ANNUAL INFORMATION FORM

MAJOR DRILLING GROUP INTERNATIONAL INC.

JULY 13, 2023

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MAJOR DRILLING GROUP INTERNATIONAL INC.

2023 ANNUAL INFORMATION FORM

REFERENCE INFORMATION

In this Annual Information Form, a reference to "MDGI" or "Major Drilling" refers to Major Drilling Group International Inc. and a reference to the "Corporation" or "Company" means MDGI and its directly and indirectly owned subsidiaries, which may constitute predecessor corporations where appropriate.

The information in this Annual Information Form is current to April 30, 2023, unless otherwise noted. All dollar amounts in this Annual Information Form, unless otherwise indicated, are stated in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form 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 Annual Information Form 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 Annual Information Form is qualified by this cautionary note.

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

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company's growth; currency restrictions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; 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; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" herein. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

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

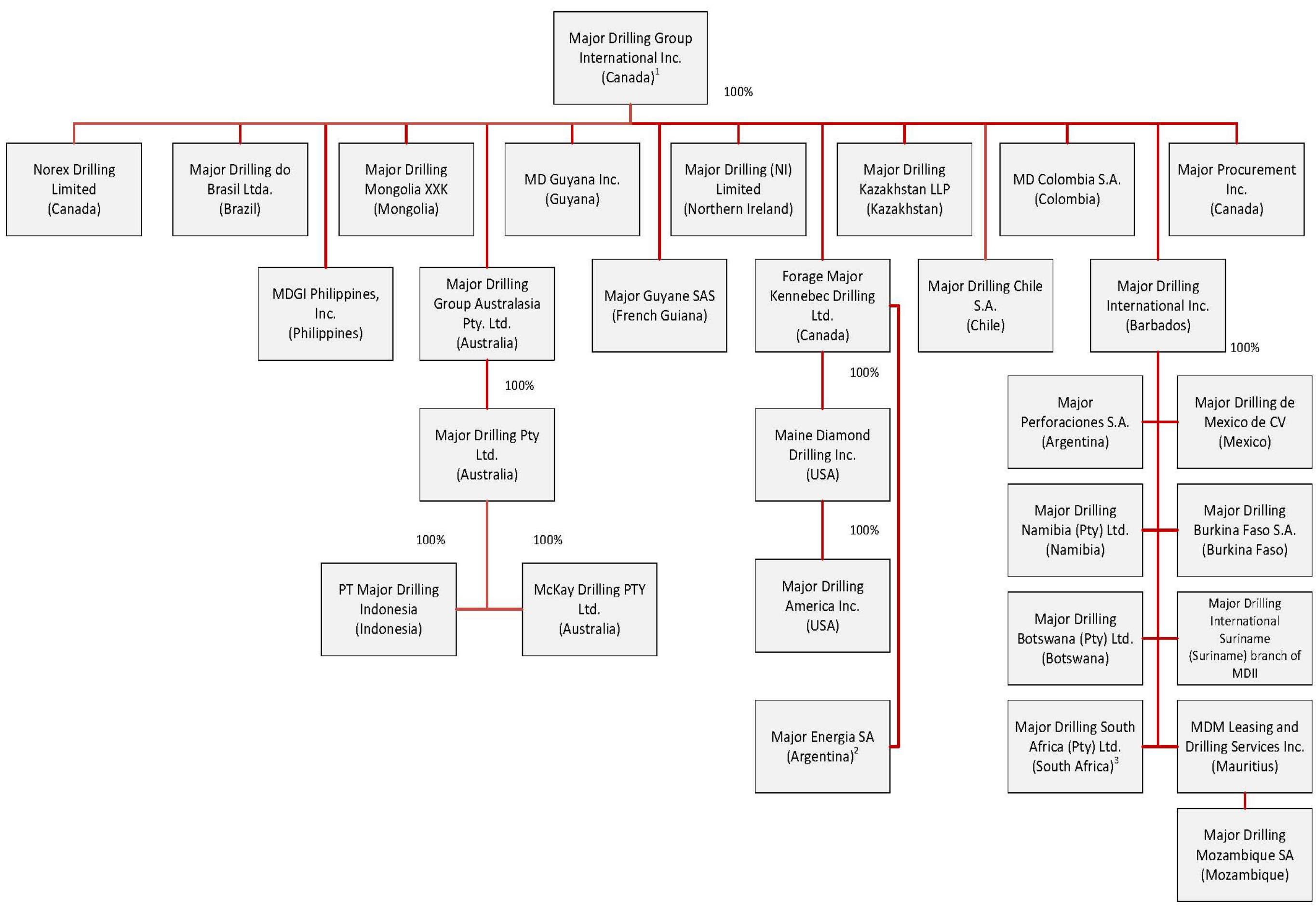
CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

Major Drilling Group International Inc. was formed under the *Canada Business Corporations Act* (the "CBCA") by Articles of Amalgamation dated October 31, 1994. The registered and head office of MDGI is located at 111 St. George Street, Moncton, New Brunswick, E1C 1T7.

INTERCORPORATE RELATIONSHIPS

The following chart lists the existing direct and indirect subsidiaries of MDGI as of July 13, 2023:



(1) Major Drilling Group International Inc. is involved in a number of indigenous joint ventures throughout Canada.
(2) 50% owned by Major Drilling Group International Inc. and 50% owned by Forage Major Kennebec Drilling Ltd.
(3) 75% owned by Major Drilling International Inc. and 25% owned by Major Drilling's South African empowerment trust.

