MAJOR Drilling

ANNUAL REPORT 2021

QUALITY • SAFETY • RESULTS

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CORPORATE PROFILE

Major Drilling Group International Inc. ("the Company") 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.

Major Drilling 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.

Over the years, the Company has positioned itself as one of the largest specialized drilling operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems, long-standing relationships with the world's largest mining companies and access to capital. This positioning is strengthened by the Company's senior management having experienced several economic and mining industry cycles.

Our corporate strategy remains to:

- be the world leader in specialized drilling;
- diversify our services within the drilling field;
- maintain a strong balance sheet;
- be the best in class in safety and human resources;
- modernize our fleet with innovation and expand our footprint in strategic areas; and
- ensure that ESG (Environtmental, Social and Governance) commitments are embedded in our culture and core business practices.

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

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MESSAGE TO SHAREHOLDERS

Our fiscal year, ended April 30, 2021, was a year of transition. In the fiscal quarter ended July 31, 2020, the Company was still working through issues related to the COVID-19 pandemic, but our financial strength allowed us to make decisions that set us up to effectively respond to an industry rebound. That rebound was quick to come as we entered our second quarter with gold prices above US$2,000/oz, which resulted in increased exploration budgets from senior gold mining companies. At that time, we also saw a resurgence of financing for junior gold companies, which added a further layer of demand in the fourth quarter. As a result, the Company was able to return to profitability for the fiscal year and produced the highest annual revenue we have had in eight years.

Nevertheless, we are still very early in this mining recovery. Following six years of lack of exploration, gold reserve replacement has been identified as a significant challenge by several senior gold companies, with many having already made significant commitments to increase exploration and further develop existing projects. Also, gold prices have risen to a level where junior mining companies have begun to have more success obtaining funding for greenfield exploration.

Although we have not seen a significant increase in activity from base metal players, copper prices have recently hit historical highs, which should also translate into more exploration activity in the near future as mining companies seek to replenish depleting reserves. At the same time, we have seen governments across the world implementing significant stimulus programs targeting renewable energy and electric vehicles, which will require a huge volume of copper, as well as battery metals.

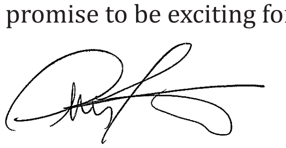
We continue to see a noticeable increase in inquiries from all categories of customers, and if their plans progress as advertised, we expect to see utilization rates continue to improve as crews become available. Although the shortage of experienced drill crews will put temporary pressure on labour costs and productivity, especially in our most active markets, we expect the wider industry shortages and higher utilization rates to continue to drive a more positive pricing environment and expedite margin recovery. We have seen this in every other up cycle and have reinstated many of the initiatives that proved successful in the last industry upturn.

Subsequent to year-end, we announced the acquisition of McKay Drilling PTY, primarily operating in Western Australia, an area where the Company did not have a presence. This acquisition is a meaningful part of our growth strategy and gives us a strong foothold in an important growth market with high barriers to entry. In addition to a fleet of state-of-the-art rigs, we are acquiring a highly experienced team with local knowledge, long-standing relationships and existing contracts with leading blue chip mining companies. Finally, McKay Drilling and Major Drilling have very similar cultural and operational values and approaches, along with a strong commitment to sustainable resource development, consistent with our global ESG Framework.

The Company continues to have the strongest position in specialized drilling in the industry, through the skills of our employees and our financial strength. Also, we are continuing to diversify into other mineral drilling services, with a focus on further developing our underground capacity. We are pleased with our progress during the year on innovation initiatives, which are focused on increasing productivity, safety, and meeting customers' demands.

Over the years, we have been one of the leaders in the industry in terms of Environmental, Social and Governance efforts in the communities where we operate. During the year, we further consolidated our efforts under a formalized global ESG Framework to bolster our standing as responsible corporate citizens in the eyes of our workforce, clients, shareholders and other external stakeholders. We believe we are the best drilling services company in the mining industry. Our geographic and client diversity, combined with our commitment to new technologies, financial prudence, and ESG responsibility, has positioned us to remain a leader in the mining drilling services field.

Major Drilling's more than 3,000 employees continue to deliver on our promise and commitment to be the best. The last year and a half has been tough. Managing the complexity of various federal and local responses to the COVID-19 pandemic has been a challenge for everyone. We would like to express our ongoing appreciation to all of our employees. We also want to thank our loyal customers for their trust. Finally, we wish to thank you, our shareholders, for your continued support. The Company continues to be a unique, diversified market proxy for the mineral sector around the globe, and we are very well positioned for the next few years, which promise to be exciting for all of us in this industry.



David Tennant
Chair of the Board

Denis Larocque
President & Chief Executive Officer

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Major Drilling's long-term sustainability depends on us 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 our workforce, clients, shareholders and other external stakeholders. During the year, Major Drilling has further consolidated our efforts under a formalized ESG Framework for our global operations that is underpinned by an ESG Policy that reflects our organization's core values and ESG commitments.

The Company's ESG approach includes:

- strong corporate governance practices;
- industry leading health & safety efforts;
- impactful contributions to the local communities where we operate; and
- company-wide environmental management initiatives – including participation in CDP (formerly the Carbon Disclosure Project) reporting in efforts to identify and exploit potential opportunities for greenhouse gas emissions reduction.

SOCIAL RESPONSIBILITY

Over the course of fiscal 2021, the Company undertook a number of important local initiatives in the communities where it operates, including:

The Major Drilling Mongolia employees twice donated to the National Emergency Management Agency in its continued fight against the COVID-19 pandemic. They were able to aid the local community by supporting efforts of the State Special Commission.

The Major Drilling Argentina team delivered COVID-19 relief supplies to a pensioner's home in Las Flores in the province of San Juan. They were grateful to receive the food, personal hygiene supplies and clothing, improving the lives of 220 elderly citizens.

In lieu of our Annual Client Lobster Dinner held during PDAC, multiple Major Drilling branches made donations to organizations in their communities. One of which was a $10,000 donation to the Timmins and District Hospital Foundation for the hospital's pandemic response services.

In 2021, we continued to advance our safety efforts in several ways. The first way was the continued reinforcement of our core safety programs like Critical Risk, TAKE 5, and our 10 Lifesaving Rules. We were pleased to see that despite the rapid growth and the increased risk of more short-service employees, our injury rates remained close to record lows. We believe the focus on these foundational programs for new employees helps them understand how to identify and mitigate risk, and encourages them to stop working if they feel any task is not clearly understood or not safe.

The second way we advanced our programs this year was through a more robust reporting process around field-based safety compliance. Our teams generate approximately 10,000 safety and training records each month and we invested significant energy over the prior year into tools to enhance and expand our ability to understand and utilize this information in our safety and compliance decision making process.

We continue to partner with clients and manufacturers to reduce line of fire and live work exposure through the use of automatic rod handling and other advances in technology. In addition to the safety improvements these tools help offer our current employees, it also makes the industry more attractive for a broader group of qualified and diverse candidates.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A"), prepared as of June 14, 2021, should be read together with the audited financial statements for the year ended April 30, 2021 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

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; the Canadian and international economic environments; the Company's dependence on key customers; 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); implications of the COVID-19 pandemic; competitive pressures; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); 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, 2020, 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.

COVID-19

Due to the cyclical nature of the business, Major Drilling is well versed in managing successfully during typical cyclical industry downturns, which has also enabled the Company to manage successfully during the COVID-19 pandemic. The Company has a global, diversified, and durable business model that serves well during these times. The Company's experienced management team has been proactive from the onset of the COVID-19 pandemic and will continue to react quickly to any changes in this environment, as necessary.

In the fourth quarter of the previous year, the Company formally implemented its business continuity plan, which focused on having employees who can work remotely do so. In the first quarter of the current year, as the Company worked with its customers to encompass their safety protocols, the Company cautiously implemented a plan to have employees return to their place of work with strict enforcement of all safety protocols to ensure they remain safe and healthy. This plan includes, among other things, health screening, enhanced cleaning arrangements, travel bans, revised work schedules and the reorganization of processes and procedures to limit contact with other employees, customers, and contractors on-site.

In the latter half of the year, activity levels have increased and have now returned to pre-pandemic levels in most regions. As the long-term impacts of the COVID-19 pandemic continue to evolve, the Company is closely monitoring developments in each of the regions in which it operates and continues to assess any possible impact on the Company's business, in order to react quickly and take actions if warranted.

As clients, suppliers and employees have adapted well to the enhanced safety measures and protocols, which have become a normal part of operations, vaccine rollouts have progressed, and various economies are beginning to re-open. Therefore, management continues to believe any impacts on its business will be temporary.

CORPORATE OVERVIEW

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.

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 problems. The Company has invested in a fleet of digitized mobile underground drills that allow less dependence on client resources as well as increased ability for automation and versatility. Major Drilling is also working towards modernizing its surface rigs through digitization and rod handling to breed a safer, more productive work environment, while reducing maintenance costs and preventing downtime.

The Company leverages its collective experience to continuously improve its equipment and processes to meet current and future industry demands. By incorporating impactful technologies, paired with a commitment to 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 positioned itself as one of the largest specialized drilling operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems, long-standing relationships with the world's largest mining companies, and access to capital.

As gold reserves decline due to minimal exploration during the recent industry downturn, and the push for a green economy increases demand for copper and other minerals, mining companies continue to deplete the more easily accessible mineral reserves around the world. Attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. Major Drilling's strategy is to focus its services on these "specialized drilling" projects and remain the world's leading provider of specialized drilling services by providing quality, safety and results every day, with expert crews that use distinct equipment and techniques in areas that are difficult to access.

