NEWS RELEASE

Major Drilling Reports Strong Second Quarter, Net Earnings up 65% as Industry Upcycle Continues

MONCTON, New Brunswick (December 8, 2022) – Major Drilling Group International Inc. ("Major Drilling" or the "Company") (TSX: MDI), a leading provider of specialized drilling services to the mining sector, today reported results for the second quarter of fiscal 2023, ended October 31, 2022.

Quarterly Highlights

- Revenue of $201.7 million, an increase of 18% over the same period last year.
- EBITDA(1) of $43.0 million (or $0.52 per share), up 40% vs. same period last year.
- Net earnings of $23.6 million (or $0.29 per share), up 65% vs. same period last year.
- Net cash grew by $42.8 million during the quarter to $51.3 million.
- Enhancement of fleet continues, replacing 11 drills with 14 new, more efficient models.
- Growth of electrification market driving incremental demand for copper and battery metals.
- Release of inaugural Sustainability Report, highlighting ESG initiatives and priorities around the world.

"Continued strength of demand for Major Drilling's services, especially our complex specialized drilling services, once again drove solid quarterly results," said Denis Larocque, President and CEO of Major Drilling. "During the quarter, we began to see the growing importance of the electric vehicle and electrification market, with increased demand from copper and battery metals customers. Combined with increased activity from all three of our geographic segments, this more than offset the slight softening in activity from the junior miners."

Ian Ross, CFO of Major Drilling, commented, "Our operational leverage continued to generate excellent financial results as activity levels remained robust with EBITDA up 40% to $43 million compared to the same period last year. Major Drilling generated net earnings of $23.6 million, or $0.29 per share, which is an increase of 65% compared to the prior year. With continued growth and strong operational performance, the Company has been able to increase its net cash position by $42.8 million in the quarter, to finish with net cash of $51.3 million. The Company is also pleased to announce the renewal of our existing credit facility, under the same terms and conditions, for another 5-year term. Coupled with our net cash position, this provides tremendous liquidity and flexibility moving forward. With the significant cash growth in the quarter, the Company remained committed to investing in the business by spending $13.3 million on capital expenditures, buying 14 new drills while disposing of 11 older, less efficient drills, bringing the total fleet count to 603."

"As we enter our seasonally slower third quarter, customer demand for calendar 2023 looks to remain strong, and we are already in discussions with several senior customers. Despite economic headwinds experienced since the beginning of 2022, metal prices have remained at levels well above what is needed to support exploration," said Denis Larocque. "This, combined with the growing supply shortfall in most mineral commodities, continues to drive demand for our services. As the global demand for electrification continues to grow, the world will require an enormous volume of copper and battery metals, which is significant for our outlook and the future of our business. We believe that this will increase pressure on the existing supply/demand dynamic, and lead to substantial additional investments in copper and other base metal exploration projects. This increase in both activity levels and diversification of commodities continues to drive demand for our services. Our growing fleet ensures we retain utilization capacity to meet this growing demand, and our capital availability ensures we have the flexibility to increase our fleet count when and where needed to consistently meet the needs of our customers across the globe."

"As we continue to move through the current cycle, Major Drilling's core strategy is to remain the leader in specialized drilling as new mineral deposits will increasingly be located in areas more challenging to access or requiring complex drilling solutions. We are committed to providing top-quality service to our valued customers through safe and productive drill programs, as evidenced by our industry-recognized hole completion rates. We leverage our worldwide expertise and utilize our strong financial position to ensure we have the equipment and inventory required to be a best-in-class service provider. With the purchase of 14 new drills in the quarter, including 7 underground drills in line with our diversification strategy, we are able to offer a modern and productive fleet to meet the growing demand in this industry," continued Mr. Larocque.

"With our continued focus to be an industry leader with respect to ESG, we are proud to have issued our inaugural Sustainability Report during the quarter, highlighting the tremendous efforts of our organization across the globe. The collaborative efforts from our board, through to our drillers in the field, ensure we are aligned as a company to progress our ESG initiatives and it remains a priority moving forward," concluded Mr. Larocque.