GENERAL DEVELOPMENT OF THE BUSINESS

THREE-YEAR HISTORY

The Corporation has drilling operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. In the last three years, the Corporation's drilling services business has developed in each of these geographic markets. See "Description of the Business" for a more detailed explanation.

Fiscal 2021 saw continued challenges posed by the COVID-19 pandemic across the Corporation's global operations. While fiscal 2021 began with much uncertainty and suspension of operations in several key jurisdictions as a result of the pandemic, over the course of the year, certain regions fared better than others in forging ahead while implementing additional safety protocols. In the first quarter of fiscal 2021, as the Corporation worked with its customers to adhere to their safety protocols, the Corporation cautiously implemented a plan to have employees return to their place of work with strict enforcement of all safety protocols to ensure they remained safe and healthy. This plan included, 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 increased and returned to pre-pandemic levels in most regions.

In fiscal 2022, it was evident that the global mining industry had entered an upcycle following a prolonged cyclical downturn, as activity levels increased across most mining jurisdictions in efforts to address rising demand driven by significant reserve depletion given the lack of exploration in recent years. Critical mineral commodity prices increased through this period. On June 1, 2021, the Corporation re-entered the Australian market through the completion of the purchase of the issued and outstanding shares of McKay Drilling PTY Limited ("McKay"), a leading specialty drilling contractor based in Perth. This acquisition provides the Corporation with a strong established presence in an important growth market.

The initial stage of an industry upcycle persisted through fiscal 2023, albeit impacted by broader uncertainties in the macro-economic environment. The Corporation continued to see strong levels of activity across its global operations through the fiscal year. Through the latter part of fiscal 2023, there was a notable shift in the Corporation's operational commodity mix toward increases in copper and battery metals. This shift is indicative of the increasing demand from customers levered to the energy transition.

During the year, the Corporation made notable progress with innovation towards increased productivity, safety, and meeting customers' 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. Notably, ten of the Corporation's divisions now have worked more than one year and 1,000,000 hours without a lost time injury.

DESCRIPTION OF THE BUSINESS

The Corporation is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. The Corporation 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.

- **Mineral exploration drilling**: Mineral exploration drilling is a technique used in the mineral mining sector to explore for new mineral deposits, to evaluate land for economic mining, and augment additional ore reserves and resources in the mine. For example, exploration drilling enables possible discovery by extracting a core of rock or chips that can be analyzed by a professional. Mining companies typically progress through several drilling phases to bring a discovery into production, from exploratory drilling to definition drilling, which better defines an ore body, and blast drilling that allows miners to extract the rock for transport to a processing facility.

- **Core drilling**: Core drilling is the most accurate form of drilling used by the mining and exploration industry. It is the predominant drilling method in North America, although it is also used fairly extensively in other areas around the world. The technology enables the drilling team to collect a continuous solid core sample that is then analyzed to determine mineral content at precise locations. Diamond drilling can be carried out from surface and in underground mines.

- **Reverse circulation drilling**: Reverse circulation drilling is another method of drilling used in heavily oxidized rock formations and in highly fractured rock formations. This method of drilling uses a down-hole hammer driven by high-pressure air to break the rock into chips, which are then circulated through the dual-wall drill pipe back to the surface for collection and analysis. Reverse circulation drilling tends to be utilized more in preliminary exploration. It is often followed up with a diamond drilling program to better define the ore body.

- **Directional drilling**: Directional drilling is a technology that increases the accuracy, effectiveness, and productivity of deep-hole drilling. It controls the path of a drill hole to ensure it follows a predetermined course and passes through a defined target. Directional drilling has a number of applications, including highly accurate deep-hole exploratory drilling, mine infrastructure projects such as pilot holes, coal seam gas exploration, and construction projects such as under-road or under-river crossings.

- **Multi-purpose rigs**: Using its fleet of multi-purpose rigs that have diamond, rotary and reverse circulation drilling capabilities, the Corporation also carries out combination drilling. These rigs allow the Corporation to offer its clients relatively inexpensive reverse circulation drilling at the top of a hole and highly accurate core sampling using diamond drilling through the actual ore body.

- **Underground percussive/longhole drilling**: Underground percussive/longhole drilling is a technique that uses impact energy from the drill bit striking the rock (rather than rotational energy) to create a hole, usually in the underground environment. An air or hydraulic-hammer blow creates the impact energy required, which is transmitted through the drill rods to the bit. The usual purpose of the holes is for loading explosives to blast (fragment) ore bodies for extraction. There are many other specialized applications such as dewatering, service holes, ventilation raises, etc. Another percussive variation is ITH (in-the-hole) which requires compressed air pumped through the drill rods to the air-powered hammer (first rod with internal piston and bit attached).

- **Energy drilling**: Energy drilling describes services provided to the energy industry. The primary difference between energy drilling and other drilling techniques is that the product delivered to clients is the hole that is drilled, not the material removed from the hole. The material removed to create the hole in energy drilling is discarded. Energy drilling uses mainly rotary style drill bits to drill large holes that are lined with steel pipe upon completion. After the Corporation completes the hole, additional work is done by others to extract oil and/or natural gas through these holes.

- **Blast hole drilling**: Blast hole drilling is a technique used in mining whereby a hole is drilled into the surface of the rock, packed with explosive material, and detonated. The goal of this technique is to fragment the rock, to mine waste and ore separately.