Diversification within the drilling field continues to be an integral part of the Company's business strategy. While maintaining high safety standards that are unparalleled in the drilling industry, Major Drilling has globally diversified operations with a wide variety of equipment available to meet its clients' needs for all phases of their projects, including directional drilling, definition or infield drilling, mine development, dewatering, grade control, and percussive drilling for producing mines. The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas.

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.

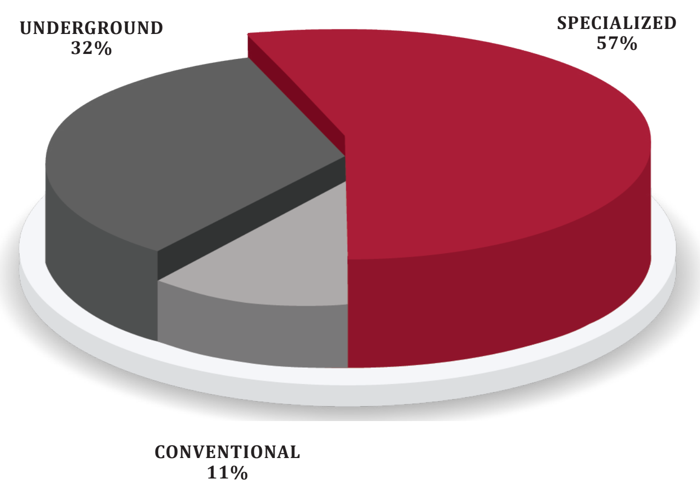
A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees, to invest in training and innovation, to maintain its equipment in good condition and maintain sufficient inventory to meet increased customer demands. The Company has the liquidity required for the current industry ramp-up and its financial strength allows it to adapt and manage effectively through challenging environments, such as the COVID-19 pandemic the world continues to deal with.

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 would include, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to continue to fuel future growth and the Company believes these skills will be in greater and greater demand over the next two decades.

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 priority for investment.

REVENUE BY TYPE
FISCAL 2021



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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Major Drilling believes its long-term sustainability depends on the Company serving as: stewards of the environment where we work; valued contributors to the communities where it operates; and responsible corporate citizens in the eyes of the Company's workforce, clients, shareholders, and other external stakeholders. While the Board of Directors and management have long had responsibility and oversight over ESG practices of the Company, in fiscal 2020, it began the process of consolidating its ESG efforts under an ESG Framework in order to formalize its risk management structure and mitigation strategies. The Company's ESG Policy was adopted in fiscal 2021, complementing other pre-existing corporate policies such as its Code of Ethics and Business Conduct, Diversity Policy, and Anti-Corruption Policy; its critical governance mechanisms such as the global Whistleblower Program; and its industry-leading workforce Health and Safety Program.

Major Drilling remains committed to delivering impactful contributions to the communities where it operates around the world, such as through its long-standing First Nations and Inuit partnerships in Canada, and frequent community initiatives by its teams worldwide, including multiple donations to aid in the fight against COVID-19.

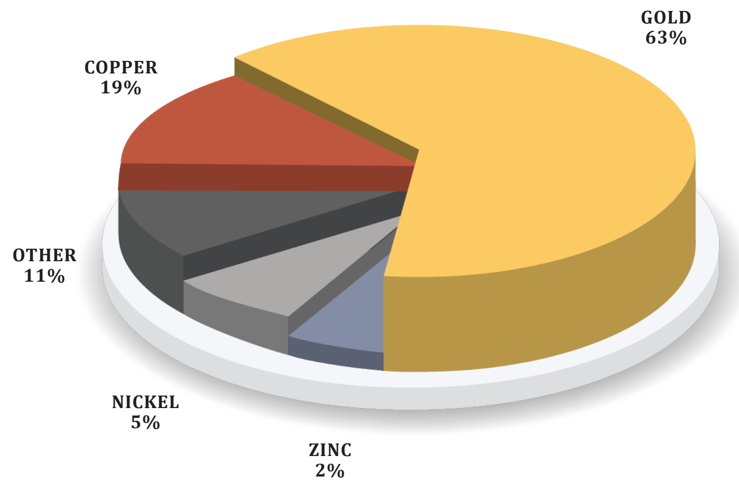
INDUSTRY OVERVIEW

The metals and minerals drilling industry is reliant primarily on demand from two metal groups: gold and base metals. Each commodity group is influenced by distinct market forces. This latest market downturn has been marked by lack of exploration and depleting reserves, with gold reserves down approximately 30% from 2012 and the average mine life falling from 20 to 10 years.

Gold has historically been a significant driver in the mining industry, accounting for 40 to 50% of the global exploration spend. Exploration activity generally varies up or down with the trend in gold prices. The COVID-19 outbreak has created economic uncertainty, and as gold is a safe-haven asset, prices reached historic highs in the first half of the fiscal year, rising above US$2,000 per ounce, while copper prices have recently increased to over US$4.00 per pound, which should translate into more exploration in the near future as mining companies need to replenish depleting reserves.

The demand for base metals is dependent on economic activity. In the longer-term, the fundamental drivers of base metals remain positive, with worldwide supply of most metals expected to tighten and higher demand coming from the emerging markets. As these markets continue to urbanize, the requirement for base metals will continue to increase at the same time as easily accessible reserves are being depleted. As well, new infrastructure budgets announced around the world will require more copper and other metals, which should accelerate the depletion of those reserves. Also, the growing demand for electric vehicles should increase demand for metals such as copper, lithium, and cobalt.

REVENUE BY COMMODITY
FISCAL 2021



Mineral reserves for gold and base metals continue to be depleted. As resources in some areas are also becoming depleted, future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. Along with the improvement in the financing environment for juniors, this should improve demand for specialized services in the future as stability is returning to the industry.

BUSINESS ACQUISITION

On November 1, 2019, the Company completed the purchase of the issued and outstanding shares of Norex Drilling Limited ("Norex"), a family-owned drilling company and a leading exploration drilling contractor based in Timmins, Ontario, Canada.

With this acquisition, the Company welcomed 120 skilled and experienced personnel, including the management team. The Company also acquired 22 drill rigs, including 17 compatible specialized surface drill rigs and 5 underground drills, together with related support equipment and inventory.

The results of this operation were included in the Consolidated Statements of Operations as of the closing date.

The purchase price for the acquisition is valued at an amount up to $19.6 million (consisting of a cash payment of $14.2 million and $1.9 million in Major Drilling shares), a holdback of $1.0 million, and an additional maximum amount of $2.5 million tied to performance. The additional payout period extends for three years, commencing on November 1, 2019, and payment is contingent on growing EBITDA run rates above current levels.

OVERALL PERFORMANCE

Revenue for the year ended April 30, 2021 was $432.1 million, up 6% from revenue of $409.1 million recorded in the prior year. Despite the impact of the COVID-19 pandemic early in the fiscal year, the Company recorded its highest annual revenue since 2013.

Gross margin percentage for the year was 14.8% compared to 14.8% for the previous year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was 23.4% for the current year compared to 24.0% for the prior year.

The Company generated $53.9 million of EBITDA (earnings before interest, taxes, depreciation, amortization, impairment and restructuring charges - see "Non-IFRS financial measures"), compared to $48.4 million the previous year.

The Company returned to profitability with net earnings of $10.0 million or $0.12 per share ($0.12 per share diluted) compared to a net loss of $71.0 million or $0.88 per share ($0.88 per share diluted) for the previous year.

Net cash position (net of debt, excluding lease liabilities reported under IFRS 16 Leases) was down slightly to $6.9 million, compared to net cash of $7.1 million the previous year.

SELECTED ANNUAL INFORMATION

Years ended April 30 (in millions of Canadian dollars, except per share information)	**2021**	2020	2019
Revenue by region			
Canada - U.S.	**$ 248**	$ 205	$ 196
South and Central America	**95**	104	108
Asia and Africa	**89**	100	81
	432	409	385
Gross profit	**64**	61	51
as a percentage of revenue	**14.8%**	14.8%	13.3%
Adjusted gross profit*	**101**	99	91
as a percentage of revenue	**23.4%**	24.0%	23.6%
Net earnings (loss)	**10**	(71)	(18)
per share (basic and diluted)	**$ 0.12**	$ (0.88)	$ (0.23)
Total assets	**389**	426	461
Total cash and cash equivalents	**22**	58	27
Total long-term financial liabilities	**15**	51	17

** see "Non-IFRS financial measures"*

RESULTS OF OPERATIONS

FISCAL 2021 COMPARED TO FISCAL 2020

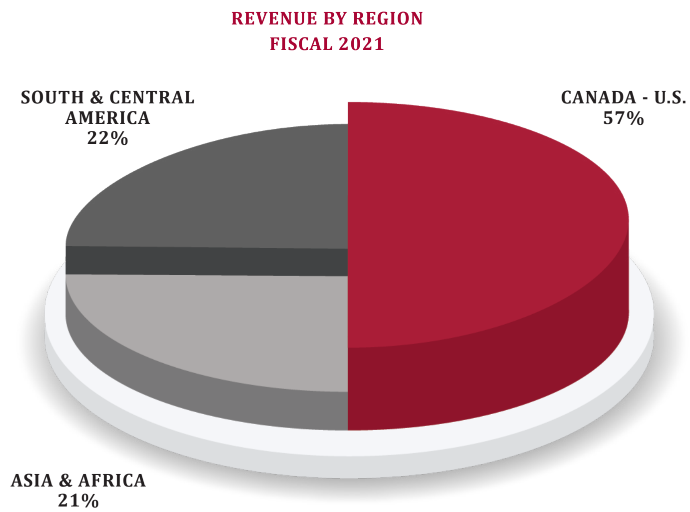
Total revenue for the year ended April 30, 2021 was $432.1 million, up from revenue of $409.1 million recorded last year. The unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the same period last year, was approximately $13 million as the COVID-19 pandemic resulted in significant volatility in foreign exchange markets in the last quarter of the previous year. The impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Canada - U.S.

