African revenue increased by 9% to $190.9 million, compared to the previous year, as demand for specialized services in Australia and Mongolia continues to drive growth in this region.

Gross margin

Gross margin percentage for the year was 17.9%, compared to 21.6% for the previous year. Depreciation expense totaling $56.0 million is included in direct costs for the current year, versus $47.8 million in the prior year. Adjusted gross margin (see "Non-IFRS financial measures"), which excludes depreciation expense, was 25.6% for the year, compared to 28.4% for the prior year. While the Company remains disciplined on pricing, margins were reduced year-over-year as the competitive environment in Canada - U.S. remains, and the Company retained labour throughout project delays.

Operating expenses

General and administrative costs were $78.8 million, an increase of $11.0 million, compared to the previous year. The increase from the prior year was driven by the addition of the Explomin group of companies and annual wage adjustments implemented at the start of the fiscal year.

Amortization of the intangible assets was $3.7 million, an increase of $2.6 million compared to the previous year, due to the addition of intangibles recognized as part of the Explomin acquisition.

Other expenses were $9.0 million, down from $10.3 million in the prior year, due primarily to lower incentive compensation expenses throughout the Company, given the decreased profitability.

Foreign exchange loss was $1.9 million, compared to $5.5 million for the prior year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. Throughout fiscal 2025, various currencies lost strength against the CAD, while in the prior fiscal year the loss was mainly driven by Argentina as they experienced a significant devaluation of the Peso as part of economic reforms implemented by the Argentinian government.

The income tax provision for the year was an expense of $11.3 million, compared to an expense of $17.9 million for the prior year. The decrease was driven by an overall decrease in profitability compared to the prior year.

Net earnings were $26.0 million or $0.32 per share ($0.32 per share diluted) for the year, compared to $53.1 million or $0.64 per share ($0.64 per share diluted) for the prior year.

SUMMARY ANALYSIS FISCAL 2024 COMPARED TO FISCAL 2023

Total revenue for fiscal 2024 was $706.7 million, down 4% from revenue of $735.7 million recorded in fiscal 2023. The favourable foreign exchange translation impact for fiscal 2024, as compared to the effective rates for the previous year, was approximately $6 million on revenue, while net earnings were less impacted at approximately $1 million, as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for fiscal 2024 from Canada – U.S. decreased by 15% to $344.9 million, compared to the previous year. This region continued to be negatively impacted by financing constraints for the junior and intermediate miners, causing a decrease in activity from the prior year.

South and Central American revenue increased by 12% to $187.4 million for fiscal 2024, compared to the previous year. This increase was driven by busy markets in Chile as the demand for battery metals had a positive impact, and the Guiana Shield region, which was benefiting from historically high gold prices throughout fiscal 2024. The growth in these regions more than offset reduced activity levels in Mexico and Argentina due to a subdued investment sentiment for mining.

Australasian and African revenue increased by 6% to $174.4 million for fiscal 2024, compared to the previous year. Strong demand for the Company's specialized services in Australia and energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for fiscal 2024 was 21.6%, compared to 24.0% for the previous year. Depreciation expense totaling $47.8 million was included in direct costs for the year, versus $43.7 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 28.4% for the year, compared to 30.0% for the prior year. The decrease in margins from the prior year was mainly attributable to reduced activity levels and a competitive environment in the Company's North American markets.

General and administrative costs were $67.8 million for fiscal 2024, an increase of $4.1 million, compared to the previous year. The majority of this increase was due to inflationary wage adjustments.

Other expenses were $10.3 million for fiscal 2024, down from $13.4 million in the prior year, due primarily to lower incentive compensation expenses throughout the Company, given the decreased profitability.

Foreign exchange loss was $5.5 million for fiscal 2024, compared to $2.8 million for the prior year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. Despite the Company's best efforts to minimize exposure, the loss from Argentina was $4.1 million as they experienced a significant devaluation of the Peso as part of economic reforms implemented by the Argentinian government.

The income tax provision for fiscal 2024 was an expense of $17.9 million, compared to an expense of $22.7 million for the prior year. The decrease was driven by an overall decrease in profitability compared to the prior year.

Net earnings for fiscal 2024 were $53.1 million or $0.64 per share ($0.64 per share diluted), compared to $74.9 million or $0.90 per share ($0.90 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	***Fiscal 2025***				***Fiscal 2024***			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 187,546**	$ 160,731	$ 189,260	$ 190,042	$ 168,035	$ 132,824	$ 206,951	$ 198,884
Gross profit	**27,747**	16,541	44,275	41,980	32,468	18,886	52,361	49,009
Gross margin	**14.8%**	10.3%	23.4%	22.1%	19.3%	14.2%	25.3%	24.6%
Adjusted gross margin	**22.8%**	19.5%	30.5%	28.9%	26.9%	23.4%	31.0%	30.1%
Net earnings (loss)	**1,020**	(9,101)	18,165	15,871	9,930	(2,312)	23,694	21,773
Per share - basic	**0.01**	(0.11)	0.22	0.19	0.12	(0.03)	0.29	0.26
Per share - diluted	**0.01**	(0.11)	0.22	0.19	0.12	(0.03)	0.29	0.26

The third quarter (November to January) is normally the Company's weakest quarter due to the pause of mining and exploration activities, often for extended periods over the holiday season.

SUMMARY ANALYSIS FOURTH QUARTER ENDED APRIL 30, 2025

Total revenue for the quarter was $187.5 million, up 11.6% from revenue of $168.0 million recorded in the same quarter last year. Excluding Explomin, revenue for the quarter would have been $149.9 million, down 11% from the same quarter last year. The favourable foreign exchange translation impact on revenue for the quarter, when compared to the effective rates for the same period last year, was approximately $5 million, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 21.1% to $58.8 million, compared to the same period last year due to a slow start to the quarter as many projects were delayed entering the new calendar year. As well, the junior market remained negatively impacted by a lack of access to capital.

South and Central American revenue increased by 78.5% to $88.0 million for the quarter, compared to the same quarter last year. The Explomin acquisition was the main driver of growth in the region, however, the Chilean market also contributed positively to the quarter, which helped offset reduced activity in Argentina.

Australasian and African revenue decreased by 7.7% to $40.8 million, compared to the same period last year. Project delays at the start of the calendar year negatively impacted revenue in the quarter.

Gross margin percentage for the quarter was 14.8%, compared to 19.3% for the same period last year. Depreciation expense, totaling $15.0 million, is included in direct costs for the current quarter, versus $12.8 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 22.8% for the quarter, compared to 26.9% for the same period last year. The decrease in margins relates to startup costs for projects that were delayed, as well as ramp-up costs for multiple projects in April.

General and administrative costs were $20.9 million, an increase of $3.5 million compared to the same quarter last year. The increase was driven by the addition of the Explomin group of companies and annual inflationary wage adjustments.

Amortization of the intangible assets was $2.0 million, an increase of $1.7 million compared to the same quarter last year, due to the addition of intangibles recognized as part of the Explomin acquisition.

Other expenses were $2.2 million, down from $3.0 million in the prior year quarter, due to lower incentive compensation expenses given the decreased profitability as compared to the prior year quarter.

The income tax provision for the quarter was an expense of $0.7 million, compared to an expense of $2.4 million for the prior year period. The decrease in the income tax provision was related to the overall reduction in profitability.

Net earnings were $1.0 million or $0.01 per share ($0.01 per share diluted) for the quarter, compared to net earnings of $9.9 million or $0.12 per share ($0.12 per share diluted) for the prior year quarter.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was an inflow of $19.0 million for the year, compared to an inflow of $4.7 million for the prior year. The inflow of non-cash operating working capital was primarily comprised of:

- a decrease in accounts receivable of $18.0 million;
- a decrease in accounts payable of $4.6 million;
- a decrease in prepaids of $2.6 million; and
- a decrease in inventory of $3.0 million.

Cash flow from operating activities for the year ended April 30, 2025 was an inflow of $100.9 million, compared to an inflow of $112.0 million in the previous year.

Investing activities

Capital expenditures were $72.5 million for the year ended April 30, 2025, compared to $73.5 million for the prior year.

The drill rig count was 708 at April 30, 2025, as the Company added 23 new rigs to its fleet through capital expenditures, and 92 well-maintained rigs through the Explomin acquisition, while disposing of 13 older and inefficient rigs.

During the year, as all EBITDA milestones were met, the Company made the final $9.1 million payment on the contingent consideration arising out of the fiscal 2022 McKay acquisition.

Financing activities

During the year, the Company drew US$20 million (CAD$27.7 million) on its existing revolving-term facility to partially fund the Explomin acquisition.

Under the terms of certain of the Company's debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions, or make dividend and other payments. During the period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

During the prior year, the Company made use of its Normal Course Issuer Bid, repurchasing and retiring 1,337,968 common shares at a cost of $11.2 million and an average price of $8.41 per share.

Operating credit facilities

The credit facilities related to operations total $50.5 million. $30 million is from a Canadian chartered bank, primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bank's Canadian Overnight Repo Rate Average ("CORRA") plus 2.0% for Canadian dollar draws, and the bank's Secured Overnight Financing Rate ("SOFR") plus 2.0% for U.S. dollar draws. The remaining $20.5 million is from various other chartered banks, utilized for the purposes of securing stand-by letters of credit, bearing interest at 7%. At April 30, 2025, the Company had utilized $21.1 million of these facilities for outstanding stand-by letters of credit.

The Company also has credit facilities of $6.4 million for credit cards for which interest rates and repayments are as per cardholder agreements.

Long-term debt

As of April 30, 2025, total long-term debt increased by US$20 million, to partially fund the Explomin acquisition, ending the year at US$20 million (CAD$27.7 million).

The Company had the following long-term debt facility:

- $75.0 million revolving-term facility for financing the cost of equipment purchases or acquisition costs of related businesses, bearing interest at either the bank's prime rate plus 0.5% or the bank's CORRA plus 2.0% for Canadian dollar draws, and the bank's SOFR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in September 2027.

	Payments due by period (in $000s CAD)				
Contractual obligations	**Total**	**Less than 1 year**	**2 - 3 years**	**4 - 5 years**	**Thereafter**
Long-term debt (interest included)	$ 32,048	$ 1,747	$ 30,301	$ -	$ -
Purchasing commitments	13,861	13,861	-	-	-
Contingent consideration (undiscounted)	26,247	9,748	16,499	-	-
Lease liabilities (interest included)	11,294	2,815	3,919	1,938	2,622
Operating leases	708	640	68	-	-
Total contractual obligations	$ 84,158	$ 28,811	$ 50,787	$ 1,938	$ 2,622

As at April 30, 2025, the Company has no scheduled debt repayments, however may choose to make discretionary payments on the revolving term facility, depending on available funds. The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital and capital expenditure obligations.

As at April 30, 2025, the Company had unused borrowing capacity under its credit facilities of $76.7 million and cash of $46.0 million, for a total of $122.7 million in available funds.

FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, trade and other receivables, demand credit facilities and trade and other payables approximate their fair values due to the relatively short period to maturity of the instruments. Contingent consideration is held at fair value.