In millions of Canadian dollars (except earnings per share)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	$ 201.7	$ 170.7	$ 401.6	$ 321.7
Gross margin	26.3%	22.0%	25.9%	21.1%
Adjusted gross margin (1)	31.8%	28.3%	31.3%	27.3%
EBITDA (1)	43.0	30.7	86.5	55.0
As percentage of revenue	21.3%	18.0%	21.5%	17.1%
Net earnings	23.6	14.3	47.9	25.4
Earnings per share	0.29	0.17	0.58	0.31

(1) See "Non-IFRS Financial Measures"

Second Quarter Ended October 31, 2022

With all geographic regions contributing to the growth, total revenue for the quarter was $201.7 million, up 18.2% from revenue of $170.7 million recorded in the same quarter last year. The favourable foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was approximately $6 million and $1 million, respectively.

Revenue for the quarter from Canada - U.S. drilling operations increased by 19.8% to $113.1 million, compared to the same period last year. Senior and intermediate activity levels more than offset a slowdown in junior activity in this region.

South and Central American revenue increased by 13.3% to $41.7 million for the quarter, compared to the same quarter last year. The growth from the prior year is mainly attributable to a resumption of activity levels in jurisdictions that were previously impacted by COVID-19 shutdowns.

Australasian and African revenue increased by 18.7% to $46.9 million, compared to the same period last year. The Asian region was responsible for most of the growth in the quarter, with new projects and contract renewals with improved pricing.

Gross margin percentage for the quarter was 26.3%, compared to 22.0% for the same period last year. Depreciation expense totaling $11.2 million is included in direct costs for the current quarter, versus $10.7 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 31.8% for the quarter, compared to 28.3% for the same period last year. Margins improved from the prior year, mainly from enhanced productivity and price adjustments, which more than offset inflation pressures.

General and administrative costs were $16.1 million, an increase of $2.0 million compared to the same quarter last year, primarily due to increased employee compensation and increased travel costs with the ease of COVID-19 restrictions.

Other expenses were $4.7 million, up from $3.4 million in the prior year quarter, due primarily to higher incentive compensation expenses throughout the Company given the increased profitability.

Foreign exchange loss was $1.1 million compared to $0.9 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies, including the U.S. dollar, which strengthened with the foreign exchange volatility experienced during the quarter.

The income tax provision for the quarter was an expense of $7.5 million, compared to an expense of $4.5 million for the prior year period. The increase from the prior year was due to an overall increase in profitability.

Net earnings were $23.6 million or $0.29 per share ($0.28 per share diluted) for the quarter, compared to net earnings of $14.3 million or $0.17 per share ($0.17 per share diluted) for the prior year quarter.

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.

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Total revenue	**$ 201,716**	$ 170,693	**$ 401,551**	$ 321,688
Less: direct costs	**148,713**	133,155	**297,374**	253,790
Gross profit	**53,003**	37,538	**104,177**	67,898
Add: depreciation	**11,177**	10,709	**21,591**	20,018
Adjusted gross profit	**64,180**	48,247	**125,768**	87,916
Adjusted gross margin	**31.8%**	28.3%	**31.3%**	27.3%

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

(in $000s CAD)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022
Net earnings	**$ 23,611**	$ 14,290	**$ 47,859**	$ 25,350
Finance costs	**26**	399	**456**	871
Income tax provision	**7,541**	4,501	**14,826**	7,216
Depreciation and amortization	**11,829**	11,539	**23,370**	21,528
EBITDA	**$ 43,007**	$ 30,729	**$ 86,511**	$ 54,965

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

(in $000s CAD)	**October 31, 2022**	April 30, 2022
Cash	**$ 97,698**	$ 71,260
Contingent consideration	**(16,746)**	(22,907)
Long-term debt	**(29,666)**	(50,000)
Net cash (debt)	**$ 51,286**	$ (1,647)

Forward-Looking Statements

This new release 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 news release 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 news release 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; the level of funding for the Company's clients (particularly for junior mining companies); competitive pressures; global political and economic environments; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the Company's dependence on key customers; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; implications of the COVID-19 pandemic; the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2022, available on the SEDAR website at www.sedar.com. 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.