Revenue for the year from Canada - U.S. drilling operations increased by 20% to $247.7 million, compared to the same period last year. Despite COVID-19 related challenges to start the year, this region has performed well with a strong pickup in junior activity and seniors/intermediates expanding existing programs in calendar 2021.

South and Central America

South and Central American revenue decreased by 8% to $95.6 million for the year, compared to the previous year. COVID-19 restrictions, predominantly in Argentina, Chile, and Mexico, have negatively impacted the performance of this region during the fiscal year.



Asia and Africa

Asian and African revenue decreased by 11% to $88.8 million compared to the same period last year. COVID-19 related shutdowns in the early part of the year have been the main cause of the decrease in revenue compared to the prior year.

Gross margin percentage for the year was 14.8%, compared to 14.8% for the previous year. Depreciation expense totaling $37.1 million is included in direct costs for the current year, versus $37.6 million in the previous year. Adjusted gross margin, which excludes depreciation expense, was 23.4% for the year, compared to 24.0% for the previous year.

Operating expenses

General and administrative costs were $47.1 million, down $0.9 million compared to the previous year. The decrease is mainly due to reduced travel related to COVID-19 restrictions. Internal travel restrictions will remain in place until a time when it can be resumed in a safe and responsible manner.

The income tax provision for the year was an expense of $3.6 million compared to an expense of $15.4 million for the prior year. In the prior year, due to the impacts of COVID-19, the Company de-recognized a portion of its deferred income tax assets related to previously recognized tax losses.

Net earnings were $10.0 million or $0.12 per share ($0.12 per share diluted) for the year, compared to net loss of $71.0 million or $0.88 per share ($0.88 per share diluted) for the prior year. Net loss in the prior year was affected by goodwill impairment, restructuring charge and deferred tax write-down totaling $74.9 million.

SUMMARY ANALYSIS FISCAL 2020 COMPARED TO FISCAL 2019

Despite the impacts of COVID-19 late in the 2020 fiscal year, activity levels grew across all regions with revenue up 6% at $409.1 million, compared to revenue of $384.8 million recorded in the prior year.

Gross margin percentage for the year was 14.8%, up from 13.3% for the previous year. Adjusted gross margin percentage was 24.0% for the year compared to 23.6% for the previous year.

While the Company's fourth quarter is a historically strong quarter, the impacts of the COVID-19 pandemic were felt across the Company in the fourth quarter of fiscal 2020.

At April 30, 2020, after assessing impairment indicators driven by impacts of the COVID-19 pandemic, the Company recorded a pre-tax, non-cash goodwill impairment charge of $58.7 million in relation to its U.S. and Canadian cash-generating units ("CGUs"). The impact COVID-19 had on these CGUs in the quarter created near-term uncertainty in cash flow generation however, management did not change their long-term projections for growth in these areas.

During the fiscal 2020 year, the Company made the decision to close its operations in Colombia and in the previous year, operations in Burkina Faso were closed. The Company recorded $4.6 million in restructuring charges (2019 - $7.9 million).

Income tax expense for the year was $15.4 million, compared to an expense of $7.7 million for the prior year. Due to the unknown near-term impacts caused by COVID-19 at that time, the Company de-recognized a portion of its deferred income tax assets, related to previously recognized tax losses.

Net loss for the year was $71.0 million or $0.88 per share ($0.88 per share diluted), compared to a net loss of $18.1 million or $0.23 per share ($0.23 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	Fiscal 2020				**Fiscal 2021**			
	Q1	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	$117,459	$121,182	$81,719	$88,784	**$89,420**	**$114,152**	**$100,387**	**$128,117**
Gross profit	21,369	24,707	5,166	9,401	**15,125**	**22,852**	**11,058**	**15,053**
Gross margin	18.2%	20.4%	6.3%	10.6%	**16.9%**	**20.0%**	**11.0%**	**11.7%**
Adjusted gross margin	26.1%	28.1%	17.6%	21.5%	**27.8%**	**28.3%**	**20.3%**	**18.4%**
Net earnings (loss)	6,033	7,259	(9,947)	(74,307)	**2,148**	**7,009**	**(1,467)**	**2,344**
Per share - basic	0.08	0.09	(0.12)	(0.92)	**0.03**	**0.09**	**(0.02)**	**0.03**
Per share - diluted	0.08	0.09	(0.12)	(0.92)	**0.03**	**0.09**	**(0.02)**	**0.03**

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.

SUMMARY ANALYSIS FOURTH QUARTER RESULTS ENDED APRIL 30, 2021

Total revenue for the quarter was $128.1 million, up 44% from revenue of $88.8 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $8 million as the COVID-19 pandemic resulted in significant volatility in foreign exchange markets in the last quarter of the previous year. The impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations increased by 80.5% to $74.2 million, compared to the same period last year. The strong growth was driven mainly by the Canadian operations as well as the U.S. underground division. Demand for drilling services in Canada is the highest the Company has seen in eight years, primarily driven by gold projects.

South and Central American revenue increased by 46.8% to $32.6 million for the quarter, compared to the same quarter last year. Despite continued COVID-19 related challenges in some areas, the region's growth was driven by increasing activity levels in Mexico.

Asian and African revenue decreased by 16.9% to $21.2 million, compared to the same period last year. Southern Africa and Mongolia faced challenges from COVID-19 that negatively impacted the region.

Gross margin percentage for the quarter was 11.7%, compared to 10.6% for the same period last year. Depreciation expense totaling $8.6 million is included in direct costs for the current quarter, versus $9.7 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 18.4% for the quarter, compared to 21.5% for the same period last year. Margins were impacted by increased training costs and significant ramp-up costs due to rapid growth in certain regions. There were also some COVID-19 related shutdowns in the quarter, which generated mobilization and demobilization costs, as well as additional standby labour costs to retain skilled drillers through the shutdown periods.

General and administrative costs were $12.5 million, an increase of $1.4 million compared to the same quarter last year. The increase relates to wage increases for the current year and, in the fourth quarter of the previous year, the Company recorded a benefit of $0.6 million related to the Canada Emergency Wage Subsidy program.

The income tax provision for the quarter was an expense of $0.3 million compared to an expense of $10.1 million for the prior year period. The significant decrease year-over-year was caused by the de-recognition of $10.0 million in deferred tax assets in the prior year quarter, as a result of the unknown impacts caused by COVID-19 at that time. The tax expense for the quarter was affected by the utilization of accelerated tax depreciation on the U.S. assets and U.S. tax losses carried back to years where the federal corporate tax rate was higher.

Net income was $2.3 million or $0.03 per share ($0.03 per share diluted) for the quarter, compared to a net loss of $74.3 million or $0.92 per share ($0.92 per share diluted) for the prior year quarter. Net loss in the prior year quarter was affected by goodwill impairment, restructuring charge and deferred tax write-down totaling $71.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was an outflow of $13.1 million for the year, compared to an inflow of $1.7 million for the prior year. The outflow of non-cash operating working capital was primarily comprised of:

- an increase in accounts receivable of $36.1 million;
- an increase in accounts payable of $20.5 million;
- a decrease in inventory of $5.2 million; and
- an increase in prepaids of $2.6 million.

Cash flow from operating activities for the year ended April 30, 2021 was an inflow of $34.4 million compared to an inflow of $42.1 million in the previous year.

Financing activities

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.

Operating credit facilities

The credit facilities related to operations total $31.2 million ($30.0 million from a Canadian chartered bank and $1.2 million from an American chartered bank) and are primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's LIBOR plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's LIBOR plus 2.25%. At April 30, 2021, the Company had utilized $1.0 million of these facilities for stand-by letters of credit.

The Company also has a credit facility of $2.3 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-term debt

Total long-term debt decreased by $35.9 million during the year to $15.5 million at April 30, 2021. The decrease is due to repayment of the draw from the revolving term facility made in mid-March of the previous year, and regular debt repayments.

As of April 30, 2021, the Company had the following long-term debt facilities:

- $50.0 million revolving term facility for financing the cost of equipment purchases or acquisition costs of related businesses. At April 30, 2021, $15.0 million had been drawn on this facility, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's LIBOR plus 2.0% for U.S. dollar draws (depending on timing of draw), interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in October 2023.

- $0.5 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

	Payments due by period (in $000s CAD)			
Contractual obligations	**Total**	**Less than 1 year**	**2 - 3 years**	**4 - 5 years**
Long-term debt (interest included)	$ 17,111	$ 831	$ 16,280	$ -
Purchasing commitments	11,704	11,704	-	-
Contingent consideration	2,500	-	2,500	-
Lease liabilities (interest included)	4,308	1,396	2,021	891
Operating leases	1,290	582	495	213
Total contractual obligations	$ 36,913	$ 14,513	$ 21,296	$ 1,104

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure and debt obligations. As at April 30, 2021, the Company had unused borrowing capacity under its credit facilities of $65.2 million and cash of $22.4 million, for a total of $87.6 million in available funds.

Investing activities

Capital expenditures were $31.3 million for the year ended April 30, 2021, compared to $32.0 million for the prior year.

The drill rig count was 588 at April 30, 2021, as the Company added 28 rigs to its fleet, in line with its diversification strategy, while disposing of 47 older and inefficient rigs.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 21 "Related Party Transactions" of the Notes to Consolidated Financial Statements for the year ended April 30, 2021.