Financial assets and liabilities measured at fair value are classified and disclosed in one of the following categories:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company enters into certain derivative financial instruments to manage its exposure to market risks, comprised of share-price forward contracts with a combined notional amount of $8.7 million, maturing at varying dates through June 2027.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's derivatives, with fair values as follows (in $000s CAD), are classified as level 2 financial instruments and recorded in trade and other receivables (payables) in the Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the year ended April 30, 2025.

	April 30, 2025	April 30, 2024
Share-price forward contracts	**$ (1,582)**	$ (595)

RELATED PARTY TRANSACTIONS

	2025	2024
Salaries, bonuses and fees	**$ 4,491**	$ 4,434
Other long-term benefits	**152**	138
Share-based payments benefits	**2,200**	2,224
	$ 6,843	$ 6,796

OUTLOOK

The outlook for Major Drilling for fiscal 2026 and beyond remains promising. Moving into the first quarter of fiscal 2026, drilling activity is rebounding with the sharp increase in activity experienced late in fiscal 2025 expected to carry into the upcoming months. Gold prices have hit record highs and copper prices remain strong, while gold and copper continue to account for 65 to 75% of the Company's activity.

With these meaningful increases in commodity prices, there have been several positive indications with respect to exploration spending, most notably from the larger exploration budgets outlined by several of the Company's senior customers. This is expected to increase demand for drilling services moving forward. As well, while junior equity financings have not accelerated at the rate that had been anticipated given the steep rise in commodity prices, there has been increased interest from seniors participating in equity financings for junior companies as they use these juniors as exploration vehicles.

The Company is reaping the expected benefits from the Explomin acquisition earlier in fiscal 2025, with growth opportunities in new jurisdictions and increased exposure to the copper market. The Explomin group provides a diversified revenue source, 90% from senior customers, with a stable base of underground operations, albeit at a lower margin base.

Amidst prevailing market dynamics, the mining industry remains in the discovery phase and will need to undergo an intensive, multi-year exploration and infill drilling period to develop new mines and address the projected supply gaps in various commodities. Many of these new mineral deposits will be in challenging, hard-to-reach areas, necessitating complex drilling solutions and increasing the demand for Major Drilling's specialized services. The Company's position as the leader in specialized drilling continues to be a factor in attracting business from senior mining companies, and the Company is proud to maintain the industry's largest, most modern fleet. To strengthen its leadership position in the industry, the Company expects to spend approximately $70 million in capital expenditures in fiscal 2026.

NON-IFRS FINANCIAL MEASURES

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

EBITDA – earnings before interest, taxes, depreciation, and amortization:

(in $000s CAD)	YTD 2025	YTD 2024
Net earnings	$ 25,955	$ 53,085
Finance (revenues) costs	484	(2,204)
Income tax provision	11,345	17,928
Depreciation and amortization	63,519	51,718
EBITDA	$ 101,303	$ 120,527

Adjusted gross profit/margin – excludes depreciation expense:

(in $000s CAD)	YTD 2025	YTD 2024
Total revenue	$ 727,579	$ 706,694
Less: direct costs	597,036	553,970
Gross profit	130,543	152,724
Add: depreciation	56,008	47,814
Adjusted gross profit	186,551	200,538
Adjusted gross margin	25.6%	28.4%

Net cash (debt) – cash net of debt, excluding lease liabilities reported under IFRS 16 Leases:

(in $000s CAD)	April 30, 2025	April 30, 2024
Cash and cash equivalents	$ 45,987	$ 96,218
Contingent consideration	(22,210)	(8,863)
Long-term debt	(27,682)	-
Net cash (debt)	$ (3,905)	$ 87,355

FOREIGN EXCHANGE

The Company's reporting currency is the Canadian dollar, however a significant portion of the Company's revenue and operating expenses outside of Canada are denominated in U.S. dollars, with some exposure to other currencies. The year-over-year comparisons in the growth of revenue and operating expenses have been impacted by the performance of the Canadian dollar in relationship to the U.S. dollar as well as these other currencies.

During the year, approximately 14% of revenue generated was in Canadian dollars, and 12% in Australian dollars, with most of the balance being in U.S. dollars. Since most of the input costs related to revenue are denominated in the same currency as the revenue, the impact on earnings is somewhat muted.

The favourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the prior year, was approximately $10 million. The impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Currency controls and government policies in foreign jurisdictions, where a portion of the Company's business is conducted, can restrict the Company's ability to exchange such foreign currency for other currencies, such as the U.S. dollar. To mitigate this risk, the Company has adopted a policy of carrying limited foreign currencies in local bank accounts.

As at April 30, 2025, the most significant carrying amounts of net monetary assets and/or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows (in $000s CAD):

	Rate variance	MNT/USD	ARS/USD	IDR/USD	USD/ZAR	PEN/USD	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		8,865	7,758	5,669	(4,895)	(1,943)	(19,107)	(3,481)	1,142
EBIT impact	+/-10%	985	862	630	544	216	2,123	387	127

MANAGEMENT'S DISCUSSION & ANALYSIS

Argentina currency status

April 2025 marked the lowest month-over-month inflation in Argentina since July 2020, with inflation easing to an annualized 47%. However, Argentina continues to experience hyper-inflation and the Argentine Peso ("ARS") continues to depreciate. During fiscal 2022, in an effort to bring inflation down and stabilize markets as the financial crisis continued in Argentina, the Argentine government imposed tighter currency controls. In order to prevent the flow of U.S. dollars ("USD") out of Argentina's struggling economy, the Argentine Central Bank ("ACB") made it more difficult for investors to buy USD, and tightened controls to prevent investors from buying assets in ARS and then selling abroad in USD to obtain foreign currency. While the International Monetary Fund has recommended the country gradually loosen all restrictions on foreign currency exchange, the ACB continues to impose limitations on transactions in USD denominated securities. Following the November 2023 election, while trying to address one of Argentina's worst economic crises, the new government implemented a more aggressive fiscal policy, which included a devaluation of the ARS by over 50% to 801 ARS per USD on December 13, 2023, with the goal of eventually lifting currency restrictions. In mid-April 2025, the government removed most of Argentina's strict capital and currency controls.

While the Company's operating entity in Argentina has a USD functional currency, the lifting of restrictions has triggered exchange rate volatility, and the Company's ARS monetary net assets continue to be affected by this currency devaluation. With the lifting of capital restrictions, restrictions on converting ARS to USD are improving, but barriers still remain to freely convert ARS to USD. The Company continues to monitor and leverage all available options in managing the ARS exposure.

Indonesia currency status

Early in fiscal 2022, the Bank of Indonesia enhanced its existing policies, directed at maintaining exchange rate stability, and strengthened the monitoring of foreign exchange transactions against the Indonesian rupiah ("IDR"). The need to manage inflation and maintain exchange rate stability amidst escalating global inflation remains, however, the Bank of Indonesia has relaxed these policies and allowed the IDR to remain freely convertible, subject to submission of evidence of underlying transactions to support the purchase of a foreign currency. With the rapid development of global dynamics, the Bank of Indonesia remains focused on their monetary policies directed at strengthening IDR stability. Therefore, the Company continues to monitor this situation closely as these policies could still delay, and eventually restrict, the ability to exchange the IDR to USD.

COMPREHENSIVE EARNINGS

The Consolidated Statements of Comprehensive Earnings for the year include a $2.2 million unrealized gain on translating the financial statements of the Company's foreign operations, compared to a loss of $1.1 million for the previous year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

The gain during the current year was generated primarily by a small gain of 1.2% in the USD against the Canadian dollar, offset somewhat by a 7.5% loss in the Brazilian Real against the CAD. During the previous year, the loss was generated primarily from the Chilean Peso losing close to 14% against the Canadian dollar as inflation reached a three-decade record high, offset slightly by a small gain in the USD against the Canadian dollar.

FUTURE ACCOUNTING CHANGES

The Company has not applied the following International Accounting Standards Board ("IASB") amendment and standard that have been issued, but are not yet effective:

- IAS 21 (as amended in 2023) - The Effect of Changes in Foreign Exchange Rates - effective for periods beginning on or after January 1, 2025, with earlier application permitted. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 (as issued in 2024) - Presentation and Disclosure of Financial Statements - effective for periods beginning on or after January 1, 2027, with earlier application permitted. The standard replaces IAS 1, Presentation of Financial Statements, and includes requirements for the presentation and disclosure of information in financial statements, such as the presentation of subtotals within the statement of operations and the disclosure of management-defined performance measures within the financial statements.

The adoption of the amendment to IAS 21 is not expected to have a significant impact on the Consolidated Financial Statements. The Company is currently in the process of assessing the impact the adoption of IFRS 18 will have on the Consolidated Financial Statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies; the reported amounts of assets and liabilities at the dates of the Consolidated Financial Statements; and the reported amounts of revenue and expenses during the reported periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment ("PP&E") for depreciation purposes, inventory valuation, determination of income and other taxes, recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in the business combination, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

Management determines the estimated useful lives of its PP&E based on historical experience and reviews these estimates at the end of each reporting period.

Management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when they are no longer suitable for use. Management's estimate of the net realizable value of such inventories is based primarily on sales prices and current market conditions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Compensation costs accrued for long-term share-based payment plans are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

Management made significant estimates in determining the fair values of identifiable assets acquired and liabilities assumed in the business combination that took place during the year. The fair value measurement of acquired intangible assets, particularly customer relationships, required the use of significant unobservable inputs such as estimated future cash flows, discount rates, and useful life. These estimates are inherently subjective and involve a high degree of judgment. Any changes in these estimates could affect the amounts recognized in the financial statements.

The amount recognized as provisions and contingent considerations, including legal, restructuring, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities, contingencies and contingent considerations based upon the best information available, relevant tax laws and other appropriate requirements.

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing, are subject to measurement uncertainty.

Judgments

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

PP&E and goodwill are aggregated into Cash Generating Units ("CGUs") based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

The Company has applied judgment in determining the degree of componentization of PP&E. Each part of an item of PP&E with a cost that is significant in relation to the total cost of the item and has a separate useful life has been identified as a separate component and is depreciated separately.

The Company has applied judgment in recognizing provisions, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event, whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and whether a reliable estimate can be made of the amount of the obligation.

Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings. This determination is subject to management judgment.

OFF BALANCE SHEET ARRANGEMENTS

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, detailed in note 22 "Commitments" of the Notes to Consolidated Financial Statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any off balance sheet arrangements.

GENERAL RISKS AND UNCERTAINTIES

The Company is subject to a variety of risk factors and uncertainties in carrying out its activities. The Company's revenue, cash flow and profitability may be adversely affected by the risks and uncertainties discussed below. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair its revenue, cash flow and profitability.

General economic conditions

Uncertainty and volatility surrounding global or regional political and economic conditions could impact demand for the Company's services or have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access equity or debt financing on terms that are acceptable to fund their existing or new projects. These conditions could influence the level of activity in the mining industry, thereby causing clients to slow spending on the Company's services or seek contract terms more favourable to them. Any of these disruptions could adversely affect the Company's business, revenue, results of operations, cash flow and profitability.