- **Air-core drilling**: Air-core drilling is a specialized reverse circulation drilling where a small, annular drill bit is used to cut a solid core of rock from relatively soft or easily broken material. The bit produces short sections of core that are recovered, along with broken rock chips, up the center of the drill stem in the manner of a standard reverse circulation rig. The system is often capable of penetrating and coring soft sticky clays that might bind a normal blade bit.

In relation to mineral exploration drilling, higher prices and margins are generally available where more complex drilling requirements, which the Corporation defines as specialized drilling, are required. These include surface or underground deep-hole drilling, directional drilling, drilling at high altitude, and helicopter mobilizations or mobilizations to remote locations, all of which create significant barriers to entry for small local contract drilling operations. Specialized drilling contracts represented 57% of revenue in fiscal 2021, 64% of revenue in fiscal 2022, and 65% of revenue in fiscal 2023. Underground drilling contracts are typically longer-term contracts, primarily because of the cost and logistical difficulties of changing drilling equipment in an underground mine, and because mining company clients prefer knowing their fixed operating costs for a period of time. These underground contracts represented 32% of revenue in fiscal 2021, 25% in fiscal 2022, and 24% in fiscal 2023. Margins for underground drilling contracts have generally been lower than in the specialized sector of the market. Conventional surface drilling in and around established mining camps is highly competitive since there are few barriers to entry for small, local, contract drillers. Conventional surface drilling contracts remained steady at 11% of revenue in fiscal 2021, 2022 and 2023.

Mineral exploration companies and customers requiring drilling services generally invite drilling companies to bid on drilling contracts. Drilling contracts are usually based on standard industry terms and priced on the basis of an assessment of the terrain, size of core, depth of hole and drilling equipment mobilization and demobilization costs.

The Corporation visits most job sites prior to bidding on a contract for the first time. The Corporation prepares a bid estimate prior to bidding. The bid estimate includes a detailed estimate of the Corporation's costs in respect to a project and is used to determine the pricing used by the Corporation in its bid to a potential customer. The major operating risk associated with the performance of most drilling contracts relates to the penetration rate (metres drilled per hour) obtained by the Corporation at a job site. If the Corporation's actual penetration rate is significantly below the estimated rate used in pricing the drilling contract, losses can be incurred because revenue per day declines while fixed costs and overhead remain constant. Underperformance typically occurs at the beginning of a new contract, and performance usually improves with knowledge of the terrain and refinements to the drilling process to better suit the particular rock formation.

The Corporation attends trade shows and makes direct sales calls to mining and mineral exploration companies and others in order to increase the number of contracts on which it is invited to bid. Marketing efforts are primarily carried out by senior management and local managers. The Corporation's relationships with various multinational mining and mineral exploration companies generally facilitate its inclusion on bid lists in various countries.

CORPORATE STRATEGY

The Corporation's strategy is to: (i) be the world leader in specialized drilling; (ii) diversify its services within the drilling field; (iii) maintain a strong balance sheet; (iv) be the best in class in safety and human resources; (v) modernize its fleet with innovation and expand its footprint in strategic areas; and (vi) ensure that ESG (Environmental, Social and Governance) commitments are embedded in our culture and core business practices. As such, the Corporation remains largely focused on specialized drilling. Specialized drilling can be defined as exploration or definition drilling, with significant barriers to entry for smaller drilling companies, such as deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes, all of which usually result in higher pricing and margins.

The Corporation believes that there are ongoing opportunities for the growth of its international mineral exploration drilling business. The Corporation's international strategy to date has been to expand its business, at least in part, by building on its strong relationships with a number of multinational mining companies. Its ongoing relationships with various international mining companies should facilitate further expansion by the Corporation into other countries where these companies are operating or are considering commencing operations. The Corporation has made, and will continue to evaluate, strategic acquisitions and partnerships. Joint Venture agreements with Indigenous communities will also continue to be an important element of this strategy. The Corporation continues to believe that geographic diversification in its business operations is important, and this, together with other factors, is considered when new acquisition, expansion or partnership opportunities arise. The Corporation also believes that it is important to diversify operationally, within the specialized drilling field, and is doing so in energy, surface drill and blast, percussive/longhole drilling and in several other mine services.

The Corporation believes this strategy can be achieved by offering superior levels of service to its customers. To promote this goal, the Corporation has developed an organization with strong field support and compensation systems that reward individual contribution.

The Corporation strives to give the same high level of customer service in all of its markets. Branches are set up as full-service facilities and have appropriate support staff and equipment, including inventories and spare parts, which allow branches to efficiently address any issues that may arise from time to time. Management believes the extra costs incurred in fully supporting its branches are offset by less downtime and higher customer satisfaction.

The Corporation continues to investigate opportunities for expansion of its drilling business wherever the Corporation believes that such expansion may provide both positive cash flow and future growth potential.

The Corporation's primary focus is on specialized drilling. The Corporation also offers a growing range of underground services, a market segment that provides more stable revenue sources in market downturns. Throughout the business cycle, the Corporation prudently manages its cash and balance sheet, which enables it to take advantage of growth opportunities, and permits it to successfully weather cyclical downturns.

In pursuing the successful implementation of its ESG strategy, the Corporation roots its efforts in a strong ESG sustainability framework and risk management processes that have long been in place that take into account the interests of a broad range of stakeholders, including the communities where it operates around the world.