OUTLOOK

The momentum in activity experienced since the second quarter of the fiscal year has continued and the Company continues to see a noticeable increase in inquiries from all categories of customers. Utilization rates should continue to improve going forward as operational impacts of COVID-19 subside in certain regions.

In North America, availability of skilled labour will continue to be challenging. The Company has increased efforts across its training centers to improve retention rates for new hires and to qualify candidates for the Company's driller-trainee programs. As well, wages will be increased and retention bonuses have been implemented in certain areas to retain and attract the most experienced drillers, and to train the next generation of drillers, which are key to high-quality customer service.

Due to the lack of exploration during the latest industry downturn, gold's average mine life has fallen to a nearly 10-year low. Therefore, industry experts expect reserve replacement to be a top priority for gold companies for years to come. Copper prices have recently hit historical highs, which should also translate into more exploration activity in the near future as mining companies seek to replenish depleting reserves. At the same time, governments across the world are unleashing significant stimulus programs targeting renewable energy and electric vehicles, which will require a huge volume of copper, as well as battery metals.

The pickup in activity brings labour issues back to the forefront, putting temporary pressure on labour costs and productivity, especially in the Company's most active markets. However, the wider industry shortages and higher utilization rates are expected to continue to drive a more positive pricing environment and expedite margin recovery.

The Company's financial position remains strong and the balance sheet flexible, allowing it to continue to deploy technologies that aid in the ongoing development of safe, competent employees and maintain its fleet to meet customers' demands, improve rig reliability, productivity, and utilization, as well as to invest in its continuous improvement initiatives.

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 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, amortization, impairment and restructuring charge:

(in $000s CAD)	**YTD 2021**	YTD 2020
Net earnings (loss)	**$ 10,034**	$ (70,962)
Finance costs	**1,168**	1,108
Income tax provision	**3,552**	15,408
Depreciation and amortization	**39,160**	39,542
Impairment of goodwill	**-**	58,743
Restructuring charge	**-**	4,553
EBITDA	**$ 53,914**	$ 48,392

Adjusted gross profit/margin – excludes depreciation expense:

(in $000s CAD)	**YTD 2021**	YTD 2020
Total revenue	**$ 432,076**	$ 409,144
Direct costs	**367,988**	348,501
Less: depreciation	**(37,051)**	(37,605)
Adjusted gross profit	**101,139**	98,248
Adjusted gross margin	**23.4%**	24.0%

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 relative strength of the Canadian dollar against the U.S. dollar as well as these other currencies.

During the year, approximately 30% of revenue generated was in Canadian 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 unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the prior year, was approximately $13 million as the COVID-19 pandemic resulted in significant volatility in foreign exchange markets in the last quarter of the previous year. 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, 2021, 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	IDR/USD	MNT/USD	USD/AUD	MZN/USD	USD/ZAR	USD/BRL	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		$ 6,367	$ 6,336	$ 4,597	$ 3,017	$ (2,146)	$ (2,699)	$ (5,347)	$ (5,630)	$ (895)
EBIT impact	+/-10%	707	704	511	335	238	300	594	626	99

Argentina currency status

During the year, in an effort to bring inflation down and stabilize markets as the financial crisis continues in Argentina, the Argentine government imposed tighter currency controls. As the Argentine peso continues to devalue, the Company continues to be vigilant in managing assets held in Argentine pesos and currently has limited exposure to the Argentine peso.

Mozambique currency status

During the latter part of the year, the Mozambique metical appreciated considerably, offsetting the depreciation of the metical in the previous year. In March, the Bank of Mozambique intervened in the foreign currency market taking monetary policy measures, emphasizing the increase of interest rates in the national financial system. The metical is expected to strengthen further in the coming months and the Company continues to be vigilant in managing assets held in the Mozambique metical as the currency continues to be volatile.

Indonesia currency status

Early in the current calendar year, the Bank of Indonesia implemented several policies to maintain exchange rate stability, including intensive monitoring of foreign exchange market transactions, moral suasion, foreign currency intervention in the domestic foreign exchange markets, and direct controls through relevant regulations. As these policies could delay and eventually restrict the ability to exchange the rupiah to U.S. dollars, the Company is monitoring this situation closely.

SUBSEQUENT EVENT

On June 1, 2021, the Company completed the purchase of the issued and outstanding shares of McKay Drilling PTY Limited, a leading specialty drilling contractor based in Perth, Australia, providing Major Drilling with a strong established presence in an important growth market.

Founded in 1990, McKay is considered a leader in reverse circulation drilling and operates a state-of-the-art fleet of 15 high-capacity reverse circulation rigs and five deep-hole diamond rigs, with the most advanced hands-free remote operation and monitoring technology. McKay's fleet is at the very high end of specialized drilling equipment and includes support equipment and inventories necessary for its operation. The company is widely regarded as an innovator in the Australian mining industry and has long-standing relationships with Australia's largest mining companies.

While McKay's historical performance should not be viewed as guidance for future performance, for the twelve-month period ending March 31, 2021, McKay generated revenue of approximately AUD$60 million and EBITDA of approximately AUD$17 million.

The purchase price for the acquisition is valued at an amount up to AUD$80 million, or approximately CAD$75 million, consisting of: (i) a cash payment of AUD$40 million payable on closing of the acquisition, subject to working capital adjustments; (ii) AUD$15 million paid through the issuance of 1,318,101 common shares of Major Drilling, valued based on the volume weighted average price of the common shares prior to closing, subject to TSX approval; and (iii) an earn-out of up to AUD$25 million payable in cash over the next three years, based on the achievement of certain milestones.

The cash portion of the purchase price has been funded from Major Drilling's cash and existing debt facilities. With the $50 million revolving term facility now fully drawn, as of June 7, 2021, the Company has negotiated an expansion of this facility to an aggregate $75 million to retain additional liquidity to fund operations.

COMPREHENSIVE EARNINGS

The Consolidated Statements of Comprehensive Earnings for the year includes a $29.0 million unrealized loss on translating the financial statements of the Company's foreign operations compared to a gain of $2.9 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.

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 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 PP&E for depreciation purposes, PP&E, inventory valuation, and determination of income and other taxes and recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, 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 of the actual lives of PP&E of similar nature and functions, 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.

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.

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.

The amount recognized as accrued liabilities, 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.

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.

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 and accrued liabilities, 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 20 "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 business, results of operations, financial condition and liquidity 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 business, results of operations, financial condition, and liquidity.

Cyclical downturn

The most 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 have a negative impact on the Company's revenue, cash flow and profitability.

Fluctuations in global economic conditions may have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access the capital markets to fund their project or their willingness to fund new projects. These conditions could make it difficult for clients to accurately forecast and plan future business trends and activities, 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 revenue, cash flow and profitability.

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.

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. Further, 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.

Country risk

The Company is committed to using its expertise and technology in exploration areas around the world. With this comes the risk of dealing with business and political systems in a variety of jurisdictions. The Company's international operations are subject to a variety of risks and uncertainties, including, but not limited to: social, political and economic instability; military repression, act of war, civil unrest, force majeure and terrorism; fluctuations in currency exchange rates; high rates of inflation; changes in laws, policies and regulations; changes in duties, 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. 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 not under 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.

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. 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 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.

Safety

The nature of the Company's work places employees and others near large equipment, dangerous processes, or highly regulated materials, and in challenging environments. Most of the Company's customers consider safety and reliability two primary attributes when selecting a provider of drilling services. The Company continues to invest in training to improve skills, abilities, and safety awareness. If the Company fails to implement appropriate safety procedures and/or if its procedures fail, employees or others may suffer injuries. Failure to comply with such procedures and maintain a record of safety performance may have an adverse impact on the Company's ability to attract and retain customers and the Company's business.

Expansion and acquisition strategy

The Company intends to remain vigilant with regards to potential strategic future acquisitions and internal expansion. 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. In the future, if the Company's acquisitions do not yield the expected returns or the intended benefits, or such acquisitions are not realized, it could have a material adverse impact on the Company's business, operations and financial results. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

Regulatory and legal risks

The drilling industry is highly regulated by laws and regulations, including environmental, which are not 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.

Climate change risk

The Company operates in various regions and jurisdictions where environmental laws are evolving and are not 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 regulations relating to gas emission levels. Legislation, regulation, or other restrictions imposed by governmental authorities on carbon emissions could result in increased cost for the Company. Such policy changes could increase the costs of projects for clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for the Company's services, which in turn could have a material adverse impact on the Company's business, operations and financial results.

In addition, climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, represents a physical and financial risk and could affect the Company's operations, including by disrupting or delaying the transportation of equipment and employees to its operations, which in turn could have an adverse financial impact on the Company's business, operations, cash flow, and financial results.

Pandemics, force majeure and natural disasters

The Company may be impacted by pandemics and public health emergencies, including those related to COVID-19 coronavirus, force majeure events and natural disasters. Although the full extent of the impact of a pandemic, public health emergency, force majeure event or natural disaster is highly uncertain and cannot be predicted, future increased or prolonged economic disruption as a result of such event or disaster, including the current COVID-19 outbreak, may have a material and adverse impact on the Company's business, operations, cash flow and financial results, including without limitation, through compromised employee health and workplace productivity, disruption to supply chains, and threats to the business continuity of the Company's customers. In regards to the current COVID-19 outbreak, the Company continues to work closely with operational management across the organization, ensuring that policies, procedures and plans are in place to help minimize the negative impact that the outbreak has on its business and workforce.

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.

Equipment 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.

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, 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 business, operations, or financial results.

The activities at clients' worksites may also involve hazards that can result in personal injury and loss of life and/or damage to property. While the Company has implemented extensive health and safety initiatives at clients' worksites to protect the health and safety of its employees and contractors, there can be no assurance that such measures will eliminate the occurrence of such accidents or incidents, which could give rise to regulatory fines and/or civil liability.