In addition, general inflationary pressures, interest rate fluctuation and changes in trade, tariff and other controls on imports and exports may result in higher costs for raw materials, components and equipment required for its operations, including fuel and energy. The Company's operating costs can materially increase in an inflationary environment, which may erode operating margins and adversely affect the Company's business, revenue, results of operations, capital expenditures, cash flow and profitability.

Cyclical downturn

A significant operating risk affecting the Company is a downturn in demand for its services, which can be due to, among other things, a decrease in activity in the mining industry. In attempting to mitigate this risk, the Company is exploiting its competitive advantage in specialized drilling and continues to explore opportunities to diversify and to rationalize its regional infrastructures. A prolonged downturn in the mining industry could result in a decrease in demand for the Company's services, which could adversely affect the Company's revenue, cash flow and profitability.

Moreover, levels of inventory typically increase as a result of increased activity levels. In addition to direct volume-related increases however, inventory levels also increase due to an expansion of activity in remote locations at the end of long supply chains, where it is necessary to increase inventory to ensure an acceptable level of continuing service, which is part of the Company's competitive advantage. In the event of a sudden downturn of activities related either to a specific project or to the sector as a whole, it is more difficult and costly to redeploy this remote inventory to other regions where it can be consumed, which could adversely affect the Company's revenue, cash flow and profitability.

Safety

The Company's health, safety and wellbeing systems, processes and policies are focused on reducing risks to employees at worksites. The Company's activities and services may involve hazards that increase risks to health and safety and may result in accidents, personal injury, loss of life and/or damage to property (including environmental damage). While the Company has implemented extensive health and safety initiatives and procedures at worksites to protect the health and safety of its employees and contractors, and continues to invest in training to improve skills, abilities, and safety awareness, there can be no assurance that such measures will eliminate the occurrence of such accidents, personal injuries, loss of life and/or damage to property, which could give rise to regulatory fines and/or civil liability. The Company may be held liable if it is proven to be at fault and to have caused a worksite accident. In such circumstances, the Company's operations at the affected site may be impacted and the Company's inability to effectively deal with these consequences in a timely fashion, along with any potential negative publicity related to the event, could adversely affect the Company's revenue, cash flow and profitability. Failure to maintain a record of safety performance may have an adverse impact on the Company's ability to attract and retain customers and personnel and therefore on the Company's revenue, cash flow and profitability.

Managing growth effectively

The current industry upturn has resulted in the Company experiencing rapid growth, placing additional demands on the Company's operational, safety and financial processes, measures and systems. The Company must effectively address and manage demands resulting from the growth of the Company's business. The Company may not be able to do so effectively and in a timely fashion, which may have an adverse impact on the Company's revenue, cash flow and profitability.

Competitive pressures

The Company competes with many small regional or local companies as well as larger companies, and the intensity of competition may vary significantly from region to region at any particular time. Increased demand in a region where the Company operates may attract new competitors and impact the degree of work in such region. Pressure from competitors in a region may also result in an oversupply of drilling services in such region, which in turn may result in decreased contract prices and adversely affect the Company's revenues. Furthermore, the Company may lose business to its competitors if it is unable to demonstrate competence, competitive pricing, adequate equipment, or reliable performance to its customers. There can be no assurance that the Company's competitors will not be successful in capturing a share of the Company's present or potential customer base, which could adversely affect the Company's revenue, cash flow and profitability.

In light of the recent market upturn, the Company is experiencing an increase in demand for its services, which in turn increases the need for expenditures on maintenance, refurbishment and replacement of equipment. In the midst of rapid technological development, the Company must continue to anticipate changes in its clients' needs and to adapt its equipment to maintain its competitive advantage. If the Company does not continue to innovate and leverage technology advancements through equipment modernization, its ability to retain existing clients and attract new clients may be adversely affected, which could adversely affect the Company's revenue, cash flow and profitability. The Company must also effectively manage cost increases that increase margin pressure, or delays in service that may reduce the Company's ability to win bids for future projects, resulting in loss of revenue, profitability and market share, all of which could adversely affect the Company's revenue, cash flow and profitability.

Specialized skills and cost of labour increases

Generally speaking, drilling activity related to metals and minerals is broadly linked to price trends in the metals and minerals sector. During periods of increased activity, a limiting factor in this industry can be a shortage of qualified drillers. The Company addresses this issue by attempting to become the "employer of choice" for drillers in the industry, as well as hiring and training more locally based drillers. The development of local drillers has had a positive impact on the Company's global operations and is expected to continue to play an important role.

The Company also relies on an experienced management team across the Company to carry on its business. A departure of several members of the management team at one time could have an adverse financial impact on operations.

A material increase in the cost of labour and the inability to attract and retain qualified drillers could result in, among other things, loss of opportunities, cost overruns, failure to perform on projects, breach of contract, and materially affect gross margins, and therefore the Company's financial performance and reputation. The Company may also experience intense competition for personnel and may not be able to retain key employees or successfully attract and retain personnel in the future.

Country risk

The Company currently operates in many foreign countries and is committed to using its expertise and technology in exploring other areas around the world. The Company's foreign operations are subject to a variety of risks and uncertainties, including, but not limited to: social, political and economic instability, including recession, political changes or disruptions and other economic crises (locally or globally); geopolitical risks; military repression, acts of war, civil unrest, force majeure and terrorism; fluctuations in currency exchange rates; currency controls and restrictions; high rates of inflation; changes in laws, policies and regulations; changes in trade, tariff and other controls on imports and exports, taxes and governmental royalties; trade barriers; nationalization/expropriation of projects or assets; corruption; delays in obtaining or inability to obtain necessary permits; nullification of existing mining claims or interests therein; hostage takings; labour unrest; opposition to mining from environmental organizations; and deterioration of Canada's inter-governmental relationships or other non-governmental organizations or shifts in political attitude that may adversely affect the business, results of operations, financial conditions and liquidity. Also, there has been an emergence of a trend by some governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions, which in turn may result in reductions of the Company's revenue and additional transition costs as equipment is shifted to other locations.

While the Company works to mitigate its exposures to potential country risk events, the impact of any such event is largely outside the control of the Company, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, the Company can give no assurance that it will not be subject to any country risk event, directly or indirectly, in the jurisdictions in which it operates. Any of the foregoing events may have a material negative impact on the Company's operations and assets.

Repatriation of funds or property

There is no assurance that any of the countries in which the Company operates, or may operate in the future, will not impose restrictions on the repatriation of funds or property to other jurisdictions or between the Company and its subsidiaries. Any such limitations could have an adverse impact on the Company.

Taxes

The Company is subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, property tax, income tax, withholding tax, commodity tax, social security and other payroll-related taxes, which may lead to disagreements with tax authorities regarding the application of tax law.

Tax law and administration is extremely complex and requires the Company to make certain assumptions about various tax laws and regulations. The computation of income, payroll and other taxes involves many factors, including the interpretation of tax legislation in various jurisdictions in which the Company is subject to ongoing tax assessments. The Company's estimate of tax-related assets, liabilities, recoveries, and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the effect of tax treaties between jurisdictions and taxable income projections. While the Company believes that such assumptions are correct, there can be no assurance that foreign taxation or other authorities will reach the same conclusion. If such assumptions differ from actual results, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may have to record additional tax expenses and liabilities, including interest and penalties, which may be material.

Foreign currency

The Company conducts a significant proportion of its business outside of Canada and consequently has exposure to currency movements, principally in U.S. dollars. In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a substantial proportion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

Foreign exchange translations can have a significant impact on year-to-year comparisons because of the geographic distribution of the Company's activities, which could adversely affect the value of assets and liabilities denominated in foreign currencies, financial results and could also increase the Company's costs of operations. Year-over-year revenue comparisons have been affected by the fluctuation in the Canadian dollar against the U.S. dollar. Margin performance, however, is less affected by currency fluctuations as a large proportion of costs are typically in the same currency as revenue In future periods, year-to-year comparisons of revenue could be significantly affected by changes in foreign exchange rates.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems (including, among other things, IT systems) or from external events. Operational risk is present in all aspects of the Company's activities, and incorporates exposure relating to fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, technology and cybersecurity failures, processing errors, business integration, theft and fraud, damage to physical assets, employee safety, and insurance coverage.

Dependence on key customers

From time to time, the Company may be dependent on a small number of customers for a significant portion of overall revenue and net income. Should one or more such customers terminate contracts with the Company, there can be no guarantee that the Company will obtain sufficient replacement contracts to maintain the existing revenue and income levels. Consequently, the Company continues to work to expand its client base and geographic field of operations to mitigate its exposure to any single client, commodity, or mining region.

Expansion and acquisition strategy

The Company intends to remain vigilant with regards to potential strategic future acquisitions and internal expansion. In addition to potential new or increased geographic, political, operating, financial, legal and currency-related risks that may arise from potential acquisitions, mergers or expansions, the attention of management and other employees could also be diverted from the daily operations of the Company.

The Company may raise capital debt or issue further equity and convertible securities to finance future acquisitions or expansions, which may result in increased leverage for the Company or dilution for existing shareholders. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue future acquisitions or internal expansion.

Furthermore, it is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations and culture. In the future, if the Company's acquisitions do not yield the expected returns or the intended synergies (including operational, financial, technological and administrative benefits), or such acquisitions are not realized, it could adversely affect the Company's business, revenue, results of operations, capital expenditures, cash flow, profitability and competitiveness.

Climate change risk

The Company operates in various regions and jurisdictions where environmental laws are evolving and are not necessarily consistent. As the world is becoming increasingly aware of the impact of climate change, a number of governments or governmental bodies in jurisdictions where the Company operates have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as policies and regulations relating to greenhouse gas emission levels, energy efficiency and reporting of climate-change related risks, which in turn may result in increased costs for the Company or for clients in respect of their project or, in some cases, prevent a project from going forward. Such increased costs may in turn reduce the need for the Company's services, which in turn could have a material adverse impact on the Company's revenue, cash flow and profitability.

A failure to meet climate strategy commitments and/or societal or investor expectations could also result in damage to the Company's reputation, decreased investor confidence and challenges in maintaining strong community relations, which can pose additional obstacles to the Company's ability to conduct its operations and develop its projects, which may result in a material adverse impact on its business, financial position, results of operations and future growth prospects.

In addition, climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels, changing temperatures, extreme weather events, storm-related flooding or extended drought, or other acute or chronic changes to the climate, represents a physical and financial risk and could affect the Company's operations, including the disruption or delays in the transportation of equipment and employees to its operations, which in turn could have an adverse financial impact on the Company's revenue, cash flow and profitability. Extreme weather events could also hinder the ability of the Company's field employees to perform their work, which may result in delays or loss of revenues.