HISTORICAL DEVELOPMENT

The Corporation's operations have historically been divided into the following three geographic segments: (i) Canada - U.S.; (ii) South and Central America (which also includes the Mexican operations); and (iii) Australasia and Africa. On June 1, 2021, the Corporation re-entered the Australian market through the completion of the purchase of the issued and outstanding shares of McKay Drilling PTY Limited, a leading specialty drilling contractor based in Perth. This acquisition provides the Corporation with a strong established presence in an important growth market. The services provided in each of these reportable drilling segments of the Corporation are essentially the same.

The following table sets forth the Corporation's contract drilling revenue from the principal geographic regions in which it operated for the fiscal periods indicated:

Principal Region	**Years ended April 30 (In thousands of dollars)**	
	2023	**2022**
Canada – U.S.	405,049	366,662
South and Central America	166,759	151,613
Australasia and Africa	163,934	132,140
Total	**735,742**	**650,415**

Regarding operations outside of Canada, the Corporation's revenue is received primarily in U.S. dollars and most of its costs are paid in U.S. dollars. Consequently, the operating results of these international operations are not typically significantly affected by the fluctuation of exchange rates between local currencies and the U.S. dollar.

Canada - U.S.

The Corporation acquired several mineral exploration drilling companies in Eastern Canada between 1980 and 1985. The Corporation's strategy in these acquisitions was to buy equipment at a reasonable price, strengthen the Corporation by adding talented and experienced personnel and increase the geographic and client diversity of its business.

On October 31, 1994, several of these companies amalgamated under the CBCA to form MDGI. Subsequently, the Corporation acquired the assets of JT Thomas Diamond Drilling and Midwest Drilling, both during fiscal 1998, greatly augmenting its ability to service the Central and Western Canadian markets. Likewise, later acquisitions of Benoît Drilling and Bradley Group greatly augmented the Corporation's ability to service the Eastern Canadian market.

In Canada, as elsewhere, the Corporation's mineral exploration drilling operations are highly correlated to the level of mineral exploration activity.

In fiscal 2005, the Company acquired the operations of Dynatec Drilling Services in the U.S., forming Major Drilling America Inc. In fiscal 2015, the Corporation acquired the assets of Taurus Drilling Inc. in Canada, and Taurus Drilling LLC in the United States. With this acquisition, the Corporation provides percussive/longhole drilling services and inverse and drop raise services, as well as other support services, to mining companies and to operating mines in Canada, the U.S., and Mexico. In fiscal 2020, the Corporation acquired the shares of Norex Drilling Limited. This acquisition allowed the Corporation to gain a strong position to service its customers in both surface and underground exploration drilling services in the prolific Northeastern Ontario region.

In fiscal 2021, revenue increased by 20% to $248 million due to the strong pickup in junior activity and seniors/intermediates expanding existing programs in calendar 2021. In fiscal 2022, revenue increased by 48% to $367 million. That growth was attributed to the Company's positioning in a busy market accompanied by a favourable pricing environment. In fiscal 2023, revenue increased by 10% to $405 million for the year, mainly attributed to increased revenue from the U.S. operations as the Canadian operations were negatively impacted by a decrease in junior activity in relation to the challenging financing environment they faced.

South and Central America

The Corporation's current South and Central American operations are located in Mexico, Suriname, Argentina, Chile, Brazil, Guyana and French Guiana.

In the early 1990s, the Corporation expanded outside of Canada and the U.S., as the Corporation observed that a number of its mining customers were showing increased interest in exploration opportunities in Mexico and South America. The Corporation responded to the needs of these customers by following them into these regions through the creation of subsidiaries. These subsidiaries purchased their own drill rigs, related equipment and spare parts from third parties and from other subsidiaries of the Corporation. This expansion continued with acquisitions in both Chile and Ecuador in the 2008 fiscal year.

Most of the Corporation's customers in South and Central America are North American mining companies (or their subsidiaries), many of which the Corporation has worked with in the Canadian and U.S. markets. Exploration in this region has been primarily focused on gold. In fiscal 2013, the Corporation began its expansion into Brazil. In fiscal 2015, the Corporation acquired the Mexican assets of Taurus Drilling, and thus entered the underground percussive/longhole drilling market in that country. During that same fiscal year, Argentina experienced an increase in lithium activity, and the Corporation provided specialized rigs to drill large diameter production wells along with other rigs to complete relevant exploration programs. In fiscal 2018, the Corporation also resumed operations in French Guiana. In fiscal 2020, the Corporation wound down its operations in Colombia, given unfavourable economic forecasts for that region's operations. In fiscal 2021, Suriname expanded its service offering to include surface percussive (drill & blast) and large diameter wells for dewatering purposes.

In fiscal 2021, revenue decreased by 8% to $95 million as COVID-19 restrictions, predominantly in Argentina, Chile and Mexico, negatively impacting the performance of this region during the fiscal year. In fiscal 2022, revenue increased by 59% to $151 million for the year. Although this region was heavily impacted by COVID-19 in fiscal 2021, it showed signs of recovery throughout fiscal 2022. In fiscal 2023, revenue increased by 10% to $166.8 million for the year, mainly related to Chile and Argentina resuming operations after COVID-19 disruptions in the previous year, which was muted by a slowdown in Mexico caused by a reduction in junior activity and uncertainty over new mining legislation.