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 hazard 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 to us on commercially reasonable terms, that the possible types of liabilities that we may incur will be covered by insurance, or that the dollar amount of the liabilities will not exceed our policy limits. A successful claim resulting from a hazard for which it is not fully insured could adversely affect the Company's business, operations and financial results.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures ("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 Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company's CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and concluded that, subject to the inherent limitations and restrictions noted below, those disclosure controls were effective for the year ended April 30, 2021.

The Company's CEO and CFO are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's 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 2021, 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 disclosure controls and procedures 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, 2021, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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 disclosure controls and procedures and internal controls over financial reporting 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 14, 2021**	As at June 4, 2020
Common shares	**82,180**	80,634
Stock options outstanding	**1,612**	2,139

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 14, 2021. 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	Ian Ross
President & Chief Executive Officer	Chief Financial Officer

June 14, 2021
Moncton, New Brunswick, Canada

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 balance sheets as at April 30, 2021 and 2020, and the consolidated statements of operations, comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended April 30, 2021. These matters were 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 these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

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, 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 Jacklyn Mercer.

Deloitte LLP

Chartered Professional Accountants
June 14, 2021

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended April 30, 2021 and 2020
(in thousands of Canadian dollars, except per share information)

	2021	2020
TOTAL REVENUE	**$ 432,076**	$ 409,144
DIRECT COSTS (note 11)	**367,988**	348,501
GROSS PROFIT	**64,088**	60,643
OPERATING EXPENSES		
General and administrative (note 11)	**47,083**	48,042
Other expenses	**4,110**	2,846
(Gain) loss on disposal of property, plant and equipment	**(394)**	(44)
Foreign exchange (gain) loss	**(1,465)**	949
Finance costs	**1,168**	1,108
Impairment of goodwill (note 7)	**-**	58,743
Restructuring charge (note 18)	**-**	4,553
	50,502	116,197
PROFIT (LOSS) BEFORE INCOME TAX	**13,586**	(55,554)
INCOME TAX - PROVISION (note 12)		
Current	**3,822**	5,617
Deferred	**(270)**	9,791
	3,552	15,408
NET EARNINGS (LOSS)	**$ 10,034**	$ (70,962)
EARNINGS (LOSS) PER SHARE (note 14)		
Basic	**$ 0.12**	$ (0.88)
Diluted	**$ 0.12**	$ (0.88)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

For the years ended April 30, 2021 and 2020
(in thousands of Canadian dollars)

	2021	2020
NET EARNINGS (LOSS)	**$ 10,034**	$ (70,962)
OTHER COMPREHENSIVE EARNINGS (LOSS)		
Items that may be reclassified subsequently to profit or loss		
Unrealized gain (loss) on foreign currency translations	**(29,026)**	2,857
Unrealized gain (loss) on derivatives (net of tax)	**1,678**	(41)
COMPREHENSIVE EARNINGS (LOSS)	**$ (17,314)**	$ (68,146)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended April 30, 2021 and 2020
(in thousands of Canadian dollars)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2019	$ 241,264	$ 29,020	$ (570)	$ 14,503	$ 78,783	$ 363,000
Share issue (note 17)	1,925	-	-	-	-	1,925
Share-based compensation (note 13)	-	-	-	267	-	267
Stock options expired (note 13)	-	6,251	-	(6,251)	-	-
	243,189	35,271	(570)	8,519	78,783	365,192
Comprehensive earnings:						
Net loss	-	(70,962)	-	-	-	(70,962)
Unrealized gain (loss) on foreign currency translations	-	-	-	-	2,857	2,857
Unrealized gain (loss) on derivatives	-	-	(41)	-	-	(41)
Total comprehensive earnings (loss)	-	(70,962)	(41)	-	2,857	(68,146)
BALANCE AS AT APRIL 30, 2020	**243,189**	**(35,691)**	**(611)**	**8,519**	**81,640**	**297,046**
Exercise of stock options (note 13)	**190**	**-**	**-**	**(55)**	**-**	**135**
Share-based compensation (note 13)	**-**	**-**	**-**	**296**	**-**	**296**
Stock options expired (note 13)	**-**	**3,201**	**-**	**(3,201)**	**-**	**-**
	243,379	**(32,490)**	**(611)**	**5,559**	**81,640**	**297,477**
Comprehensive earnings:						
Net earnings	**-**	**10,034**	**-**	**-**	**-**	**10,034**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**(29,026)**	**(29,026)**
Unrealized gain (loss) on derivatives	**-**	**-**	**1,678**	**-**	**-**	**1,678**
Total comprehensive earnings (loss)	**-**	**10,034**	**1,678**	**-**	**(29,026)**	**(17,314)**
BALANCE AS AT APRIL 30, 2021	**$ 243,379**	**$ (22,456)**	**$ 1,067**	**$ 5,559**	**$ 52,614**	**$ 280,163**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 30, 2021 and 2020
(in thousands of Canadian dollars)

	2021	2020
OPERATING ACTIVITIES		
Earnings (loss) before income tax	**$ 13,586**	$ (55,554)
Operating items not involving cash		
Depreciation and amortization (note 11)	**39,160**	39,542
(Gain) loss on disposal of property, plant and equipment	**(394)**	(44)
Share-based compensation (note 13)	**296**	267
Restructuring charge (note 18)	**-**	3,469
Impairment of goodwill (note 7)	**-**	58,743
Finance costs recognized in earning (loss) before income tax	**1,168**	1,108
	53,816	47,531
Changes in non-cash operating working capital items (note 16)	**(13,138)**	1,692
Finance costs paid	**(1,168)**	(1,108)
Income taxes paid	**(5,062)**	(6,004)
Cash flow from (used in) operating activities	**34,448**	42,111
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(1,362)**	(1,300)
Repayment of long-term debt	**(36,004)**	(1,057)
Issuance of common shares due to exercise of stock options	**135**	-
Proceeds from draw on long-term debt	**-**	35,000
Cash flow from (used in) financing activities	**(37,231)**	32,643
INVESTING ACTIVITIES		
Business acquisitions (net of cash acquired) (note 17)	**-**	(13,945)
Acquisition of property, plant and equipment (note 6)	**(31,303)**	(32,041)
Proceeds from disposal of property, plant and equipment	**1,925**	1,256
Cash flow from (used in) investing activities	**(29,378)**	(44,730)
Effect of exchange rate changes	**(3,913)**	1,043
INCREASE (DECREASE) IN CASH	**(36,074)**	31,067
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	**58,433**	27,366
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**$ 22,359**	$ 58,433

CONSOLIDATED BALANCE SHEETS

As at April 30, 2021 and 2020
(in thousands of Canadian dollars)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ **22,359**	$ 58,433
Trade and other receivables	**102,571**	71,641
Income tax receivable	**5,973**	4,350
Inventories (note 5)	**85,585**	99,823
Prepaid expenses	**6,710**	4,497
	223,198	238,744
PROPERTY, PLANT AND EQUIPMENT (note 6)	**144,382**	165,103
RIGHT-OF-USE ASSETS (note 6)	**3,773**	3,803
DEFERRED INCOME TAX ASSETS (note 12)	**8,903**	9,613
GOODWILL (note 7)	**7,708**	7,708
INTANGIBLE ASSETS (note 8)	**568**	946
	$ **388,532**	$ 425,917
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ **73,083**	$ 55,858
Income tax payable	**1,639**	926
Current portion of lease liabilities	**803**	1,121
Current portion of long-term debt (note 10)	**356**	1,024
	75,881	58,929
LEASE LIABILITIES	**2,943**	2,701
CONTINGENT CONSIDERATION (note 17)	**1,907**	1,807
LONG-TERM DEBT (note 10)	**15,106**	50,333
DEFERRED INCOME TAX LIABILITIES (note 12)	**12,532**	15,101
	108,369	128,871
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**243,379**	243,189
Retained earnings (deficit)	**(22,456)**	(35,691)
Other reserves	**1,067**	(611)
Share-based payments reserve	**5,559**	8,519
Foreign currency translation reserve	**52,614**	81,640
	280,163	297,046
	$ **388,532**	$ 425,917

Contingencies and commitments (notes 19 and 20)

Approved by the Board of Directors

David Tennant
Chair of the Board

Janice Rennie
Chair of the Audit Committee

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, Suite 100, 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 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") using the accounting policies described herein.

On June 14, 2021, 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 based on the historical cost basis, 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 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents
Cash and cash equivalents are comprised of cash on hand and demand deposits in banks.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 de-recognition 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 classifies 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.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost or at FVTOCI. At each reporting date, the amount of expected credit losses is updated to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represent the portion of lifetime ECL that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to each customer, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time-value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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	15-20
Drilling equipment	0-15	5-15
Automotive and off-road equipment	0-10	5-10
Other (office, computer, and shop equipment)	0	5-15
Right-of-use assets	0	Lease Term

Land and assets under construction 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 de-recognized. An item of PP&E is de-recognized 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.

Leases

Contractual arrangements, which signify a right to control the use of an identified asset for a period of time, are considered leases. Each contractual arrangement is assessed to determine if the Company obtains substantially all the economic benefit from use of the identified asset. Leases for which the Company is a lessee are capitalized at the earlier of commencement of the lease term or when the asset becomes available for use, at the present value of the lease payments applying the implicit interest rate, if readily determined, or the Company's incremental borrowing rate. Generally, lease components are considered in the present value calculation, with non-lease components expensed as incurred. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The lease liability is re-measured when there is a change in future lease payments arising from a change in rate or if there are changes in the assessment for exercising a purchase, termination or extension option. If this occurs, a corresponding adjustment to the carrying value of the right-of-use asset is

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

completed. The Company applies the recognition exemption for short-term leases 12 months or less in length, and leases for which the underlying asset is of low value. The expenses for these leases are recognized systematically over the lease term in the Consolidated Statement of Operations.