About Major Drilling

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience and expertise within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, December 9, 2022 at 9:00 AM (EST). To access the webcast, which includes a slide presentation, please go to the investors/webcast section of Major Drilling's website at www.majordrilling.com and click on the link. Please note that this is listen-only mode.

To participate in the conference call, please dial 416-340-2217, participant passcode 9856483# and ask for Major Drilling's Second Quarter Results Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled start of the call.

For those unable to participate, a taped rebroadcast will be available approximately one hour after the completion of the call until Monday, January 9, 2023. To access the rebroadcast, dial 905-694-9451 and enter the passcode 8500719#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at www.majordrilling.com.

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Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Operations

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

	Three months ended October 31		Six months ended October 31	
	2022	2021	**2022**	2021
TOTAL REVENUE	**$ 201,716**	$ 170,693	**$ 401,551**	$ 321,688
DIRECT COSTS (note 7)	**148,713**	133,155	**297,374**	253,790
GROSS PROFIT	**53,003**	37,538	**104,177**	67,898
OPERATING EXPENSES				
General and administrative (note 7)	**16,068**	14,130	**32,242**	27,738
Other expenses	**4,723**	3,415	**7,743**	6,022
(Gain) loss on disposal of property, plant and equipment	**(22)**	(85)	**(720)**	(409)
Foreign exchange (gain) loss	**1,056**	888	**1,771**	1,110
Finance costs	**26**	399	**456**	871
	21,851	18,747	**41,492**	**35,332**
EARNINGS BEFORE INCOME TAX	**31,152**	18,791	**62,685**	32,566
INCOME TAX EXPENSE (note 8)				
Current	**6,564**	2,912	**14,265**	5,344
Deferred	**977**	1,589	**561**	1,872
	7,541	4,501	**14,826**	7,216
NET EARNINGS	**$ 23,611**	$ 14,290	**$ 47,859**	$ 25,350
EARNINGS PER SHARE (note 9)				
Basic	**$ 0.29**	$ 0.17	**$ 0.58**	$ 0.31
Diluted	**$ 0.28**	$ 0.17	**$ 0.58**	$ 0.31

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Comprehensive Earnings

(in thousands of Canadian dollars)
(unaudited)

	Three months ended October 31		Six months ended October 31	
	2022	2021	**2022**	2021
NET EARNINGS	**$ 23,611**	$ 14,290	**$ 47,859**	$ 25,350
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	**15,079**	(2,518)	**11,987**	(513)
Unrealized gain (loss) on derivatives (net of tax)	**54**	5	**(1,578)**	182
COMPREHENSIVE EARNINGS	**$ 38,744**	$ 11,777	**$ 58,268**	$ 25,019

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2022 and 2021
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2021	$ 243,379	$ (22,456)	$ 1,067	$ 5,559	$ 52,614	$ 280,163
Share issue (note 11)	12,911	-	-	-	-	12,911
Exercise of stock options	3,957	-	-	(1,090)	-	2,867
Share-based compensation	-	-	-	175	-	175
Stock options expired/forfeited	-	23	-	(23)	-	-
	260,247	(22,433)	1,067	4,621	52,614	296,116
Comprehensive earnings:						
Net earnings	-	25,350	-	-	-	25,350
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(513)	(513)
Unrealized gain (loss) on derivatives	-	-	182	-	-	182
Total comprehensive earnings (loss)	-	25,350	182	-	(513)	25,019
BALANCE AS AT OCTOBER 31, 2021	$ 260,247	$ 2,917	$ 1,249	$ 4,621	$ 52,101	$ 321,135
BALANCE AS AT MAY 1, 2022	**$ 263,183**	**$ 31,022**	**$ 1,536**	**$ 3,996**	**$ 60,021**	**$ 359,758**
Exercise of stock options	**1,467**		**-**	**(403)**	**-**	**1,064**
Share-based compensation	**-**	**-**	**-**	**243**	**-**	**243**
	264,650	**31,022**	**1,536**	**3,836**	**60,021**	**361,065**
Comprehensive earnings:						
Net earnings	**-**	**47,859**	**-**	**-**	**-**	**47,859**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**11,987**	**11,987**
Unrealized gain (loss) on derivatives	**-**	**-**	**(1,578)**	**-**	**-**	**(1,578)**
Total comprehensive earnings (loss)	**-**	**47,859**	**(1,578)**	**-**	**11,987**	**58,268**
BALANCE AS AT OCTOBER 31, 2022	**$ 264,650**	**$ 78,881**	**$ (42)**	**$ 3,836**	**$ 72,008**	**$ 419,333**