Australasia and Africa

The Corporation's Australasian and African operations are currently located in Indonesia, Mongolia, the Philippines, Mozambique, South Africa and Australia. In the late 1990s, the Corporation expanded into the Australian, Asian and African regions, with new operations in Australia, Indonesia and Tanzania. This expansion continued with operations commencing in Mongolia in fiscal 2003 and an acquisition in fiscal 2007 that provided operations in Southern Africa. In fiscal 2011, the Corporation expanded its operations in Africa through the purchase of Resource Drilling in Mozambique. In fiscal 2012, the Corporation further expanded its operations in Asia with the acquisition of Bradley Group Ltd., through its Philippines operation, and commenced operations in West Africa with a branch in Burkina Faso. In fiscal 2014, the Corporation decided to close its Australian and Tanzanian operations. In fiscal 2015, the Corporation finalized the closure of its branches in Australia and the Democratic Republic of Congo, and in fiscal 2016, the Corporation undertook the closure of its operations in South Africa and Namibia (although the Corporation continued to maintain its corporate registration in these countries, along with Botswana and Australia, in order to facilitate potential re-entry if market conditions and contracts supported such a decision in the future). In fiscal 2018, the Corporation resumed its operations in South Africa. In fiscal 2018, the Secretary of the Department of Environment and Natural Resources in the Philippines placed a ban on certain open pit mining that was subsequently removed in fiscal 2021 with a view to increasing investment in the mining sector. In fiscal 2019, the Corporation closed its operations in Burkina Faso as this branch required significant additional investment to reach an acceptable return on investment, at a time when political and security risks were increasing in that country. In fiscal 2022, the Corporation re-entered the Australian market through the acquisition of McKay, a leading specialty drilling contractor based in Perth.

In fiscal 2021, revenue of $89 million was generated, a decrease of 11% compared to the prior fiscal year due to COVID-19 related shutdowns in the early part of the fiscal year. In fiscal 2022, Australasian and African revenue increased by 49% to $132 million. The McKay acquisition was the main driver of the growth in the region. In fiscal 2023, revenue increased by 24% to $163.9 million due to strong demand for specialized services in Australia and new energy work in Mongolia.

DESCRIPTION OF ASSETS

Drilling Rigs

The following table shows the Corporation's drill rigs for each of its geographic locations, as of April 30, 2023:

Geographic Location	Number of Drill Rigs	Percentage of Total Drill Rigs of the Corporation
Canada - U.S.	285	47.5%
South and Central America	198	33.0%
Australasia and Africa	117	19.5%
Total	**600**	**100%**

Types of drill rigs currently used by the Corporation include diamond core rigs (surface and underground), reverse circulation rigs, surface drill and blast rigs, rotary rigs, and percussive/longhole rigs. The drill rig selected for a particular job depends upon the specific conditions involved (i.e. terrain, depth and size of hole, remoteness of location, physical constraints, required mobility, etc.). In Canada and certain other jurisdictions, many of the Corporation's surface drill rigs are unitized, which means that they are mobile and include a drill shack, tower, supply pumps, water pumps, skid mounts and all other necessary drilling equipment. Depending on conditions, the Corporation may utilize truck, skid, or track-mounted rigs. The Corporation also owns numerous skidders to tow drill rigs in rough terrain and tractor-trailers to transport drill rigs on highways, as well as a variety of other vehicles.

Owned and Leased Premises

MDGI Owned Premises		
Moncton, Canada	Yellowknife, Canada	Mendoza, Argentina
Flin Flon, Canada	Salt Lake City, U.S.A.	La Serena, Chile
Winnipeg, Canada	Hermosillo, Mexico	

MDGI Leased Premises		
Rouyn-Noranda, Canada	Belo Horizonte, Brazil	Klerksdorp, South Africa
Sudbury, Canada	Paramaribo, Suriname	Cavite, Philippines
Timmins, Canada	Georgetown, Guyana	Ulaanbaatar, Mongolia
Elko, U.S.A.	St. Laurent Du Maroni, French Guiana	Bogor, Indonesia
San Juan, Argentina	Tete, Mozambique	Perth, Australia
Salta, Argentina	Ballito, South Africa	Newman, Australia

EMPLOYEES

As at April 30, 2023, the Corporation had 3,462 employees, of which 2,798 were operational personnel, including drillers and helpers retained by the Corporation for varying durations based on the needs of the Corporation and duration of drilling contracts. The Corporation's employees generally are not subject to any collective bargaining agreement, with the exception of certain employees in Chile and Argentina (note: less than 100 employees company-wide are subject to union membership). Additionally, some drilling contracts require the Corporation's employees to join a particular union on a short-term basis, to satisfy the requirements imposed by the collective bargaining arrangements of the Corporation's customers.

SPECIALIZED SKILLS AND KNOWLEDGE

Generally, drilling activity related to metals and minerals is broadly linked to price trends in the mining sector. One limiting factor in this industry has been the shortage of qualified drillers that occurs when the industry transitions from a cyclical downturn to a cyclical upturn. The Corporation addresses this issue by attempting to become the "employer of choice" for drillers in the industry, as well as by hiring and training more locally based drillers. Historically, most of the Corporation's drillers were Australian or Canadian. The Company's focused efforts to develop local drillers and other staff has had a positive impact on all of its operations and is expected to continue to play an important role in alleviating this limiting factor in the future.

ENVIRONMENTAL MATTERS, SAFETY POLICY AND ESG FRAMEWORK

The Corporation and its operations are subject to Canadian, U.S. and other countries' environmental laws and regulations. The Corporation's customers are responsible for obtaining environmental permits necessary for drilling. Compliance with environmental laws and regulations has generally not required the Corporation to make substantial capital expenditures in the past.