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.

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 cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible assets

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value (which is regarded as their cost) at the acquisition date. Subsequent to initial recognition, finite life intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets include customer relationships/contracts, which are amortized on a straight-line basis over a three-year period.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, but so that 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.

Government assistance
Government grants are recognized when there is reasonable assurance that the grant will be received and all ascribed conditions will be met. If a grant is received, but reasonable assurance and compliance with conditions is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an expensed item, it is recognized as a reduction of the related expense in the period in which the costs are incurred. Where the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and recognized over the expected useful life of the related asset through lower depreciation.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Provisions
Provisions are recognized when there is a present (legal or constructive) obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties specific to the obligation.

Restructurings **-** A restructuring provision is recognized when the Company has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Hedge accounting
The Company designates certain derivatives, relating to interest rate risk and share price risk as hedging instruments.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges **-** The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges, is limited to the cumulative change in fair value of the hedged item from inception of the hedge and is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Operations.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the Consolidated Statement of Operations in the same period that the hedged item affects the Consolidated Statement of Operations, in the same line as the recognized hedged item. The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

4. 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 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 PP&E for depreciation purposes, PP&E, inventory valuation, and determination of income and other taxes and recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, 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 of the actual lives of PP&E of similar nature and functions, 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.

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.

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.

The amount recognized as accrued liabilities, 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.

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)

4. 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 and accrued liabilities, 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.

5. INVENTORIES

The cost of inventory recognized as an expense and included in cost of materials in note 11 for the year ended April 30, 2021 was $64,433 (2020 - $59,521). During the years ended April 30, 2021 and 2020, there were no significant write-downs of inventory, except as detailed in note 18, 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:

	2021	2020
Rods and casings	**$ 27,276**	$ 29,413
Consumables	**7,295**	13,362
Machine parts	**33,092**	31,879
Wireline and downhole tools	**6,149**	7,395
Diamond bits	**6,893**	7,943
Other	**4,880**	9,831
	$ 85,585	$ 99,823

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

6. PROPERTY, PLANT AND EQUIPMENT

Changes in the PP&E balances were as follows:

	Land	Buildings	Drills	Auto	Other	ROU assets	Total
Cost:							
Balance as at April 30, 2019	$ 3,366	$ 10,412	$ 374,353	$ 106,999	$ 14,356	$ -	$ 509,486
Additions	2,897	3,367	19,016	6,373	388	5,115	37,156
Disposals	-	(41)	(13,042)	(5,446)	(4,044)	(69)	(22,642)
Business acquisition (note 17)	-	-	6,032	2,185	-	-	8,217
Effect of exchange rate changes and other	92	(190)	1,336	652	(136)	(71)	1,683
Balance as at April 30, 2020	**$ 6,355**	**$ 13,548**	**$ 387,695**	**$110,763**	**$ 10,564**	**$ 4,975**	**$ 533,900**
Additions	**-**	**4,630**	**19,334**	**7,254**	**85**	**1,478**	**32,781**
Disposals	**-**	**-**	**(20,984)**	**(6,308)**	**(197)**	**(116)**	**(27,605)**
Effect of exchange rate changes and other	**(325)**	**(438)**	**(27,026)**	**(7,195)**	**(703)**	**(335)**	**(36,022)**
Balance as at April 30, 2021	**$ 6,030**	**$ 17,740**	**$ 359,019**	**$104,514**	**$ 9,749**	**$ 6,002**	**$ 503,054**

	Land	Buildings	Drills	Auto	Other	ROU assets	Total
Accumulated Depreciation:							
Balance as at April 30, 2019	$ -	$ (6,152)	$ (243,221)	$ (84,560)	$ (11,287)	$ -	$ (345,220)
Disposals	-	11	12,222	5,187	4,010	-	21,430
Impairment (note 18)	-	-	(1,128)	-	-	-	(1,128)
Depreciation	-	(453)	(30,618)	(6,254)	(785)	(1,243)	(39,353)
Effect of exchange rate changes and other	-	106	(306)	(522)	(72)	71	(723)
Balance as at April 30, 2020	**$ -**	**$ (6,488)**	**$ (263,051)**	**$ (86,149)**	**$ (8,134)**	**$ (1,172)**	**$(364,994)**
Disposals	**-**	**-**	**19,471**	**6,364**	**123**	**130**	**26,088**
Depreciation	**-**	**(799)**	**(29,371)**	**(7,380)**	**(26)**	**(1,206)**	**(38,782)**
Effect of exchange rate changes and other	**-**	**260**	**16,334**	**5,739**	**437**	**19**	**22,789**
Balance as at April 30, 2021	**$ -**	**$ (7,027)**	**$ (256,617)**	**$ (81,426)**	**$ (7,600)**	**$(2,229)**	**$(354,899)**
Carrying value April 30, 2020	$ 6,355	$ 7,060	$ 124,644	$ 24,614	$ 2,430	$ 3,803	$ 168,906
Carrying value April 30, 2021	**$ 6,030**	**$ 10,713**	**$ 102,402**	**$ 23,088**	**$ 2,149**	**$ 3,773**	**$ 148,155**

The Company has assessed whether there is any indication that an impairment loss recognized in prior periods for PP&E may no longer exist or may have decreased. There were no impairments requiring reversal as at April 30, 2021 or 2020.

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

7. GOODWILL

Changes in the goodwill balance were as follows:	**2021**	2020
Opening balance	**$ 7,708**	$ 58,300
Impairment charge	-	(58,743)
Goodwill on acquisition (note 18)	-	7,708
Effect of movement in exchange rates	-	443
Ending balance	**$ 7,708**	$ 7,708

As of April 30, 2021 all of the Company's goodwill is allocated to the Canadian CGU.

The recoverable amount of the Canadian and U.S. branches as 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, 2021. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate.

The goodwill impairment in the previous year reflected the impact COVID-19 was having on the Canadian and U.S. CGUs. The uncertainty surrounding the pandemic also caused significant volatility in equity markets, resulting in a systematic increase in the cost of equity capital utilized in the determination of the appropriate discount rate. The impairment was primarily caused by near-term cash flow impacts caused by COVID-19, as management believed the longer-term cash flows would be consistent with those forecasted prior to the pandemic.

While the mining services market in Canada and the U.S. is cyclical in nature, historical growth rates determined by management as fair and conservative were used.

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

Revenue – While latter year projections reflect past experience, the impacts of COVID-19 were included in the short-term projections based on impacts of the pandemic on the current fiscal year's revenue.

The values assigned to the assumptions reflect past experience. The effect of the incorporation of the acquired drill fleets and levels of capital expenditure since 2007, that have been on average higher than the sustaining level, have provided the basis on which to grow. The subsequent growth expected is consistent with management's plans for focusing operations and growing share in the specialized drilling market.

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 13.24% (2020 - 13.47%). In order to determine the discount rate, the Company used the risk-free market return, adjusted for the equity premium, volatility and Company specific factors. The decrease in the discount rate used for the April 30, 2021 calculation of the recoverable amount was caused by the decrease in volatility in the equity markets as the impact of the COVID-19 pandemic lessened.

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 to differ. If the forecasted improvements to the key assumptions do not materialize as projected, due to lower than expected price and or volume recovery (and the Company is unable to adjust its cost structure), additional impairment of goodwill could be required.

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

8. INTANGIBLE ASSETS

Intangible assets consist of customer relationships/contracts. Changes in the balance were as follows:

	Cost	Accumulated amortization	Total
Balance as at April 30, 2019	$ -	$ -	$ -
Intangibles on acquisition (note 17)	1,135	-	1,135
Amortization	-	(189)	(189)
Balance as at April 30, 2020	**1,135**	**(189)**	**946**
Amortization	**-**	**(378)**	**(378)**
Balance as at April 30, 2021	**$ 1,135**	**$ (567)**	**$ 568**

9. DEMAND CREDIT FACILITIES

The Company has credit facilities available in Canada and the U.S. totaling $31,227. The Canadian facility bears interest at the bank's prime lending rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's London interbank offer rate ("LIBOR") plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's LIBOR plus 2.25%. The demand credit facilities are primarily secured by corporate guarantees of companies within the group. As at April 30, 2021, the Company had utilized $1,043 (2020 - $10,228) of these facilities with stand-by letters of credit outstanding for $1,043 (2020 - $4,003). The Company also has credit facilities of $2,252 for credit cards, with interest rates and repayments as per cardholder agreements.