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Three months ended October 31		Six months ended October 31	
	2022	2021	**2022**	2021
OPERATING ACTIVITIES				
Earnings before income tax	**$ 31,152**	$ 18,791	**$ 62,685**	$ 32,566
Operating items not involving cash				
Depreciation and amortization (note 7)	**11,829**	11,539	**23,370**	21,528
(Gain) loss on disposal of property, plant and equipment	**(22)**	(85)	**(720)**	(409)
Share-based compensation	**131**	97	**243**	175
Finance costs recognized in earnings before income tax	**26**	399	**456**	871
	43,116	30,741	**86,034**	54,731
Changes in non-cash operating working capital items	**13,316**	(4,035)	**(3,152)**	(9,421)
Finance costs paid	**(26)**	(399)	**(456)**	(871)
Income taxes paid	**(4,321)**	(1,139)	**(9,671)**	(2,439)
Cash flow from (used in) operating activities	**52,085**	25,168	**72,755**	42,000
FINANCING ACTIVITIES				
Repayment of lease liabilities	**(392)**	(228)	**(836)**	(670)
Repayment of long-term debt (note 6)	**-**	(83)	**(20,000)**	(355)
Issuance of common shares due to exercise of stock options	**570**	507	**1,064**	2,867
Proceeds from draw on long-term debt	**-**	-	**-**	35,000
Cash flow from (used in) financing activities	**178**	196	**(19,772)**	36,842
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 11)	**(6,289)**	(181)	**(6,289)**	(38,050)
Acquisition of property, plant and equipment (note 5)	**(13,334)**	(11,125)	**(26,488)**	(22,778)
Proceeds from disposal of property, plant and equipment	**548**	418	**2,839**	1,781
Cash flow from (used in) investing activities	**(19,075)**	(10,888)	**(29,938)**	(59,047)
Effect of exchange rate changes	**3,392**	727	**3,393**	519
INCREASE IN CASH	**36,580**	15,203	**26,438**	20,314
CASH, BEGINNING OF THE PERIOD	**61,118**	27,470	**71,260**	22,359
CASH, END OF THE PERIOD	**$ 97,698**	$ 42,673	**$ 97,698**	$ 42,673

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2022 and April 30, 2022
(in thousands of Canadian dollars)
(unaudited)

	October 31, 2022	April 30, 2022
ASSETS		
CURRENT ASSETS		
Cash	$ **97,698**	$ 71,260
Trade and other receivables (note 12)	**139,886**	142,621
Income tax receivable	**2,270**	2,037
Inventories	**106,990**	96,782
Prepaid expenses	**12,769**	8,960
	359,613	321,660
PROPERTY, PLANT AND EQUIPMENT (note 5 and note 11)	**203,766**	198,196
RIGHT-OF-USE ASSETS	**4,746**	5,479
DEFERRED INCOME TAX ASSETS	**3,565**	4,351
GOODWILL (note 11)	**22,248**	22,798
INTANGIBLE ASSETS (note 11)	**3,726**	4,596
	$ **597,664**	$ 557,080
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ **104,229**	$ 102,596
Income tax payable	**10,032**	5,022
Current portion of lease liabilities	**1,564**	1,502
Current portion of contingent consideration	**9,137**	8,619
	124,962	117,739
LEASE LIABILITIES	**3,111**	3,885
CONTINGENT CONSIDERATION (note 11)	**7,609**	14,288
LONG-TERM DEBT (note 6)	**29,666**	50,000
DEFERRED INCOME TAX LIABILITIES	**12,983**	11,410
	178,331	197,322
SHAREHOLDERS' EQUITY		
Share capital	**264,650**	263,183
Retained earnings	**78,881**	31,022
Other reserves	**(42)**	1,536
Share-based payments reserve	**3,836**	3,996
Foreign currency translation reserve	**72,008**	60,021
	419,333	359,758
	$ **597,664**	$ 557,080