The Corporation's policy is to comply with applicable environmental standards and regulations. In addition, the Corporation strives to meet the higher of the local environmental standards and the relevant corresponding Canadian standards. Management believes that the operations of the Corporation are in substantial compliance with applicable environmental laws.

The Corporation is committed to providing its employees, and others who may be affected by its activities, with a healthy, safe and secure environment. In this regard, the Corporation seeks to continuously improve its safety performance, to deliver comprehensive training to its employees, and to adopt the latest safety equipment and processes. The Corporation's commitment in this regard is overseen by the Health, Safety, Environment and Community Committee, an internal committee composed of the President and Chief Executive Officer, the Chief Financial Officer, the Vice Presidents of Operations, the Vice President Human Resources and Safety, and selected senior safety managers. This committee meets once each month and is chaired by the Corporation's President and Chief Executive Officer. The committee sets out annual key safety and environmental objectives for the Corporation. Each month it reviews all safety or environmental incidents, identifies remedial actions, oversees internal and external safety system audits and monitors the implementation of the Corporation's safety and environmental initiatives. A regular focus point for the committee is the health and wellness of all employees, including injury prevention, mental, and physical health. Over the past year, the focus on onboarding and new employee health and safety grew as the Corporation began to expand following the pandemic.

In fiscal 2020, the Corporation began the process of consolidating its ESG (environmental, social and governance) efforts under a formalized ESG Framework, underpinned by a global ESG Policy that was approved by the Board of Directors in June 2020. The Corporation's global ESG Policy is slated for review on an annual basis and is available on the Corporation's website.

From fiscal 2021 to fiscal 2023, the Corporation further consolidated its ESG efforts to bolster its standing as responsible corporate citizens in the eyes of its workforce, clients, local communities, shareholders and other external stakeholders (for further information on the Corporation's ESG efforts, see the "ESG Responsibility" section in the Corporation's Management Information Circular for fiscal 2023 and its Sustainability Report covering the 2022 calendar year). Fiscal 2023 was the third year of implementing the Corporation's global ESG Framework (launched in fiscal 2021). Key developments during the year included:

- In September 2022, the Corporation launched its inaugural Sustainability Report (which includes reporting informed by the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations).

- As part of identifying a path to setting carbon emissions reduction targets, the Corporation has engaged a mechanical engineer and carbon emissions specialist to provide expert advice related to emission reduction efforts and target setting. As part of these efforts, Major Drilling has recently launched a Decarbonization Working Group charged with identifying and implementing important emissions reduction efforts on a continuous improvement basis.

- The Corporation continued its review of its responsible water management practices across its global operations and has begun testing a remote-control water pump system at a project in Canada that will reduce the amount of water taken from the water source during low demand times as well as reduce carbon emissions due to water haulage by tankers. We also continued our global initiative to deploy Solid Removal Centrifuge Units to many of our branches. The units work as closed circuit systems, which allow solids to be separated from the drill fluids, and the treated fluids to be redirected to the mixing tank for re-use, resulting in significant water recycling rates, and in some cases representing up to a 90% lower consumption rate of water needed per day per drill. Water use varies greatly depending on the type of drilling employed, e.g. diamond/core drilling, RC, percussive, drill & blast, with the latter three using minimal amounts of water. The water used in diamond/core drilling is used to keep the drill bit cool, remove the cuttings, and float the cuttings to the top of the hole to ensure the drilling rods do not get stuck. More water is required in the hole the deeper a drill bit goes, as the cuttings have to float further. Water use also varies by geography, local regulations, and the type of rock being drilled. Generally speaking, the Corporation's senior customers are much more likely to employ water recycling tanks or pits, a practice that is not as common among the junior mining customers.

- The Corporation adopted a Biodiversity Policy and posted it on its corporate website.

- Management has included specific language in the vendor on-boarding process regarding compliance with human rights obligations and the Corporation's Human Rights policy.

- In ongoing efforts to operationalize the Diversity Policy, in fiscal 2023, each of the Corporation's branches were tasked with developing a roadmap for attracting more women into their workforces, through tailored approaches best suited to their local contexts. These branch specific roadmaps are reviewed by the HR workgroup every two months to ensure that the plans are implemented in each region.

- The Corporation's long-standing and strong focus on safety continues to be reflected through notable performance of its global Lost Time Injury (LTI) Frequency rate. Ten branch locations have now worked more than one year and 1,000,000 hours LTI free with five of the branches operating for more than five years without a lost time injury. Given the sustained pressure on staffing and low unemployment rate in some of our key markets, the Corporation continues to face challenges related to staffing and turnover. Despite these challenges we have seen improvements in our key safety rates during the year.

- In fiscal 2023, for the fifth consecutive year, the Corporation undertook a greenhouse gas (GHG) emissions inventory of its global operations. In fiscal 2022, the Corporation launched a preliminary review to evaluate whether the CDP was the most appropriate vehicle for reporting its GHG emissions, particularly given concerns the Corporation had regarding the CDP's peer assignment process, i.e. in the Corporation's view, it is scored against a group of "peers" among which some have little or no comparability in terms of climate change risk. As a result, in fiscal 2023, it was decided that the Corporation would no longer report through the CDP and would instead publicly disclose GHG emissions through its annual Sustainability Report which is available to a broader audience and to make related information available to our stakeholders for free in one easy-to-access location.

- An annual anti-corruption training video was disseminated across all levels of the organization, which is part of the Corporation’s broader anti-corruption program.