Regulatory and legal risks

The drilling industry is highly regulated by laws and regulations, including environmental laws and regulations, which are not necessarily consistent across the jurisdictions in which the Company operates. The Company is unable to predict what legislation, revisions or regulatory directives may be proposed that might affect its operations or when such proposals may be effective. While the Company's policies mandate full compliance with all applicable laws and regulations, the Company can provide no assurance that it will be in full compliance at all times with such laws and regulations. To the extent that the Company fails to comply, or is alleged to fail to comply, with applicable legislation, regulatory directives and permits, it could be subject to monetary fines, suspension of operations or other penalties.

Corruption, bribery and fraud

The Company is required to comply with the *Canadian Corruption of Foreign Public Officials Act* ("CFPOA") as well as similar applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. The Company's policies mandate full compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that the Company has implemented in relation to its compliance with these laws will be effective or that Company employees, agents, suppliers, or other industry partners have not engaged or will not engage in such illegal conduct for which the Company may be held responsible. Violations of these laws could disrupt the Company's business and result in a material adverse effect on its business, operations, and reputation.

Disease outbreak

The Company may be impacted by disease outbreaks, including epidemics, pandemics or similar widespread public health emergencies. These public health concerns pose the risk that the Company's employees, clients, consultants and other partners may be prevented from, or restricted in, conducting business activities for an indefinite period, due to the transmission of the disease or to emergency measures or restrictions that may be requested or mandated by governmental authorities. The likelihood, magnitude and the full extent of the impact of such events are inherently difficult to predict, are highly uncertain and may depend on factors beyond the Company's knowledge and control. Prolonged economic disruption, as a result of such event or disaster, may have a material and adverse impact on the Company's revenue, cash flow and profitability, including without limitation, through compromised employee health and workplace productivity, disruption to supply chains, and threats to the business continuity of the Company's clients.

Equipment modernization and parts availability

The Company's ability to provide reliable service is dependent upon timely delivery of equipment and replacement parts from fabricators and suppliers. Any factor that substantially increases the order time on equipment and increases uncertainty surrounding final delivery dates may constrain future growth, existing operations, and the financial performance of the Company.

The meeting of clients' demands relating to performance and cost in the provision of the Company's services will depend on the ability of the Company to continuously improve the efficiency of its operations and to adopt or invest in new equipment and technologies such as artificial intelligence and robotics. Failure by the Company to do so could result in a loss of market share and a decrease in earnings for the Company due to a potential lack of competitiveness with competitors. Furthermore, potential investments in new technologies may reduce the availability of liquidity for the Company and may not yield significant improvements, efficiency gains or an increased productivity in the delivery of services to clients. There is also no certainty that such investments would prevent competitors to achieve technological advantages over the Company.

Reputational risk

Negative publicity, whether true or not, regarding practices, actions, or inactions, could adversely affect the Company's value, liquidity, or customer base.

Cybersecurity risk

While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cybersecurity risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorized access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients, or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, the loss of personal identifiable information, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition, and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerabilities including periodic third-party vulnerability assessments, testing user knowledge of cybersecurity best practices, and audits of security processes and procedures. In addition, the Company continues to increase its employees' awareness of security policies through ongoing communications.

Market price and dilution of common shares

Securities of mining companies, and consequently, drilling companies, have experienced volatility in the past, at times unrelated to the financial performance of the companies involved. These factors include macroeconomic developments in North America and internationally and market perceptions of the attractiveness of particular industries. As a result of this volatility, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. In the event that the Company increases the number of common shares issued, this may have a dilutive effect on the price of the common shares.

Environmental, health and safety regulations and considerations

The Company's operations involving contract drilling, exploration, and development activities require permits and other approvals from various federal, provincial, state, and local governmental authorities. Such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them could result in fines, regulatory scrutiny, or have a significant effect on the Company's reputation and financial results. While the Company's policies mandate full compliance with all of its required permits and approvals and all applicable laws and regulations, there can be no assurance that it will obtain and/or maintain full compliance at all times. Failure to obtain and/or maintain full compliance with such permits, approvals and/or regulations could have adverse effects on the Company's revenue, cash flow and profitability.

Insurance

The Company maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits as well as exclusions for certain matters. Additionally, the Company's customer contracts generally separate the responsibilities of the Company and the customer, and the Company tries to obtain indemnification from its customers by contract for some of these risks even though the Company also has insurance coverage. The Company cannot assure, however, that its liability insurance or indemnification agreements will adequately protect the Company against all liabilities or losses that may arise from the hazards of the Company's operations. The occurrence of a significant event that has not been fully insured or indemnified against, or the failure of a customer to meet its indemnification obligations to the Company, if any, could materially and adversely affect the Company's business and financial results. Moreover, the Company cannot assure that insurance will continue to be available on commercially reasonable terms, that the possible types of liabilities that may be incurred will be covered by insurance, or that the dollar amount of the liabilities will not exceed policy limits. A successful claim resulting from a hazard for which it is not fully insured could adversely affect the Company's revenue, cash flow and profitability.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Effective November 5, 2024, the Company completed the acquisition of Explomin. The results of Explomin operations have been included in the Consolidated Financial Statements since the date of acquisition, however, the Company has not had sufficient time to appropriately review the internal controls used by Explomin. The Company is in the process of integrating the Explomin operation and will be expanding its disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") to include the Explomin operation. As a result, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have limited the scope of design of DC&P and ICFR to exclude Explomin controls, policies and procedures from the April 30, 2025 certification of internal control, in accordance with section 3.3(1)(b)of NI 52-109, which allows an issuer to limit the design of DC&P and ICFR to exclude a business that was acquired not more than 365 days before the end of the financial year end to which the CEO's and CFO's certification of interim filings relates. The acquisition date financial information for Explomin is included in the discussion regarding the acquisition contained in this MD&A and note 20 of the Consolidated Financial Statements.

DC&P are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized, and reported on a timely basis, and is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Company's CEO and CFO have evaluated the effectiveness of the Company's DC&P and concluded that, subject to the inherent limitations and restrictions noted below, those DC&Ps were effective for the year ended April 30, 2025.

The Company's CEO and CFO are responsible for designing ICFR or causing them to be designed under their supervision. The Company's DC&P and ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

During fiscal 2025, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its DC&P and its ICFR, and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2025, an evaluation of the effectiveness of the Company's DC&P and ICFR, as defined in NI 52-109, was carried out under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.

Limitations of control and procedures

Management, including the CEO and the CFO, does not expect that the Company's DC&P and ICFR will prevent or detect all errors and all fraud. The inherent limitations 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. Therefore, DC&P and ICFR have inherent limitations, regardless of how well designed, and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares, currently the only class of voting equity securities. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Company. Each common share carries the right to one vote in person or by proxy at all meetings of the shareholders of the Company.

The Company's share data was composed of the following:

(amounts in thousands)	**As at June 11, 2025**	As at June 11, 2024
Common shares	**81,845**	81,804
Stock options outstanding	**715**	756

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the annual Consolidated Financial Statements, Management's Discussion and Analysis ("MD&A") and all other information in the annual report.

In management's opinion, the accompanying Consolidated Financial Statements have been properly prepared within reasonable limits of materiality in accordance with International Financial Reporting Standards.

The MD&A has been prepared in accordance with the requirements of Canadian securities regulators. Management has designed and evaluated the effectiveness of its disclosure controls and procedures.

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements and the MD&A necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to June 11, 2025. The MD&A also includes information regarding the estimated impact of current transactions and events, sources of liquidity, operating trends and risks and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because future events may not occur as expected. Financial operating data in the report are consistent, where applicable, with the Consolidated Financial Statements.

To meet its responsibility for reliable and accurate financial statements, management has established systems of internal control, which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization.

The Consolidated Financial Statements have been examined by Deloitte LLP, independent chartered professional accountants. The independent auditors' responsibility is to express a professional opinion on the fairness of management's Consolidated Financial Statements. The auditor's report outlines the scope of their examination and sets forth their opinion.

The Audit Committee of the Board of Directors is comprised of independent directors. The Audit Committee meets regularly with management and the independent auditors to satisfy itself that each is properly discharging its responsibilities, and to review the Consolidated Financial Statements and the MD&A. The Audit Committee reports its findings to the Board of Directors for consideration when approving the Consolidated Financial Statements and the MD&A for issuance to the shareholders. The Audit Committee also recommends, for review by the Board of Directors and approval of shareholders, the appointment of the independent auditors. The independent auditors have full and free access to the Audit Committee.

Major Drilling Group International Inc.'s Chief Executive Officer and Chief Financial Officer have certified Major Drilling Group International Inc.'s annual disclosure documents as required in Canada by the Canadian securities regulators.

Denis Larocque
President & Chief Executive Officer

Ian Ross
Chief Financial Officer

June 11, 2025
Moncton, New Brunswick, Canada

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Independent Auditor's Report

To the Shareholders and the Board of Directors of Major Drilling Group International Inc.

Opinion

We have audited the consolidated financial statements of Major Drilling Group International Inc. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2025 and 2024, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended April 30, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Acquisition - Intangible Assets and Contingent Consideration– Refer to Notes 4, 10 and 20 to the financial statements

Key Audit Matter Description

The Company acquired all of the issued and outstanding shares of Explomin Perforaciones (the “acquired entity”), a leading specialty drilling contractor based in Lima, Peru and allocated the purchase price to the net assets acquired at fair value, including intangible assets for customer relationships (“acquired intangible assets”). In determining the fair value of the acquired intangible assets, management was required to make assumptions around estimated future cash flows, useful life and discount rates. The acquisition included discounted contingent consideration arrangements (“contingent consideration”) which are based on the acquired entity attaining specified levels of average annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) margins over an earnout period of three years from the effective date of the acquisition.

While there are several estimates and assumptions that are required to determine the fair value of the acquired intangible assets and contingent consideration, the estimates and assumptions with the highest degree of subjectivity are future revenue forecasts, EBITDA margins and discount rates. This required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter was Addressed in the Audit

Our audit procedures related to the assumptions used to determine the fair value of the acquired intangible assets and the contingent consideration included the following, among others:

- Evaluated the reasonableness of future revenue forecasts and EBITDA margins by comparing the forecasts to:
  - Historical results of the acquired entity and the Company;
  - Actual results of the acquired entity post acquisition;
  - Industry data that is publicly available, as applicable.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rates used by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tarah Schulz.