10. LONG-TERM DEBT

	2021	2020
Revolving term loan, maximum available $50,000, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's LIBOR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in October 2023.	**$ 15,000**	$ 50,000
Term loan bearing interest at 5.9%, payable in monthly installments of $83, unsecured, maturing in August 2021.	**333**	1,333
Term loan bearing interest at 1.99%, payable in monthly installments of $1, secured by certain equipment, maturing through 2021.	**23**	30
Derivative financial instrument with a notional principal amount of $15,000, swapping Canadian-Bankers' Acceptance - Canadian Dealer Offered Rate for an annual fixed rate of 3.12%, maturing in May 2022.	**106**	(6)
	15,462	51,357
Current Portion	**356**	1,024
	$ 15,106	$ 50,333

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

10. LONG-TERM DEBT (Continued)

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

	2021	2020
Opening balance	**$ 51,357**	$ 17,358
Repayment of long-term debt	**(36,004)**	(1,057)
Proceeds from draw on long-term debt	**-**	35,000
Net fair value variance on derivatives and other	**109**	56
Ending balance	**$ 15,462**	$ 51,357

The required annual principal repayments on long-term debt are as follows:

Fiscal 2022	**$ 356**
Fiscal 2023	**106**
Fiscal 2024	**15,000**
	$ 15,462

11. EXPENSES BY NATURE

Direct costs by nature are as follows:

	YTD 2021	YTD 2020
Depreciation	**$ 37,051**	$ 37,605
Employee salaries and benefit expenses	**157,717**	140,738
Cost of material	**70,740**	61,983
Other	**102,480**	108,175
	$ 367,988	$ 348,501

General and administrative expenses by nature are as follows:

Amortization of intangible assets	**$ 378**	$ 189
Depreciation of right-of-use assets	**1,206**	1,243
Depreciation other	**525**	505
Employee salaries and benefit expenses	**30,083**	26,657
Other	**14,891**	19,448
	$ 47,083	$ 48,042

Other expenses include share-based compensation for employees for the year ended April 30, 2021 of $296 (2020 - $267).

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

12. 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:

	2021	2020
Earnings (loss) before income tax	**$ 13,586**	$ (55,554)
Statutory Canadian corporate income tax rate	**27%**	27%
Expected income tax provision based on statutory rate	**3,668**	(15,000)
Non-recognition of tax benefits related to losses	**1,718**	2,481
Utilization of previously unrecognized losses	**(1,653)**	(45)
Other foreign taxes paid	**592**	458
Rate variances in foreign jurisdictions	**180**	(412)
Permanent differences and other	**(635)**	11,938
De-recognition of previously recognized losses	**-**	16,190
	3,870	15,610
Adjustments recognized in the current year in relation to the current tax in prior years	**(318)**	(202)
Income tax provision recognized in net earnings (loss)	**$ 3,552**	$ 15,408

The tax rate used for the 2021 and 2020 reconciliations herein is the effective federal and provincial Canadian corporate tax rate of 27%.

The movements in deferred income tax balances are as follows:

	2020	**Tax provision**	**Exchange**	**2021**
Deferred tax assets related to non-capital losses	$ 9,613	$ (653)	$ (57)	**$ 8,903**
Deferred tax liabilities related to difference in tax and book basis	(15,101)	923	1,646	**(12,532)**
Net deferred tax assets (liabilities)	$ (5,488)	$ 270	$ 1,589	**$ (3,629)**

Income tax provision (recovery) recognized in net loss:

	2021	2020
Current tax		
Current tax expense in respect to the current year	**$ 4,140**	$ 5,819
Adjustments recognized in the current year in relation to the current tax of prior years	**(318)**	(202)
Deferred tax		
Deferred tax expense (recovery) recognized in the current year	**(270)**	9,791
Income tax provision	**$ 3,552**	$ 15,408

12. INCOME TAXES (Continued)

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.

The Company has accumulated approximately $164,372 in non-capital losses of which $36,566 is recognized to reduce future income taxes otherwise payable in foreign jurisdictions. These losses, if unused, will expire in the following calendar years: 2021 - $2,970; 2022 - $1,589; 2023 - $2,622; 2024 - $2,558; 2025 - $911; 2026 - $8,076; 2027 - $7,841; 2028 - $1,437; 2034 - $3,549; 2035 - $20,868; 2036 - $13,098; 2037 - $16,536; 2038 - $10,653; 2040 - $2,180; and indefinite - $69,484.

In the current year the Company did not de-recognize any previously recognized losses (2020 - $16,190). The Company has recognized deferred income tax assets in Canada and Chile that have had a history of losses for tax purposes. In evaluating whether it is probable that sufficient taxable income will be generated to realize the benefit of these deferred income tax assets, the Company considered all available evidence, including forecasts, business plans and appropriate available tax planning measures.

The Company has accumulated approximately $6,284 (AUD - $6,569) of capital losses that are available to reduce income taxes otherwise payable on capital gains realized in Australia. The benefit of these losses has not been recognized in the Consolidated Financial Statements.

The Company has approximately $184,101 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.

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.

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

13. 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:

	2021		2020	
	Number of shares	**Share capital**	Number of shares	Share capital
Opening balance	**80,634,153**	**$ 243,189**	80,299,984	$ 241,264
Share issue (note 17)	**21,600**	**190**	334,169	1,925
Ending balance	**80,655,753**	**$ 243,379**	80,634,153	$ 243,189

Stock option plan

Details of the Company's stock option plan (the "Plan") for Directors, Officers and other employees of the Company and its subsidiaries can be found in the Company's 2020 Management Information Circular.

A summary of the status of the Plan, as at April 30, 2021 and April 30, 2020, and of changes during those years, is presented below:

	2021		2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	**2,138,700**	**$ 7.37**	3,375,302	$ 8.17
Options granted	**280,500**	**3.60**	105,000	3.97
Options expired	**(577,904)**	**9.07**	(1,341,602)	9.10
Options exercised	**(21,600)**	**6.28**	-	-
Outstanding, end of year	**1,819,696**	**6.27**	2,138,700	7.37

The following table summarizes information on stock options outstanding as at April 30, 2021:

Range of exercise prices	**Outstanding at April 30, 2021**	**Weighted average remaining life (years)**	**Weighted average exercise price**	**Exercisable at April 30, 2021**	**Weighted average exercise price**
\$3.60 - \$6.28	**741,896**	**4.58**	**$ 4.74**	**400,190**	**$ 5.63**
\$6.97 - \$7.04	**674,000**	**2.64**	**6.99**	**626,400**	**6.99**
\$7.57 - \$8.39	**403,800**	**2.22**	**7.87**	**403,800**	**7.87**
	1,819,696			**1,430,390**	

The Company's calculations of share-based compensation for options granted were made using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	2021	2020
Risk-free interest rate at date of grant	**0.38%**	1.34%
Expected life	**5.4 years**	6.2 years
Expected volatility (based on historical volatility)	**41.6%**	34.8%

13. SHARE CAPITAL (Continued)

The weighted average grant date fair value of options granted during the year ended April 30, 2021 was $1.21 (2020 - $1.40). For the year ended April 30, 2021, the amount of compensation cost recognized in earnings and credited to share-based payments reserve was $296 (2020 - $267).

14. EARNINGS (LOSS) PER SHARE

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

	2021	2020
Net earnings (loss)	**$ 10,034**	$ (70,962)
Weighted average number of shares:		
Basic (000s)	**80,639**	80,465
Net effect of dilutive securities:		
Stock options	**128**	7
Diluted (000s)	**80,767**	80,472
Earnings (loss) per share:		
Basic	**$ 0.12**	$ (0.88)
Diluted	**$ 0.12**	$ (0.88)

The calculation of diluted earnings (loss) per share for the year ended April 30, 2021 and 2020 excludes the effect of 1,441,285 and 2,731,853 options, respectively, as they were anti-dilutive.

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

15. 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 Asia 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 note 3. Management evaluates performance based on earnings from operations in these three geographic segments before impairment of goodwill, finance costs, general and corporate expenses, restructuring charge and income tax. Data relating to each of the Company's reportable segments is presented as follows:

	2021	2020
Revenue		
Canada - U.S.*	$ 247,703	$ 205,551
South and Central America	95,567	104,002
Asia and Africa	88,806	99,591
	$ 432,076	$ 409,144
Earnings (loss) from operations		
Canada - U.S.	$ 10,654	$ 4,825
South and Central America	(1,623)	(5,738)
Asia and Africa	11,996	16,280
	21,027	15,367
Impairment of goodwill	-	58,743
Finance costs	1,168	1,108
General and corporate expenses**	6,273	6,517
Restructuring charge	-	4,553
Income tax	3,552	15,408
	10,993	86,329
Net earnings (loss)	$ 10,034	$ (70,962)

*Canada - U.S. includes revenue in 2021 of $129,488 (2020 - $95,603) for Canadian operations.

**General and corporate expenses include expenses for corporate offices, stock options and certain unallocated costs.

	2021	2020
Capital expenditures		
Canada - U.S.	$ 24,399	$ 21,522
South and Central America	2,052	4,719
Asia and Africa	3,133	4,427
Unallocated and corporate assets	1,719	1,373
Total capital expenditures	$ 31,303	$ 32,041
Depreciation and amortization		
Canada - U.S.	$ 19,824	$ 18,434
South and Central America	12,089	14,226
Asia and Africa	6,935	6,744
Unallocated and corporate assets	312	138
Total depreciation and amortization	$ 39,160	$ 39,542

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

15. SEGMENTED INFORMATION (Continued)

	April 30, 2021	April 30, 2020
Identifiable assets		
Canada - U.S.*	**$ 191,320**	$ 180,925
South and Central America	**99,435**	129,748
Asia and Africa	**111,504**	121,954
Unallocated and corporate liabilities	**(13,727)**	(6,710)
Total identifiable assets	**$ 388,532**	$ 425,917

*Canada - U.S. includes property, plant and equipment in 2021 of $43,409 (2020 - $44,146) for Canadian operations.

16. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	2021	2020
Trade and other payables	**$ 20,468**	$ (10,982)
Inventories	**5,153**	(9,531)
Other items	**-**	(421)
Prepaid expenses	**(2,611)**	622
Trade and other receivables	**(36,148)**	22,004
	$ (13,138)	$ 1,692

17. BUSINESS ACQUISITION

Norex Drilling Limited

Effective November 1, 2019, the Company acquired all of the issued and outstanding shares of Norex Drilling Limited ("Norex").