- In November 2022, the VP Legal Affairs delivered presentations on the Corporation’s ongoing ESG efforts at the Global Managers meeting, which included all of the Corporation’s senior executive team as well as Branch Managers, Regional and Operational Managers and other leaders of the organization.

- The Corporation continues to engage with key ESG ratings agencies and undertook a gap analysis on one key rating agency’s report to identify areas where the Corporation’s score was negatively impacted and where improvements could potentially be achieved.

- The Corporation appointed Kim Keating as Chair of the Corporation. Ms. Keating is a successful leader in the engineering profession with strong operational experience and is the Corporation's first woman chair.

- As of April 2023, Major Drilling’s Board consists of 56% female and 44% male Directors.

Regarding climate change risk, and GHG emissions specifically, the Corporation is actively exploring opportunities for GHG reduction initiatives in its operations. As a drilling services contractor to mining companies, the Corporation does not have control over the emissions intensity of fuel provided by its customers or the GHG intensity of electricity consumed from local grids, nor does it manufacture its drill rigs and supporting equipment. In regions where it is feasible, the Corporation has been upgrading certain drill rigs to more fuel efficient/lower emissions Tier 4 engines. Over the long term, the Corporation is committed to work collaboratively with its customers and suppliers to strategically reduce GHG emissions from fuel and electricity.

DESCRIPTION OF THE COMPETITIVE ENVIRONMENT

Metals and minerals exploration and mining companies require drilling services for exploratory as well as development and definition drilling. Exploratory drilling is conducted to discover new deposits. Development and definition drilling are conducted at operating mines to define the ore body and expand reserves. All metals and minerals drilling requires a high degree of expertise and technical competence to ensure that the solid core or rock chip samples are extracted free of contaminants and reflect accurately the location of the mineral deposit.

Few mining companies own or operate their own exploration drill rigs because the mining companies’ level of exploration activity and their corresponding demand for drill rigs can vary widely year by year and region by region. Instead, mining companies typically contract their drilling requirements to drilling contractors that have specialized expertise and equipment. Metals and minerals drilling work is performed by the drilling contractor under the supervision of exploration and mining companies. Exploration and mining companies are responsible for the selection of drill targets and the transportation, evaluation and storage of core samples. Generally, a competitive bid process is used by mining and exploration companies to retain a drilling company. Bids are solicited by the exploration and mining companies typically based on a fixed price per metre or per foot.

The mineral drilling industry is highly fragmented, comprised of many small regional or local companies as well as larger companies. The larger key participants in the global mineral drilling industry, other than the Corporation, include: Boart Longyear Ltd., DDH1 Drilling Ltd., Foraco International S.A., Capital Limited, Geodrill Limited and Orbit Garant Drilling Inc. Factors considered in the award of drilling contracts include price, strong safety record, workforce experience, sustainability practices, drill rig availability and suitability, condition of equipment, financial capability of the firm to carry out the contract, reputation and customer relations, although price and reputation are the major considerations. Higher prices and margins are generally available for more complex drilling contracts such as deep-hole drilling, directional drilling, projects requiring heli-portable drill rigs and for mobilizations into the Arctic and other remote areas.

The drilling business in Canada and the United States has seasonal variations, with late winter being the slowest season. Drilling companies in the mining segment in this region compete mainly on the basis of price and reputation. In international locations, competition in metals and minerals drilling involves many of the same factors as in the Canadian and U.S. markets, with drill rig availability, quality of service and pricing being the major considerations. Again, higher prices and margins are available for more complex drilling contracts. In South America, projects requiring combination reverse circulation and diamond core drilling, and projects at higher elevations in the Andes, have attracted these types of premiums. Some markets in South America, particularly Chile and Argentina, exhibit some seasonal variations, with the summer and fall months being the peak seasons, as warmer weather facilitates drilling in the Andes.

GENERAL RISKS AND UNCERTAINTIES

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

Cyclical downturn

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

The uncertainty and volatility surrounding global economic conditions could impact demand for the Company's services or have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access the capital markets to fund their existing or 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.

In addition, the rising inflation and increased interest rates fluctuation over the course of 2022 has resulted in higher costs for some key inputs required for its operations. The Company has made assumptions around the expected costs of these key inputs, and the Company's actual costs in an inflationary environment may differ materially from those assumptions.

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

Safety

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

Managing growth effectively

The current industry upturn has resulted in the Company experiencing rapid growth, placing additional demands on the Company’s operational, safety and financial processes, measures and systems. As its business grows through the upcycle, the Company must effectively address and manage these demands. If the Company is not able to do so effectively and in a timely fashion, this may have an impact on revenue, cash flow and profitability.

Competitive pressures

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

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

Specialized skills and cost of labour increases

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

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

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

Country risk

The Company currently operates in many foreign countries and is committed to using its expertise and technology in exploring other areas around the world. The Company's foreign operations are subject to a variety of risks and uncertainties, including, but not limited to: social, political and economic instability, including recession, political changes or disruptions and other economic crises (locally or globally); military repression, acts of war, civil unrest, force majeure and terrorism; fluctuations in currency exchange rates; currency controls and restrictions; high rates of inflation; changes in laws, policies and regulations; changes in 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, results of operations, financial conditions and liquidity. Also, there has been an emergence of a trend by some governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions, which in turn may result in reductions of the Company's revenue and additional transition costs as equipment is shifted to other locations.