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 Canada, the United States, Mexico, South America, Asia, Africa, and Australia.

2. BASIS OF PRESENTATION

Statement of compliance

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2022.

On December 8, 2022, the Board of Directors authorized the financial statements for issue.

Basis of consolidation

These Interim Condensed 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.

Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2022.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements, in conformity with International Financial Reporting Standards ("IFRS"), requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Depending on the severity and duration of disruptions caused by the COVID-19 pandemic, results could be impacted in future periods. It is not possible at this time to estimate the magnitude of such potential future impacts.

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 for depreciation purposes, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in the compilation of fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration, allowance for impairment of trade receivables, and impairment testing of goodwill and intangible assets.

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

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

The Company applied judgment in determining the functional currency of the Company and its subsidiaries, the determination of cash-generating units ("CGUs"), the degree of componentization of property, plant and equipment, the recognition of provisions and accrued liabilities, and the determination of the probability that deferred income tax assets will be realized from future taxable earnings.

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and six months ended October 31, 2022 were $13,334 (2021 - $11,125) and $26,488 (2021 - $22,778), respectively. The Company did not obtain direct financing for the three and six months ended October 31, 2022 or 2021.

6. LONG-TERM DEBT

During the first quarter of fiscal 2023, the Company made a discretionary payment of $20,000 on its revolving term facility.

During the current quarter, the Company renewed its existing credit facility agreement for a five-year term, with the same terms and conditions as the previous agreement.

7. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Depreciation	**$ 11,177**	$ 10,709	**$ 21,591**	$ 20,018
Employee salaries and benefit expenses	**68,086**	61,465	**134,078**	117,655
Cost of material	**27,795**	23,871	**58,449**	46,624
Other	**41,655**	37,110	**83,256**	69,493
	$ 148,713	$ 133,155	**$ 297,374**	$ 253,790

General and administrative expenses by nature are as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Amortization of intangible assets	**$ 358**	$ 369	**$ 720**	$ 648
Depreciation	**294**	461	**1,059**	862
Employee salaries and benefit expenses	**8,165**	7,605	**16,830**	15,468
Other general and administrative expenses	**7,251**	5,695	**13,633**	10,760
	$ 16,068	$ 14,130	**$ 32,242**	$ 27,738

8. INCOME TAXES

The income tax provision for the period can be reconciled to accounting earnings before income tax as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Earnings before income tax	**$ 31,152**	$ 18,791	**$ 62,685**	$ 32,566
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax provision based on statutory rate	**8,411**	5,074	**16,925**	8,793
Non-recognition of tax benefits related to losses	**491**	158	**647**	647
Utilization of previously unrecognized losses	**(2,903)**	(1,909)	**(4,848)**	(4,243)
Other foreign taxes paid	**949**	308	**1,955**	524
Rate variances in foreign jurisdictions	**(64)**	164	**38**	251
Derecognition of previously recognized losses	**-**	-	**-**	861
Permanent differences and other	**657**	706	**109**	383
Income tax provision recognized in net earnings	**$ 7,541**	$ 4,501	**$ 14,826**	$ 7,216

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 records 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 statutes of limitations lapse.