Deloitte LLP

Chartered Professional Accountants
Moncton, New Brunswick
June 11, 2025

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars, except per share information)

		2025		2024
TOTAL REVENUE	**$**	**727,579**	$	706,694
DIRECT COSTS (note 14)		**597,036**		553,970
GROSS PROFIT		**130,543**		152,724
OPERATING EXPENSES				
General and administrative (note 14)		**78,803**		67,846
Amortization of intangible assets (note 10)		**3,676**		1,054
Other expenses		**9,039**		10,324
(Gain) loss on disposal of property, plant and equipment		**(673)**		(843)
Foreign exchange (gain) loss		**1,914**		5,534
Finance (revenues) costs		**484**		(2,204)
		93,243		81,711
EARNINGS BEFORE INCOME TAX		**37,300**		71,013
INCOME TAX EXPENSE (RECOVERY) (note 15)				
Current		**13,204**		14,381
Deferred		**(1,859)**		3,547
		11,345		17,928
NET EARNINGS	**$**	**25,955**	$	53,085
EARNINGS PER SHARE (note 17)				
Basic	**$**	**0.32**	$	0.64
Diluted	**$**	**0.32**	$	0.64

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars)

		2025		2024
NET EARNINGS	**$**	**25,955**	$	53,085
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations		**2,172**		(1,102)
Unrealized gain (loss) on derivatives (net of tax)		**(275)**		19
COMPREHENSIVE EARNINGS	**$**	**27,852**	$	52,002

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars)

	Share capital	Retained earnings	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2023	$ 266,071	$ 105,944	$ (37)	$ 3,696	$ 76,903	$ 452,577
Exercise of stock options (note 16)	764	(197)	-	(342)	-	225
Share-based compensation (note 16)	-	-	-	277	-	277
Share buyback (notes 13 and 16)	(4,156)	(7,093)	-	-	-	(11,249)
Stock options expired/forfeited (note 16)	-	1	-	(1)	-	-
	262,679	98,655	(37)	3,630	76,903	441,830
Comprehensive earnings:						
Net earnings	-	53,085	-	-	-	53,085
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(1,102)	(1,102)
Unrealized gain (loss) on derivatives	-	-	19	-	-	19
Total comprehensive earnings	-	53,085	19	-	(1,102)	52,002
BALANCE AS AT APRIL 30, 2024	**262,679**	**151,740**	**(18)**	**3,630**	**75,801**	**493,832**
Exercise of stock options (note 16)	**429**	**-**	**-**	**(115)**	**-**	**314**
Share-based compensation (note 16)	**-**	**-**	**-**	**100**	**-**	**100**
	263,108	**151,740**	**(18)**	**3,615**	**75,801**	**494,246**
Comprehensive earnings:						
Net earnings	**-**	**25,955**	**-**	**-**	**-**	**25,955**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**2,172**	**2,172**
Unrealized gain (loss) on derivatives	**-**	**-**	**(275)**	**-**	**-**	**(275)**
Total comprehensive earnings	**-**	**25,955**	**(275)**	**-**	**2,172**	**27,852**
BALANCE AS AT APRIL 30, 2025	**$ 263,108**	**$ 177,695**	**$ (293)**	**$ 3,615**	**$ 77,973**	**$ 522,098**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars)

	2025	2024
OPERATING ACTIVITIES		
Earnings before income tax	**$ 37,300**	$ 71,013
Operating items not involving cash		
Depreciation and amortization (note 14)	**63,519**	51,718
(Gain) loss on disposal of property, plant and equipment	**(673)**	(843)
Share-based compensation (notes 14 and 16)	**100**	277
Finance (revenues) costs recognized in earnings before income tax	**484**	(2,204)
	100,730	119,961
Changes in non-cash operating working capital items (note 19)	**18,965**	4,652
Finance revenues received (costs paid)	**(484)**	2,204
Income taxes paid	**(18,295)**	(14,782)
Cash flow from (used in) operating activities	**100,916**	112,035
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(2,072)**	(1,495)
Repayment of long-term debt (note 12)	**-**	(20,000)
Issuance of common shares due to exercise of stock options (note 16)	**314**	551
Proceeds from draw on long-term debt (note 12)	**27,682**	-
Cash-settled stock options	**-**	(326)
Repurchase of common shares (notes 13 and 16)	**-**	(11,249)
Cash flow from (used in) financing activities	**25,924**	(32,519)
INVESTING ACTIVITIES		
Business acquisitions (net of cash acquired) (note 20)	**(93,551)**	(6,991)
Investments (notes 8 and 20)	**(15,205)**	-
Acquisition of property, plant and equipment (note 7)	**(72,521)**	(73,534)
Proceeds from disposal of property, plant and equipment	**3,247**	2,138
Cash flow from (used in) investing activities	**(178,030)**	(78,387)
Effect of exchange rate changes	**959**	657
INCREASE (DECREASE) IN CASH	**(50,231)**	1,786
CASH, BEGINNING OF THE YEAR	**96,218**	94,432
CASH, END OF THE YEAR	**$ 45,987**	$ 96,218

CONSOLIDATED BALANCE SHEETS

As at April 30, 2025 and 2024
(in thousands of Canadian dollars)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 45,987**	$ 96,218
Trade and other receivables (note 25)	**144,731**	122,251
Income tax receivable	**6,992**	3,803
Inventories (note 6)	**115,629**	110,805
Prepaid expenses	**8,490**	9,532
	321,829	342,609
PROPERTY, PLANT AND EQUIPMENT (notes 7 and 20)	**277,553**	237,291
RIGHT-OF-USE ASSETS (note 7)	**9,176**	4,595
INVESTMENTS (notes 8 and 20)	**17,814**	-
DEFERRED INCOME TAX ASSETS (note 15)	**2,151**	2,872
GOODWILL (notes 9 and 20)	**65,962**	22,597
INTANGIBLE ASSETS (notes 10 and 20)	**24,256**	2,219
	$ 718,741	$ 612,183
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**$ 112,690**	$ 86,226
Income tax payable	**4,295**	4,367
Current portion of lease liabilities	**2,021**	1,395
Current portion of contingent consideration (note 20)	**8,869**	8,863
	127,875	100,851
LEASE LIABILITIES	**7,430**	3,321
CONTINGENT CONSIDERATION (note 20)	**13,341**	-
LONG-TERM DEBT (note 12)	**27,682**	-
DEFERRED INCOME TAX LIABILITIES (note 15)	**20,315**	14,179
	196,643	118,351
SHAREHOLDERS' EQUITY		
Share capital (note 16)	**263,108**	262,679
Retained earnings	**177,695**	151,740
Other reserves	**(293)**	(18)
Share-based payments reserve	**3,615**	3,630
Foreign currency translation reserve	**77,973**	75,801
	522,098	493,832
	$ 718,741	$ 612,183

Contingencies and commitments (notes 21 and 22)

Approved by the Board of Directors

Kim Keating
Chair of the Board

Janice Rennie
Chair of the Audit Committee

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars, except per share information)

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. (the “Company”) is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Moncton, NB, Canada. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in North America, South America, Australia, Asia, and Africa.

2. BASIS OF PRESENTATION

Statement of compliance
These Consolidated Financial Statements present the Company’s and its subsidiaries’ financial results of operations and financial position in accordance with International Financial Reporting Standards (“IFRS®”), as issued by the International Accounting Standards Board ("IASB®"), using the accounting policies described herein.

On June 11, 2025, the Board of Directors authorized these Consolidated Financial Statements for issue.

Basis of consolidation
These Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statements of Operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intercompany transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation
The Consolidated Financial Statements have been prepared on a going-concern basis under the historical cost method, except for certain financial instruments that are measured at fair value, and certain assets re-measured at their recoverable or realizable amounts as disclosed, using the accounting policies and methods of computation as presented in note 4.

3. APPLICATION OF NEW AND REVISED IFRS® ACCOUNTING STANDARDS

The Company has not applied the following IASB amendment and standard that have been issued, but are not yet effective:

- IAS 21 (as amended in 2023) - The Effect of Changes in Foreign Exchange Rates - effective for periods beginning on or after January 1, 2025, with earlier application permitted. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 (as issued in 2024) - Presentation and Disclosure of Financial Statements - effective for periods beginning on or after January 1, 2027, with earlier application permitted. The standard replaces IAS 1, Presentation of Financial Statements, and includes requirements for the presentation and disclosure of information in financial statements, such as the presentation of subtotals within the statement of operations and the disclosure of management-defined performance measures within the financial statements.

The adoption of the amendment to IAS 21 is not expected to have a significant impact on the Consolidated Financial Statements. The Company is currently in the process of assessing the impact the adoption of IFRS 18 will have on the Consolidated Financial Statements.

4. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents
Cash is comprised of cash on hand and demand deposits in banks, with settlement terms within 30 days.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI"), and financial assets at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Consolidated Statement of Operations.

Subsequent to initial recognition, the treatment of financial assets depends on their classification. Those recognized as FVTPL and FVTOCI are carried on the balance sheet at fair value with changes in fair value recognized in the Consolidated Statement of Operations, and Consolidated Statement of Other Comprehensive Earnings, respectively. Financial assets at amortized cost are measured at amortized cost, using the effective interest method, less impairment.

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. Subsequent to initial recognition, the treatment of financial liabilities depends on their classification. Those recognized as FVTPL are carried on the balance sheet at fair value with changes in fair value recognized in the Consolidated Statement of Operations. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows or the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Consolidated Statement of Operations.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Consolidated Statement of Operations.

The Company classified and measured cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities, and long-term debt at amortized cost.

The Company has entered into certain derivative financial instruments to manage its exposure to interest rate and market risks, including an interest rate swap, and a share-price forward contract. Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Given these derivatives have been designated as effective hedging instruments, the timing of the recognition in profit or loss depends on the nature of the hedge relationship, as described in the hedge accounting policy below.

Revenue recognition

The Company performs various types of drilling services within the mining and minerals industry. Contracts entered into cover services that involve different processes and continuous drilling services activities in a sequential set of mobilization, drilling, and demobilization activities, which are invoiced to the customer as those activities progress. These activities and processes are accounted for as separate performance obligations.

Revenue from services rendered is recognized in the Consolidated Statement of Operations over time. The Company has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date. As a result, the Company recognizes revenue based on the actual activities performed at the related contract rate.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value-added taxes.

(in thousands of Canadian dollars, except per share information)

4. MATERIAL ACCOUNTING POLICIES (Continued)

Customers are generally invoiced on a semi-monthly or monthly basis. Payment is received according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components.

Contract prepayments are recorded as deferred revenue until performance is achieved and are credited against contract billings in accordance with the contract terms.

Inventories

The Company maintains an inventory of operating supplies, drill rods and drill bits. Inventories are valued at the lower of cost and net realizable value, determined on a first in, first out ("FIFO") basis. The value of used inventory items is considered minimal therefore they are not valued, except for drill rods, which, if still considered usable, are valued at 50% of cost.

Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at cost, less accumulated depreciation and impairment losses. Depreciation, calculated using the straight-line method, is charged to operations at rates based upon the estimated useful life of each depreciable asset. When significant components of an item of PP&E have different useful lives, they are accounted for as separate assets. The following rates apply to those assets being depreciated using the straight-line method:

	Residual value (%)	Useful life (years)
Buildings	0-15	10-20
Drilling equipment	0-15	3-15
Automotive and off-road equipment	0-10	3-10
Other (office, computer, and shop equipment)	0	3-15
Right-of-use assets	0	Lease term

Land and assets not available for use are not depreciated. Costs for repairs and maintenance are charged to operations as incurred. Subsequent costs are included in the asset's carrying value when it is probable that future economic benefits associated with such costs will flow to the Company. Depreciation begins when the asset is ready for its intended use. Subsequent costs are depreciated over the useful life of the asset and replaced components are derecognized. An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss. Depreciation methods, residual values and useful lives are re-assessed, at minimum, on an annual basis.