The acquisition was accounted for using the acquisition method. Through this purchase, the Company acquired 22 drill rigs, support equipment and inventory, existing contracts and receivables, the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $18.7 million, consisting of $14.0 million in cash (net of cash acquired), $1.9 million in Major Drilling shares, a holdback of $1.0 million and an additional payout of $1.8 million (discounted) tied to performance. The maximum amount of the contingent consideration is $2.5 million, with a payout date three years from the effective date of November 1, 2019. Payment is contingent on achieving EBITDA (earnings before interest, taxes, depreciation and amortization) run rates above levels at the time of acquisition.

Goodwill arising from this acquisition was equal to the excess of the total consideration paid over the fair market value of the net assets acquired and represents the benefit of expected synergies, revenue growth, and future market development.

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

17. BUSINESS ACQUISITION (Continued)

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

Net assets acquired		
Trade and other receivables	$	4,865
Inventories		1,762
Property, plant and equipment		8,217
Goodwill (not tax deductible)		7,708
Intangible assets		1,135
Trade and other payables		(3,385)
Deferred income tax liabilities		(1,625)
Total assets	**$**	**18,677**

Consideration		
Cash	$	14,241
Holdback		1,000
Contingent consideration		1,807
Shares of Major Drilling		1,925
Less: cash acquired		(296)
Total consideration	**$**	**18,677**

Subsequent to the date of acquisition, the trade and other receivables included in the above net assets acquired have been fully collected.

The above consideration includes non-cash investing activities, which are not reflected in the Consolidated Statements of Cash Flows, including the issuance of 334,169 shares of Major Drilling at $5.76 for a total of $1,925, contingent consideration of $1,807 (discounted) and a holdback of $1,000.

The Company incurred acquisition-related costs of $182 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 Norex have been included in the Consolidated Statements of Operations from November 1, 2019.

18. RESTRUCTURING CHARGE

During the previous year, the Company made the decision to close its operations in Colombia.

This restructuring initiative generated impairment losses calculated based on the determination of the fair value of assets less cost of disposal. Fair value was determined through the use of industry knowledge.

The costs related to this initiative, and recorded as part of the restructuring charge, total $4,553 for the twelve months ended April 30, 2020. This amount consists of non-cash charges totaling $3,469, including an impairment charge of $1,128 relating to property, plant and equipment and a write-down of $2,341 to reduce inventory to net realizable value. Cash charges included $1,084 to wind down operations, and employee severance costs incurred to rationalize the workforce in various jurisdictions.

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

19. 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.

20. COMMITMENTS

The Company has commitments for the purchase of equipment totaling $11,704 with delivery dates early in fiscal 2022, as well as various commitments, primarily for rental of premises, with arms-length parties as follows: 2022 - $582; 2023 - $271; 2024 - $224; 2025 - $154; and 2026 - $59.

21. 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:

	2021	2020
Salaries, bonuses and fees	$ **2,394**	$ 2,557
Other long-term benefits	**124**	104
Share-based payments benefits	**1,276**	1,145
	$ **3,794**	$ 3,806

Employment agreement termination commitments and entitlements for the above personnel are detailed in the Company's Management Information Circular.

Other than those transactions disclosed above, there were no other material related party transactions during the year ended April 30, 2021 or April 30, 2020.

22. CAPITAL MANAGEMENT

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

Total managed capital was as follows:

	2021	2020
Long-term debt	$ **15,462**	$ 51,357
Share capital	**243,379**	243,189
Share-based payments reserve	**5,559**	8,519
Retained earnings (deficit)	**(22,456)**	(35,691)
Cash and cash equivalents	**(22,359)**	(58,433)
	$ **219,585**	$ 208,941

The Company's objective when managing its capital structure is to maintain financial flexibility in order to: (i) preserve access to capital markets; (ii) meet financial obligations; and (iii) 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.

22. CAPITAL MANAGEMENT (Continued)

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.

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 2020.

23. 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. As at April 30, 2021 the Company has estimated that a one percentage point change in interest rates would have a negligible annual impact on net earnings due to the nominal value of debt with variable interest rates.

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. The carrying value of long-term debt approximates its 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's derivatives 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 year ended April 30, 2021.

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.

Credit risk

The Company has a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The maximum credit risk the Company was exposed to as at April 30, 2021 was $124,930 (2020 - $130,030), representing total cash and cash equivalents and trade and other receivables. As at April 30, 2021 and 2020 one customer represented more than 10% of total revenue. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

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

23. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

As at April 30, 2021, 93.7% (2020 - 81.6%) of the Company's trade receivables were aged as current and 1.8% (2020 - 2.0%) 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:

	2021	2020
Opening balance	**$ 1,226**	$ 863
Increase in impairment allowance	**588**	442
Recovery of amounts previously impaired	**(115)**	-
Write-off charged against allowance	**-**	(37)
Foreign exchange translation differences	**(61)**	(42)
Ending balance	**$ 1,638**	$ 1,226

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, 2021, 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	IDR/USD	MNT/USD	USD/AUD	MZN/USD	USD/ZAR	USD/BRL	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		$ 6,367	$ 6,336	$ 4,597	$ 3,017	$ (2,146)	$ (2,699)	$ (5,347)	$ (5,630)	$ (895)
EBIT impact	+/-10%	707	704	511	335	238	300	594	626	99

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 9 and 10 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	Total
Trade and other payables	$ 73,083	$ -	$ -	$ 73,083
Lease liabilities (interest included)	1,396	2,021	891	4,308
Contingent consideration (undiscounted)	-	2,500	-	2,500
Long-term debt (interest included)	831	16,280	-	17,111
	$ 75,310	**$ 20,801**	**$ 891**	**$ 97,002**

24. SUBSEQUENT EVENT

On June 1, 2021, the Company completed the purchase of all of the issued and outstanding shares of McKay Drilling PTY Limited, a leading specialty drilling contractor based in Perth, Australia, providing Major Drilling with a strong established presence in an important growth market.

The purchase price for the acquisition is valued at an amount up to AUD$80 million, or approximately CAD$75 million, consisting of: (i) a cash payment of AUD$40 million payable on closing, subject to working capital adjustments; (ii) AUD$15 million paid through the issuance of 1,318,101 common shares of Major Drilling, valued based on the volume weighted average price of the common shares prior to closing, subject to TSX approval; and (iii) an earn out of up to AUD$25 million payable in cash over the next three years, based on the achievement of certain milestones.

The cash portion of the purchase price has been funded from Major Drilling's cash and existing debt facilities. With the $50 million revolving term facility now fully drawn, as of June 7, 2021, the Company has negotiated an expansion of this facility to an aggregate $75 million to retain additional liquidity to fund operations.

HISTORICAL SUMMARY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	(in millions of Canadian dollars, except per share information)									
OPERATING SUMMARY										
Revenue by region										
Canada - U.S.	**$ 248**	$ 205	$ 196	$ 185	$ 180	$ 195	$ 177	$ 176	$ 317	$ 322
South and Central America	**95**	104	108	94	71	66	76	74	203	252
Australia, Asia and Africa	**89**	100	81	63	50	44	53	105	176	223
	432	409	385	342	301	305	306	355	696	797
Adjusted gross profit [1]	**101**	99	91	74	60	70	66	104	220	251
as a percentage of revenue	**23.4%**	24.0%	23.6%	21.7%	20.0%	23.0%	21.6%	29.4%	31.7%	31.5%
General and administrative expenses	**47**	48	47	48	45	44	45	50	64	58
as a percentage of revenue	**11.1%**	11.7%	12.2%	14.0%	15.0%	14.4%	14.7%	14.1%	9.2%	7.3%
Net earnings (loss)	**10**	(71)	(18)	(22)	(42)	(45)	(50)	(55)	52	90
Earnings (loss) per share										
Basic	**0.12**	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)	(0.70)	0.66	1.18
Diluted	**0.12**	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)	(0.70)	0.65	1.16
EBITDA [1]	**54**	48	39	25	11	20	13	44	143	174
per share	**0.67**	0.60	0.49	0.31	0.13	0.25	0.17	0.56	1.80	2.26
Dividends paid	**-**	-	-	-	-	3	16	16	15	12
Total net cash (net of debt) [2]	**7**	7	10	2	18	38	30	46	39	(14)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
BALANCE SHEET SUMMARY										
Cash and cash equivalents	**22**	58	27	21	26	50	45	70	82	37
Property, plant and equipment	**148**	169	164	185	222	241	277	307	340	318
Debt	**15**	51	17	19	8	12	15	24	44	51
Shareholders' equity	**280**	297	363	372	410	426	460	484	538	488

[1] Non-IFRS financial measures:

Adjusted gross profit/margin - excludes deprectiation expense.

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

[2] Excluding lease liabilities.

SHAREHOLDER INFORMATION

DIRECTORS

David Tennant (Chairman)
Edward Breiner
John Burzynski
Louis-Pierre Gignac
Kim Keating
Juliana Lam
Denis Larocque
Janice Rennie
Sybil Veenman
Jo Mark Zurel

OFFICERS

Denis Larocque
President & Chief Executive Officer

Ian Ross
Chief Financial Officer

Kelly Johnson
Sr. VP Operations - North America & Africa

Ashley Martin
VP Operations - South America

John Ross Davies
VP Operations – Australasia

Ben Graham
VP HR & Safety

Marc Landry
VP Technology & Logistics

Andrew McLaughlin
VP Legal Affairs & General Counsel

TRANSFER AGENT

AST Trust Company (Canada)

AUDITORS

Deloitte LLP

CORPORATE OFFICE

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Website: www.majordrilling.com
Email: info@majordrilling.com

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Major Drilling Group International Inc. will be held virtually on Friday, September 3, 2021 at 3:00pm Eastern.
www.virtualshareholdermeeting.com/MDI2021

MAJOR Drilling