9. EARNINGS PER SHARE

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

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Net earnings	**$ 23,611**	$ 14,290	**$ 47,859**	$ 25,350
Weighted average number of shares:				
Basic (000s)	**82,847**	82,349	**82,793**	82,040
Diluted (000s)	**83,149**	82,753	**83,150**	82,485
Earnings per share				
Basic	**$ 0.29**	$ 0.17	**$ 0.58**	$ 0.31
Diluted	**$ 0.28**	$ 0.17	**$ 0.58**	$ 0.31

The calculation of diluted earnings per share for the three and six months ended October 31, 2022 excludes the effect of 210,000 and 180,897 options, respectively (2021 - 105,000 and 75,897, respectively) as they were not in-the-money.

The total number of shares outstanding on October 31, 2022 was 82,865,254 (2021 - 82,382,554).

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

10. SEGMENTED INFORMATION

The Company's operations are divided into the following 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. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2022. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Revenue				
Canada - U.S.*	**$ 113,066**	$ 94,390	**$ 225,666**	$ 179,249
South and Central America	**41,725**	36,784	**89,178**	71,974
Australasia and Africa	**46,925**	39,519	**86,707**	70,465
	$ 201,716	$ 170,693	**$ 401,551**	$ 321,688

*Canada - U.S. includes revenue of $42,389 and $51,538 for Canadian operations for the three months ended October 31, 2022 and 2021, respectively and $88,412 and $98,537 for the six months ended October 31, 2022 and 2021, respectively.

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Earnings from operations				
Canada - U.S.	**$ 22,024**	$ 13,546	**$ 45,776**	$ 25,738
South and Central America	**5,235**	476	**14,288**	580
Australasia and Africa	**7,847**	8,212	**11,011**	13,853
	35,106	22,234	**71,075**	40,171
Finance costs	**26**	399	**456**	871
General corporate expenses**	**3,928**	3,044	**7,934**	6,734
Income tax	**7,541**	4,501	**14,826**	7,216
	11,495	7,944	**23,216**	14,821
Net earnings	**$ 23,611**	$ 14,290	**$ 47,859**	$ 25,350

**General corporate expenses include expenses for corporate offices and stock options.

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Capital expenditures				
Canada - U.S.	**$ 9,440**	$ 5,952	**$ 17,846**	$ 14,367
South and Central America	**2,062**	1,562	**5,393**	4,010
Australasia and Africa	**1,832**	3,611	**2,984**	4,401
Unallocated and corporate assets	**-**	-	**265**	-
Total capital expenditures	**$ 13,334**	$ 11,125	**$ 26,488**	$ 22,778

	Q2 2023	Q2 2022	**YTD 2023**	YTD 2022
Depreciation and amortization				
Canada - U.S.	**$ 6,126**	$ 5,510	**$ 11,521**	$ 10,021
South and Central America	**2,650**	2,487	**5,163**	5,024
Australasia and Africa	**2,989**	3,423	**6,402**	6,307
Unallocated and corporate assets	**64**	119	**284**	176
Total depreciation and amortization	**$ 11,829**	$ 11,539	**$ 23,370**	$ 21,528

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

10. SEGMENTED INFORMATION (Continued)

	October 31, 2022	April 30, 2022
Identifiable assets		
Canada - U.S.*	$ **270,842**	$ 236,669
South and Central America	**141,103**	128,791
Australasia and Africa	**202,462**	203,370
Unallocated and corporate liabilities	**(16,743)**	(11,750)
Total identifiable assets	$ **597,664**	$ 557,080

*Canada - U.S. includes property, plant and equipment as at October 31, 2022 of $63,292 (April 30, 2022 - $56,469) for Canadian operations.

11. BUSINESS ACQUISITION

McKay Drilling PTY Limited

Effective June 1, 2021, the Company acquired all of the issued and outstanding shares of McKay Drilling PTY Limited ("McKay"), a leading specialty drilling contractor based in Western Australia.