Investments

Investments are accounted for using the equity method and are initially recognized at cost, inclusive of transaction costs. The Consolidated Financial Statements include the Company's share of the income or loss and equity movement of equity accounted investments. The Company does not recognize losses exceeding the carrying value of its interest in investments.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination, in exchange for control of the acquiree, is measured at fair value. At acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair values. Results of operations of a business acquired are included in the Company's Consolidated Financial Statements from the date of the business acquisition. Business acquisition and integration costs are expensed in profit or loss as incurred.

4. MATERIAL ACCOUNTING POLICIES (Continued)

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments applied against goodwill. Other changes in the fair value of contingent consideration that is classified as an asset or a liability, are re-measured at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill

The value of goodwill is tested for impairment at least annually, or sooner when indications of impairment exist. Any impairment loss identified by this test would be reported in profit or loss for the period during which the loss occurred.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (“CGUs”) or groups of CGUs that are expected to benefit from the synergies of the combination. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Impairment of long-lived assets

At the end of each reporting period, the Company assesses whether there are any indicators that the carrying values of its long-lived assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is first tested on an individual basis, if determinable, or otherwise at the CGU level. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Corporate level assets are allocated to the respective CGUs where an allocation can be made on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value, less costs of disposal, and the value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset, other than goodwill, may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, however the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Current - The tax currently receivable or payable is based on taxable profit for the year and any adjustments resulting from prior years. Taxable profit differs from profit as reported in the Consolidated Statement of Operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company’s liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the end of the reporting period.

4. MATERIAL ACCOUNTING POLICIES (Continued)

Deferred - The Company follows the asset and liability method of accounting for deferred taxes. This method takes a balance sheet approach and focuses on the amount of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. These resulting assets and liabilities, referred to as “deferred income tax assets and liabilities”, are computed and recognized based on carry forwards of unused tax losses, unused tax credits and the differences between the carrying amount of balance sheet items and their corresponding tax values using the enacted, or substantively enacted, income tax rates in effect when the assets are expected to be realized or the liabilities are expected to be settled.

The Company’s primary temporary differences arise between the tax carrying value and net book value of PP&E. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Translation of foreign currencies

The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's presentation currency, and the functional currency of the parent company.

Financial statements of foreign operations are translated using the rate in effect at the balance sheet date for assets and liabilities, and using the average exchange rates during the period for revenue and expenses. Adjustments arising from foreign currency translation are recorded in other comprehensive income and foreign currency translation reserve.

Foreign currency transactions are transactions in a currency other than the Company's functional currency. Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Translation gains and losses on assets and liabilities denominated in a foreign currency are included in the Consolidated Statement of Operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in other comprehensive income and foreign currency translation reserve.

Share-based payments

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and Directors. The fair value of each tranche for all option grants is determined using the Black-Scholes option-pricing model, which considers estimated forfeitures at time of grant, and each tranche is amortized separately to earnings over the vesting period of the tranche with an offset to the share-based payments reserve. When options are exercised, the corresponding share-based payments reserve and the proceeds received by the Company are credited to share capital.

The Company records the fair value of cash-settled deferred share units and restricted share units as compensation expense, with offset to trade and other payables. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in the Consolidated Statement of Operations for the year.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies; the reported amounts of assets and liabilities at the dates of the Consolidated Financial Statements; and the reported amounts of revenue and expenses during the reported periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment ("PP&E") for depreciation purposes, inventory valuation, determination of income and other taxes, recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in the business combination, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

Management determines the estimated useful lives of its PP&E based on historical experience and reviews these estimates at the end of each reporting period.

Management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when they are no longer suitable for use. Management's estimate of the net realizable value of such inventories is based primarily on sales prices and current market conditions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Compensation costs accrued for long-term share-based payment plans are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

Management made significant estimates in determining the fair values of identifiable assets acquired and liabilities assumed in the business combination that took place during the year. The fair value measurement of acquired intangible assets, particularly customer relationships, required the use of significant unobservable inputs such as estimated future cash flows, discount rates, and useful life. These estimates are inherently subjective and involve a high degree of judgment. Any changes in these estimates could affect the amounts recognized in the financial statements.

The amount recognized as provisions and contingent considerations, including legal, restructuring, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur.

Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities, contingencies and contingent considerations based upon the best information available, relevant tax laws and other appropriate requirements.

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing, are subject to measurement uncertainty.

Judgments

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

PP&E and goodwill are aggregated into CGUs based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

(in thousands of Canadian dollars, except per share information)

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

The Company has applied judgment in determining the degree of componentization of PP&E. Each part of an item of PP&E with a cost that is significant in relation to the total cost of the item and has a separate useful life has been identified as a separate component and is depreciated separately.

The Company has applied judgment in recognizing provisions, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event, whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and whether a reliable estimate can be made of the amount of the obligation.

Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings. This determination is subject to management judgment.

6. INVENTORIES

The cost of inventory recognized as an expense and included in materials, consumables and external costs in note 14 for the year ended April 30, 2025 was $139,067 (2024 - $102,076). During the years ended April 30, 2025 and 2024, there were no material write-downs of inventory as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous years were reversed.

The following is a breakdown of inventory by category:

	2025	2024
Rods and casings	**$ 28,691**	$ 29,478
Machine parts	**54,861**	52,999
Consumables	**6,308**	3,981
Wireline and downhole tools	**10,327**	8,394
Diamond bits	**7,426**	7,371
Other	**8,016**	8,582
	$ 115,629	$ 110,805

7. PROPERTY, PLANT AND EQUIPMENT

Changes in the PP&E balances were as follows:

	Land	Buildings	Drills	Auto	Other	ROU assets	Total
Net book value as at April 30, 2023	$6,292	$10,164	$146,680	$47,134	$4,815	$5,637	$220,722
Additions	400	1,874	43,108	25,090	3,062	631	74,165
Disposals	-	-	(785)	(472)	(38)	-	(1,295)
Depreciation	-	(1,015)	(31,065)	(15,345)	(1,464)	(1,775)	(50,664)
Effect of exchange rate changes and other	13	(56)	1,504	(2,607)	2	102	(1,042)
Net book value as at April 30, 2024	**$6,705**	**$10,967**	**$159,442**	**$53,800**	**$6,377**	**$4,595**	**$241,886**
Additions	-	986	52,007	15,895	3,633	7,044	79,565
Disposals	-	-	(2,107)	(452)	(15)	(43)	(2,617)
Depreciation	-	(1,145)	(36,207)	(17,686)	(2,399)	(2,406)	(59,843)
Business acquisition (note 20)	259	298	22,405	1,535	2,620	-	27,117
Effect of exchange rate changes and other	31	(27)	(836)	3,087	(1,620)	(14)	621
Net book value as at April 30, 2025	**$6,995**	**$11,079**	**$194,704**	**$56,179**	**$8,596**	**$9,176**	**$286,729**

There were no prior-period impairment losses requiring reversal as at April 30, 2025 or 2024.

(in thousands of Canadian dollars, except per share information)

8. INVESTMENTS

On July 22, 2024, the Company purchased shares in DGI Geoscience Inc. ("DGI") for $15,000 in cash consideration, a 39.8% equity interest (that provides the Company with 42.3% of the voting rights). DGI and its subsidiaries are privately held entities, headquartered in Canada, focused on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples.

In addition to the equity interest, Major Drilling has representation on the DGI Board of Directors and has special approval rights (protective in nature) granted to the Company as part of the investment. As a result, the Company concluded that the equity method of accounting is appropriate for its investment in DGI.

During the first quarter, the Company incurred costs of $205 for its investments, relating to external legal fees and due diligence costs. These amounts have been recorded as part of the cost of the investment in the Consolidated Balance Sheets.

9. GOODWILL

Changes in the goodwill balance were as follows:		**2025**		2024
Opening balance	**$**	**22,597**	$	22,690
Goodwill on acquisition (note 20)		**43,363**		-
Effect of movement in exchange rates		**2**		(93)
Ending balance	**$**	**65,962**	$	22,597

Allocation of goodwill to CGUs

The carrying amount of goodwill was allocated to CGUs as follows:		**2025**		2024
Canada	**$**	**7,708**	$	7,708
Explomin		**43,520**		-
Australia		**14,734**		14,889
	$	**65,962**	$	22,597

The recoverable amount of the CGUs is determined based on a value-in-use calculation, which uses cash flow projections based on forward projections approved by management, covering a five-year period, discounted to April 30, 2025. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate.

Key assumptions

The key assumptions in cash flow projections used in the value-in-use calculations are as follows:

Revenue – The revenue for all CGUs is based on forecasted values, which are in line with market conditions and reflect past experience. The existing drilling fleet, combined with the sustained capital expenditures, further supports the Company's position for future growth in all regions.

Gross margin – As the Company has a variable direct cost structure, management expects that gross margins will remain in a range in line with historically achieved levels based on the stage of the mining cycle.

Discount rate – The Company used the weighted average cost of capital as the discount rate, which was 10.05% for Canada and Australia (2024 - 11.84%) and 11.05% for Explomin. In order to determine the discount rate, the Company used prevailing market interest rates, the risk-free market return, adjusted for the equity premium, volatility and CGU specific factors.

The Company has performed a sensitivity analysis that quantifies the impact on the value-in-use calculations if key assumptions used in the model were subject to reasonable fluctuations, and no resulting impairment is required.

(in thousands of Canadian dollars, except per share information)

10. INTANGIBLE ASSETS

Intangible assets consist of customer relationships/contracts. The fair value measurement of these customer relationships acquired as part of a business combination require the use of significant unobservable inputs such as estimated future cash flows, discount rates, and useful life. These estimates are inherently subjective and involve a high degree of judgment. Any changes in these estimates could affect the amounts recognized in the financial statements.

Changes in the balance were as follows:

		2025		2024
Opening balance	**$**	**2,219**	$	3,304
Amortization		**(3,676)**		(1,054)
Intangibles from acquisition (note 20)		**25,682**		-
Effect of movement in exchange rates		**31**		(31)
Ending balance	**$**	**24,256**	$	2,219

11. DEMAND CREDIT FACILITIES

The Company has credit facilities available totaling $50,484. $30,000 is from a Canadian chartered bank, primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bank's Canadian Overnight Repo Rate Average ("CORRA") plus 2.0% for Canadian dollar draws, and the bank's Secured Overnight Financing Rate (“SOFR”) plus 2.0% for U.S. dollar draws. The remaining $20,484 is from various other chartered banks, utilized for the purposes of securing stand-by letters of credit, bearing interest at 7%. As at April 30, 2025, the Company had utilized $21,118 (2024 - $1,367) of this facility for outstanding stand-by letters of credit.

The Company also has credit facilities of $6,375 for credit cards, with interest rates and repayments as per cardholder agreements.