The acquisition was accounted for using the acquisition method. The Company acquired 20 drill rigs, support equipment and inventory, existing contracts and receivables, as well as retaining the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $71,073, consisting of $38,050 in cash (net of cash acquired), $12,911 in Major Drilling shares and an additional payout of $20,112 (discounted) tied to performance. The maximum amount of the contingent consideration is $25,000 AUD, with a payout period extending over three years from the effective date of June 1, 2021, contingent upon achievement of certain EBITDA (earnings before interest, taxes, depreciation and amortization) milestones. During the current quarter, the Company made the first payment on the contingent consideration arising out of the McKay Drilling PTY Limited acquisition for $6,289 ($7,000 AUD).

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 expected synergies, revenue growth, an experienced labour force and future market development.

The valuation of assets and purchase price allocation have been finalized. The net assets acquired at fair value at acquisition were as follows:

Net assets acquired	
Trade and other receivables	$ 10,475
Inventories	1,595
Prepaid expenses	1,773
Property, plant and equipment	44,466
Goodwill (not tax deductible)	15,543
Intangible assets	5,558
Trade and other payables	(7,379)
Deferred income tax liabilities	(958)
Total assets	**$ 71,073**

Consideration	
Cash	$ 39,031
Less: cash acquired	(981)
Contingent consideration	20,112
Shares of Major Drilling	12,911
Total consideration	**$ 71,073**

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

11. BUSINESS ACQUISITION (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 are amortized over five years.

The above consideration includes non-cash investing activities, which are not reflected in the Interim Condensed Consolidated Statements of Cash Flows, including the issuance of 1,318,101 shares of Major Drilling for a total of $12,911, and contingent consideration of $20,112 (discounted).

In the previous year, the Company incurred acquisition-related costs of $454 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Interim Condensed Consolidated Statements of Operations.

The results of the McKay operations are included in the Interim Condensed Consolidated Statements of Operations from June 1, 2021.

12. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, trade and other receivables, demand credit facilities and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of contingent consideration and long-term debt approximates their fair value as the interest applicable is reflective of fair market rates.

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 has entered into certain derivative financial instruments to manage its exposure to interest rate and market risks, including an interest rate swap, with a notional value of $20,000 maturing in May of 2023, and share-price forward contracts with a combined notional amount of $5,983, maturing at varying dates through June 2025.

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. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended October 31, 2022.

	October 31, 2022	April 30, 2022
Interest rate swap	**$ 334**	$ -
Share-price forward contracts	**$ 614**	$ 5,468

12. FINANCIAL INSTRUMENTS (Continued)

Credit risk
As at October 31, 2022, 93.5% (April 30, 2022 - 94.0%) of the Company's trade receivables were aged as current and 1.4% (April 30, 2022 - 1.2%) of the trade receivables were impaired.

The movements in the allowance for impairment of trade receivables during the six and twelve-month periods were as follows:

	October 31, 2022	April 30, 2022
Opening balance	**$ 1,517**	$ 1,638
Increase in impairment allowance	**1,148**	744
Recovery of amounts previously impaired	**(25)**	(303)
Write-off charged against allowance	**(729)**	(549)
Foreign exchange translation differences	**23**	(13)
Ending balance	**$ 1,934**	$ 1,517

Foreign currency risk
As at October 31, 2022, 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	USD/CAD	MNT/USD	MXN/USD	IDR/USD	USD/AUD	ARS/USD	USD/CLP	Other
Net exposure on monetary assets (liabilities)		22,990	10,463	4,832	4,095	2,961	2,762	(3,739)	1,132
EBIT impact	+/-10%	2,554	1,163	537	455	329	307	415	126

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

	1 year	2-3 years	4-5 years	Thereafter	Total
Trade and other payables	$ 104,229	$ -	$ -	$ -	$ 104,229
Lease liabilities (interest included)	1,676	2,026	808	352	4,862
Contingent consideration (undiscounted)	8,617	9,613	-	-	18,230
Long-term debt (interest included)	662	1,992	31,992	-	34,646
	$ 115,184	**$ 13,631**	**$ 32,800**	**$ 352**	**$ 161,967**