12. LONG-TERM DEBT

		2025		2024
Revolving term loan, maximum available $75,000, bearing interest at either the bank's prime rate plus 0.5% or the bank's CORRA plus 2.0% for Canadian dollar draws, and the bank's SOFR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in September 2027.	**$**	**27,682**	$	-
		27,682		-
Long-term portion	**$**	**27,682**	$	-

Changes in the long-term debt balance were as follows:

		2025		2024
Opening balance	**$**	**-**	$	19,972
Repayment of long-term debt		**-**		(20,000)
Proceeds from draw on long-term debt		**27,682**		-
Net fair value variance on derivatives and other		**-**		28
Ending balance	**$**	**27,682**	$	-

(in thousands of Canadian dollars, except per share information)

12. LONG-TERM DEBT (Continued)

During the year, the Company drew US$20,000 (CAD$27,682) on its revolving-term facility from a Canadian chartered bank. Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. The Company is in compliance with all covenants and other conditions imposed in its credit agreement.

13. SHARE BUYBACK

Early in the previous fiscal year, the Company initiated its Normal Course Issuer Bid ("NCIB"), ended March 26, 2024, repurchasing and canceling 1,337,968 common shares at a cost of $11,249 and an average price of $8.41 per share.

14. EXPENSES BY NATURE

Direct costs by nature are as follows:

	2025	2024
Depreciation	**$ 56,008**	$ 47,814
Employee salaries and benefit expenses	**267,517**	252,129
Materials, consumables and external costs	**239,363**	219,090
Other	**34,148**	34,937
	$ 597,036	$ 553,970

General and administrative expenses by nature are as follows:

	2025	2024
Depreciation	**$ 3,835**	$ 2,850
Employee salaries and benefit expenses	**41,561**	36,198
Other general and administrative expenses	**33,407**	28,798
	$ 78,803	$ 67,846

Amounts presented in comparative period have been allocated consistent with current year presentation.

Share-based compensation for employees, included in the other expenses line on the Consolidated Statements of Operations, for the year ended April 30, 2025 was $100 (2024 - $277).

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars, except per share information)

15. INCOME TAXES

Income taxes vary from amounts that would be determined by applying the combined statutory Canadian corporate income tax rate to earnings before income tax with details as follows:

	2025	2024
Earnings before income tax	**$ 37,300**	$ 71,013
Statutory Canadian corporate income tax rate	**27%**	27%
Expected income tax provision based on statutory rate	**10,071**	19,174
Non-recognition of tax benefits related to losses	**4,106**	1,139
Utilization of previously unrecognized losses	**(3,406)**	(3,998)
Other foreign taxes paid	**587**	1,165
Rate variances in foreign jurisdictions	**(502)**	(410)
Permanent differences and other	**334**	1,353
	11,190	18,423
Adjustments recognized in the current year in relation to the current tax in prior years	**155**	(495)
Income tax provision recognized in net earnings	**$ 11,345**	$ 17,928

The tax rate used for the 2025 and 2024 reconciliations herein is the effective federal and provincial Canadian corporate tax rate of 27%.

The movements in deferred income tax balances are as follows:

	2024	Business acquisition	Tax provision	Exchange	2025
Deferred tax assets related to difference in tax and book basis	$ 2,872	$ 78	$ (587)	$ (212)	**$ 2,151**
Deferred tax liabilities related to difference in tax and book basis	(14,179)	(8,759)	2,446	177	**(20,315)**
Net deferred tax assets (liabilities)	$ (11,307)	$ (8,681)	$ 1,859	$ (35)	**$ (18,164)**

Income tax provision recognized in net earnings:

	2025	2024
Current tax		
Current tax expense in respect to the current year	**$ 13,049**	$ 14,876
Adjustments recognized in the current year in relation to the current tax of prior years	**155**	(495)
Deferred tax		
Deferred tax expense (recovery) recognized in the current year	**(1,859)**	3,547
Income tax provision	**$ 11,345**	$ 17,928

The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions and in the assessment of the recoverability of deferred tax assets. Potential liabilities are recognized for anticipated tax audit issues in various tax jurisdictions based on the Company's estimate of whether, and the extent to which, additional taxes will be due.

If payment of the accrued amounts ultimately proves to be unnecessary, the elimination of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities no longer exist. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense will result.

(in thousands of Canadian dollars, except per share information)

15. INCOME TAXES (Continued)

The Company has accumulated approximately $76,412 in non-capital losses of which $16,038 is recognized to reduce future income taxes otherwise payable. These losses, if unused, will expire in the following calendar years: 2025 - $270; 2026 - $49; 2027 - $2,546; 2028 - $2,964; 2029 - $1,005; 2030 - $713; 2031 - $1,241; 2034 - $271; 2035 - $792; 2037 - $6,862; 2038 - $10,653; 2040 - $2,180; 2045 - $12,379 and indefinite - $34,487.

The Company has accumulated approximately $19,891 of capital losses that are available to reduce income taxes otherwise payable on capital gains realized in Australia and Canada. The benefit of these losses has not been recognized in the Consolidated Financial Statements.

The Company has approximately $259,974 of temporary differences associated with its investments in foreign subsidiaries for which no deferred taxes have been provided on the basis that the Company is able to control the timing of the reversal of such temporary differences and such reversal is not probable in the foreseeable future.

The repatriation of cash through dividends, from certain jurisdictions, may cause withholding tax expense for which no liability has been provided on the basis that the Company is able to control the timing of repatriation.

IAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted, or substantively enacted, to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Company has not yet applied the temporary exception during the current period because the Pillar Two legislation, which has been substantively enacted in Canada, is not expected to apply to the Company as its consolidated revenue is less than EUR 750 million.

The Company periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Company has recorded its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made or resolved, or when the statute of limitation lapses.

16. SHARE CAPITAL

Authorized

Unlimited number of fully paid common shares, without nominal or par value, with each share carrying one vote and a right to dividends if declared.

The movement in the Company's issued and outstanding share capital during the year was as follows:

	2025		2024	
	Number of shares	**Share capital**	Number of shares	Share capital
Opening balance	**81,793,486**	**$262,679**	83,028,129	$266,071
Exercise of stock options	**51,600**	**429**	103,325	764
Share buyback (note 13)	**-**	**-**	(1,337,968)	(4,156)
Ending balance	**81,845,086**	**$263,108**	81,793,486	$262,679

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars, except per share information)

16. SHARE CAPITAL (Continued)

Stock option plan

A summary of the status of the Company's stock option plan, as at April 30, 2025 and April 30, 2024, and of changes during those years, is presented below:

	2025		2024	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	**767,000**	**$7.03**	950,925	$6.63
Options expired/forfeited	**-**	**-**	(600)	3.60
Options exercised	**(51,600)**	**6.08**	(103,325)	5.33
Cash-settled options	**-**	**-**	(80,000)	4.48
Outstanding, end of year	**715,400**	**7.10**	767,000	7.03

The following table summarizes information on stock options outstanding as at April 30, 2025:

Range of exercise prices	**Outstanding at April 30, 2025**	**Weighted average remaining life (years)**	**Weighted average exercise price**	**Exercisable at April 30, 2025**	**Weighted average exercise price**
$3.60 - $6.97	**423,400**	**1.21**	**$ 5.49**	**423,400**	**$ 5.49**
$8.39 - $10.50	**292,000**	**3.23**	**9.42**	**256,300**	**9.26**
	715,400			**679,700**	

The Company did not issue stock options during the year ended April 30, 2025 or 2024. For the year ended April 30, 2025, the amount of compensation cost recognized in earnings and credited to share-based payments reserve was $100 (2024 - $277).

17. EARNINGS PER SHARE

All of the Company's earnings are attributable to common shares, therefore net earnings is used in determining earnings per share.

	2025	2024
Net earnings	**$ 25,955**	$ 53,085
Weighted average number of shares:		
Basic (000s)	**81,836**	82,341
Net effect of dilutive securities:		
Stock options	**163**	198
Diluted (000s)	**81,999**	82,539
Earnings per share:		
Basic	**$ 0.32**	$ 0.64
Diluted	**$ 0.32**	$ 0.64

The calculation of diluted earnings per share for the year ended April 30, 2025 and 2024 excludes the effect of 200,000 and 204,904 options, respectively, as they were not in-the-money.

18. SEGMENTED INFORMATION

The Company's operations are divided into three geographic segments corresponding to its management structure: Canada - U.S.; South and Central America; and Australasia and Africa. The services provided in each of the reportable segments are essentially the same.

(in thousands of Canadian dollars, except per share information)

18. SEGMENTED INFORMATION (Continued)

The accounting policies of the segments are the same as those described in note 4. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general and corporate expenses, and income tax. Data relating to each of the Company's reportable segments is presented as follows:

		2025		2024
Revenue				
Canada - U.S.*	$	**274,390**	$	344,931
South and Central America		**262,273**		187,410
Australasia and Africa		**190,916**		174,353
	$	**727,579**	$	706,694
Earnings from operations				
Canada - U.S.	$	**762**	$	32,355
South and Central America		**18,930**		24,159
Australasia and Africa		**36,791**		26,456
		56,483		82,970
Finance (revenues) costs		**484**		(2,204)
General and corporate expenses**		**18,699**		14,161
Income tax		**11,345**		17,928
		30,528		29,885
Net earnings	$	**25,955**	$	53,085

*Canada - U.S. includes revenue in 2025 of $102,596 (2024 - $130,378) for Canadian operations.
**General and corporate expenses include expenses for corporate offices, stock options and certain unallocated costs.

		2025		2024
Capital expenditures				
Canada - U.S.	$	**21,042**	$	30,712
South and Central America		**30,864**		24,677
Australasia and Africa		**20,561**		17,851
Unallocated and corporate assets		**54**		294
Total capital expenditures	$	**72,521**	$	73,534
Depreciation and amortization				
Canada - U.S.	$	**27,004**	$	24,051
South and Central America		**18,430**		11,579
Australasia and Africa		**17,187**		15,390
Unallocated and corporate assets		**898**		698
Total depreciation and amortization	$	**63,519**	$	51,718

		April 30, 2025		April 30, 2024
Identifiable assets				
Canada - U.S.*	$	**223,320**	$	277,092
South and Central America		**342,668**		169,773
Australasia and Africa		**216,051**		208,030
Unallocated and corporate liabilities		**(63,298)**		(42,712)
Total identifiable assets	$	**718,741**	$	612,183

*Canada - U.S. includes property, plant and equipment in 2025 of $58,312 (2024 - $62,991) for Canadian operations.

(in thousands of Canadian dollars, except per share information)

19. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	2025	2024
Trade and other receivables	$ 17,963	$ 15,474
Inventories	2,980	3,756
Prepaid expenses	2,647	1,349
Trade and other payables	(4,625)	(15,927)
	$ 18,965	$ 4,652

20. BUSINESS ACQUISITIONS

McKay Drilling PTY Limited

During the year, the Company paid the final contingent payment of $9.1 million in regards to the 2021 McKay Drilling PTY Ltd. acquisition as they successfully met all of the EBITDA milestones in their earnout period.

Explomin Perforaciones

Effective November 5, 2024, the Company acquired all of the issued and outstanding shares of Explomin, a leading specialty drilling contractor based in Lima, Peru.

The business combination was accounted for using the acquisition method. The Company acquired 92 drill rigs, support equipment, inventory, existing contracts and receivables, in addition to retaining the operation's management team and other employees, including experienced drillers.

The purchase price for the acquisition is valued at an amount up to US$85,000, consisting of a cash payment of US$63,000 (net of cash acquired) funded from the Company's cash and existing debt facilities; and an additional contingent consideration of US$15,180 (discounted) tied to performance. The maximum amount of the contingent consideration is US$22,000, with an earnout period extending over three years from the effective date of November 5, 2024, contingent upon Explomin reaching average annual EBITDA of approximately US$21,000 over the earnout period.

As at April 30, 2025, the values allocated to net tangible and intangible assets are preliminary and are subject to adjustments as additional information is obtained.

Goodwill arising from this acquisition was equal to the excess of the total consideration paid over the fair value of the net assets acquired and represents the benefit of revenue growth, an experienced labour force, market expertise and operational knowledge in a unique market with substantial barriers to entry.

The estimated net assets acquired at fair value at acquisition were as follows:

Net assets acquired:	
Trade and other receivables	$ 39,088
Inventories	7,283
Prepaid expenses	1,583
Property, plant and equipment	27,117
Deferred income tax assets	78
Investments	3,475
Goodwill (not tax deductible)	43,363
Intangible assets	25,682
Trade and other payables	(31,814)
Income tax payable	(1,642)
Deferred income tax liabilities	(8,759)
	$ 105,454
Consideration:	
Cash	$ 87,503
Less: cash acquired	(3,040)
Contingent consideration	20,991
	$ 105,454

(in thousands of Canadian dollars, except per share information)

20. BUSINESS ACQUISITIONS (Continued)

Subsequent to the date of acquisition, the trade and other receivables included in the above net assets acquired have been fully collected. Intangible assets acquired, made up of customer relationships and contracts, are amortized over five years.

The contingent consideration of $20,991 (discounted) is a non-cash investing activity therefore is not reflected in the Consolidated Statements of Cash Flows.

The Company incurred acquisition-related costs of $795 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Consolidated Statements of Operations.

The results of operations of Explomin are included in the Consolidated Statements of Operations from November 5, 2024. Since the date of acquisition, revenue attributable to the Explomin operations was $70,541 with net earnings of $1,623. Due to the complexities of restating results using harmonized accounting policies, it is impracticable to reliably estimate the revenue and net earnings of the combined entities for the year as if the acquisition date had been May 1, 2024.

21. CONTINGENCIES

The Company is involved in various legal claims and legal notices arising in the ordinary course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution and the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, it is management's opinion that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. Any amounts awarded as a result of these actions will be reflected when known.

22. COMMITMENTS

The Company has commitments for the purchase of equipment totaling $13,861 with delivery dates throughout fiscal 2026, as well as various commitments, primarily for rental of premises, with arms-length parties as follows: 2026 - $640; 2027 - $64; and 2028 - $4.

23. RELATED PARTY TRANSACTIONS

The remuneration of Directors and other members of key management personnel (which consists of senior executives) during the year was as follows:

	2025	2024
Salaries, bonuses and fees	**$ 4,491**	$ 4,434
Other long-term benefits	**152**	138
Share-based payments benefits	**2,200**	2,224
	$ 6,843	$ 6,796

24. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding foreign currency translation and other reserves), long-term borrowings, and cash in the definition of capital.

Total managed capital was as follows:

	2025	2024
Long-term debt	**$ 27,682**	$ -
Share capital	**263,108**	262,679
Share-based payments reserve	**3,615**	3,630
Retained earnings	**177,695**	151,740
Cash	**(45,987)**	(96,218)
	$ 426,113	$ 321,831

(in thousands of Canadian dollars, except per share information)

24. CAPITAL MANAGEMENT (Continued)

The Company's objective when managing its capital structure is to ensure continued access to capital markets to maintain financial flexibility, meet financial obligations, and finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debt.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from fiscal 2024.

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk management objectives

The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company through analysis of the various exposures. When deemed appropriate, the Company uses financial instruments to hedge these risk exposures.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The Company manages the risk by use of interest rate swap contracts when deemed appropriate.

Fair value

The carrying values of cash and cash equivalents, trade and other receivables, demand credit facilities and trade and other payables approximate their fair values due to the relatively short period to maturity of the instruments. Contingent consideration is held at fair value.

Financial assets and liabilities measured at fair value are classified and disclosed in one of the following categories:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company enters into certain derivative financial instruments to manage its exposure to market risks, comprised of share-price forward contracts with a combined notional amount of $8,654, maturing at varying dates through June 2027.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's derivatives, with fair values as follows, are classified as level 2 financial instruments and recorded in trade and other receivables (payables) in the Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the year ended April 30, 2025.

	April 30, 2025	April 30, 2024
Share-price forward contracts	**$ (1,582)**	$ (595)

Credit risk

The Company has a policy of dealing only with creditworthy customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk also arises from cash held in banks and financial institutions. This risk is limited because the counterparties are primarily major financial institutions with high credit ratings.

As at April 30, 2025, one customer represented more than 10% of total revenue, at 15.9% (2024 - one customer at 13.7%). The Company's exposure and the credit ratings of its counterparties are continuously monitored.

For the years ended April 30, 2025 and 2024
(in thousands of Canadian dollars, except per share information)

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

As at April 30, 2025, 96.1% (2024 - 95.9%) of the Company's trade receivables were aged as current and 1.5% (2024 - 3.5%) of the trade receivables were impaired.

The movement in the loss allowance for expected credit losses of trade receivables during the year was as follows:

	2025	2024
Opening balance	**$ 4,149**	$ 3,303
Increase in impairment allowance	**840**	1,607
Recovery of amounts previously impaired	**(584)**	(552)
Write-off charged against allowance	**(2,215)**	(135)
Foreign exchange translation differences	**(11)**	(74)
Ending balance	**$ 2,179**	$ 4,149

Foreign currency risk

In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a portion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

As at April 30, 2025, the most significant carrying amounts of net monetary assets and/or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	Rate variance	MNT/USD	ARS/USD	IDR/USD	USD/ZAR	PEN/USD	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		8,865	7,758	5,669	(4,895)	(1,943)	(19,107)	(3,481)	1,142
EBIT impact	+/-10%	985	862	630	544	216	2,123	387	127

Currency controls and government policies in foreign jurisdictions can restrict the Company's ability to exchange such foreign currency for other currencies, such as the U.S. dollar. To mitigate this risk, the Company has adopted a policy of carrying limited foreign currencies in local bank accounts.

Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Notes 11 and 12 set out details of all facilities that the Company has at its disposal to manage liquidity risk.

The following table details the Company's contractual maturities for its financial liabilities:

	1 year	2-3 years	4-5 years	Thereafter	Total
Trade and other payables	$ 112,690	$ -	$ -	$ -	$ 112,690
Lease liabilities (interest included)	2,815	3,919	1,938	2,622	11,294
Contingent consideration (undiscounted)	9,748	16,499	-	-	26,247
Long-term debt (interest included)	1,747	30,301	-	-	32,048
	$ 127,000	**$ 50,719**	**$ 1,938**	**$ 2,622**	**$ 182,279**

HISTORICAL SUMMARY

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
				(in millions of Canadian dollars, except per share information)							
OPERATING SUMMARY											
Revenue by region											
Canada - U.S.	**$ 275**	$ 345	$ 405	$ 367	$ 248	$ 205	$ 196	$ 185	$ 180	$ 195	$ 177
South and Central America	**262**	188	167	151	95	104	108	94	71	66	76
Australia, Asia and Africa	**191**	174	164	132	89	100	81	63	50	44	53
	728	707	736	650	432	409	385	342	301	305	306
Adjusted gross profit [(1)]	**187**	201	221	180	101	99	91	74	60	70	66
as a percentage of revenue	**25.6%**	28.4%	30.0%	27.7%	23.4%	24.0%	23.6%	21.7%	20.0%	23.0%	21.6%
General and administrative expenses	**79**	68	64	56	47	48	47	48	42	41	42
as a percentage of revenue	**10.9%**	9.6%	8.7%	8.6%	10.9%	11.7%	12.2%	14.0%	14.0%	13.4%	13.7%
Net earnings (loss)	**26**	53	75	53	10	(71)	(18)	(22)	(42)	(45)	(50)
Earnings (loss) per share											
Basic	**0.32**	0.64	0.90	0.65	0.12	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)
Diluted	**0.32**	0.64	0.90	0.65	0.12	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)
EBITDA [(1)]	**101**	121	144	114	54	48	39	25	11	20	13
per share	**1.24**	1.46	1.74	1.39	0.67	0.60	0.49	0.31	0.13	0.25	0.17
Dividends paid	-	-	-	-	-	-	-	-	-	3	16
Net cash (debt) [(1)]	**(4)**	87	59	(2)	5	7	10	2	18	38	30
BALANCE SHEET SUMMARY											
Cash and cash equivalents	**46**	96	94	71	22	58	27	21	26	50	45
Property, plant and equipment	**287**	242	221	204	148	169	164	185	222	241	277
Debt	**28**	-	20	50	15	51	17	19	8	12	15
Shareholders' equity	**522**	494	453	360	280	297	363	372	410	426	460

Amounts presented in comparative periods have been allocated consistent with current year presentation.

[(1)] Non-IFRS financial measures:

Adjusted gross profit/margin - excludes depreciation expense.

EBITDA - earnings before interest, taxes, depreciation, amoritzation, impairment and restructuring charge.

Net cash (debt) - cash net of debt, excluding lease liabilities reported under IFRS 16 Leases.

SHAREHOLDER INFORMATION

DIRECTORS

Kim Keating (Chair)
Caroline Donally
Louis-Pierre Gignac
Juliana Lam
Denis Larocque
Janice Rennie
Sybil Veenman
Jo Mark Zurel

OFFICERS

Denis Larocque
President & Chief Executive Officer

Ian Ross
Chief Financial Officer

Ashley Martin
Chief Operating Officer

Marc Landry
Chief Technology Officer

Barry Zerbin
VP Canadian Operations

Kevin Slemko
VP US Operations

John Ross Davies
VP Australasian & African Operations

Ben Graham
VP HR & Safety

Andrew McLaughlin
VP Legal Affairs & General Counsel

Ghislain LeBlanc
VP Operational Efficiencies

TRANSFER AGENT

TSX Trust Company

AUDITORS

Deloitte LLP

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol: MDI

CORPORATE OFFICE

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Website: www.majordrilling.com
Email: info@majordrilling.com
Investor Relations: ir@majordrilling.com

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Major Drilling Group International Inc. will be held on Tuesday, September 9, 2025 at 3:30pm ET in person, and virtually as follows:

McCarthy Tétrault
66 Wellington St West (TD Bank Tower)
53rd Floor - Clarkson Room
Toronto, ON M5K 1E6

www.virtualshareholdermeeting.com/MDI2025

MAJOR
Drilling