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

Repatriation of funds or property

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

Taxes

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

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

Foreign currency

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

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

Operational risk

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

Dependence on key customers

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

Expansion and acquisition strategy

The Company intends to remain vigilant with regards to potential strategic future acquisitions and internal expansion. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations and culture. In the future, if the Company's acquisitions do not yield the expected returns or the intended benefits, or such acquisitions are not realized, it could adversely affect the Company's revenue, cash flow and profitability. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

Climate change risk

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

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

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

Regulatory and legal risks

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

Corruption, bribery and fraud

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

Disease outbreak

The Company may be impacted by disease outbreaks, including epidemics, pandemics or similar widespread public health emergencies (including those related to the COVID-19 coronavirus). These public health concerns pose the risk that the Company's employees, clients, consultants and other partners may be prevented from, or restricted in, conducting business activities for an indefinite period, due to the transmission of the disease or to emergency measures or restrictions that may be requested or mandated by governmental authorities. The likelihood, magnitude and the full extent of the impact of such events are inherently difficult to predict, are highly uncertain and may depend on factors beyond the Company's knowledge and control. Prolonged economic disruption, as a result of such event or disaster, may have a material and adverse impact on the Company's revenue, cash flow and profitability, including without limitation, through compromised employee health and workplace productivity, disruption to supply chains, and threats to the business continuity of the Company's clients.

In particular, the COVID-19 pandemic has created significant volatility, uncertainty and economic disruption since it was declared a global pandemic in 2020. While the Company's operations are not currently being impacted in any significant manner by COVID-19, the Company recognizes that the situation remains dynamic and continues to monitor developments. The extent to which the COVID-19 pandemic impacts future business, including the Company's operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Equipment modernization and parts availability

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

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 revenue, cash flow and profitability.

Insurance

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

DIVIDEND POLICY

There are no restrictions in the Corporation's constating documents, or in any amendments thereto, that would restrict or prevent it from paying dividends. Dividends may be approved by a resolution of the Board of Directors of the Corporation (the "Board of Directors"). With a view to maintaining a strong balance sheet, the Corporation has not paid any dividend in the three most recently completed financial years.

The Corporation may declare dividends subject to profitability, liquidity requirements, the general financial health of the Corporation and other factors determined by its Board of Directors.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of common shares. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Corporation. Each common share carries the right to one vote at all meetings of the shareholders of the Corporation. The holders of common shares are entitled to receive dividends as, and when, they are declared by the Board of Directors and are entitled to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding up of the Corporation.

MARKET FOR SECURITIES

The common shares of MDGI are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol MDI. The Corporation is a reporting issuer, or equivalent, in each of the provinces and territories of Canada.

TRADING PRICE AND VOLUME

The Corporation’s monthly trading history, based on the prices for the Corporation’s common shares on the TSX for the Corporation’s fiscal year ended April 30, 2023, are as set out below:

Toronto Stock Exchange				
Month	**High ($)**	**Low ($)**	**Average Daily Volume**	**Total Volume**
2022				
May	11.66	9.40	234,243	4,919,101
June	12.35	8.70	163,887	3,605,508
July	9.63	7.69	165,204	3,304,088
August	9.96	8.90	72,332	1,591,300
September	9.14	7.25	150,640	3,163,450
October	8.80	7.29	109,671	2,193,414
November	9.27	7.58	68,547	1,508,026
December	11.05	9.03	104,386	2,087,720
2023				
January	11.75	10.58	107,153	2,250,223
February	11.10	10.18	109,542	2,081,298
March	11.45	9.02	184,933	4,253,466
April	11.30	10.14	80,524	1,529,951

NORMAL COURSE ISSUER BID

On March 23, 2023, the Corporation announced the Toronto Stock Exchange's acceptance of its notice of intention to make a normal course issuer bid (the "NCIB Program") to purchase outstanding common shares of the Corporation on the open market in accordance with the rules of the TSX. Pursuant to the NCIB Program, the Corporation may purchase, from time to time, in aggregate up to 4,150,251 common shares over a 12-month period commencing on March 27, 2023, and terminating on March 26, 2024. As at July 13, 2023, the Corporation had purchased for cancellation 145,300 common shares for approximately $1,290.065 at a weighted average price of $8.90 per share.

DIRECTORS AND OFFICERS

NAME, OCCUPATION AND SECURITY HOLDING

As at April 30, 2023, the following are the Directors of MDGI:

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
Caroline Donally Texas, USA	Director	2023	Ms. Donally has more than 25 years of investment experience in the global mining industry. She is the Managing Partner of Sprott Resource Streaming and Royalty Corp., a precious metals and energy transition investment firm, where she’s responsible for all aspects of the streaming and royalty business since October 2020 and is a Managing Partner of Sprott Inc. Ms. Donally was a Managing Director at Denham Capital, an energy and resources private equity firm, between 2011 and 2020, where she was responsible for sourcing mining investment opportunities and managing all aspects of a mining investment portfolio in excess of US $1 billion across North and South America and Africa. Before Denham, she was a Project and Structured Finance banker with Rand Merchant Bank and Investec Limited (South Africa), where she was involved in multiple structured cross-border financings and investments in mining, predominantly across Africa. Ms. Donally currently serves as a director of Highland Copper Company Inc., and is Chair of its Audit Committee and a member of its Governance & HR Committee, and was a director of Turquoise Hill Resources Ltd. Ms. Donally holds a Bachelor of Commerce (Accounting) degree from the University of the Witwatersrand and a Bachelor of Accounting Science (Honours) from the University of South Africa. She is a Chartered Accountant and holds the CA (SA) designation.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
Louis-Pierre Gignac Québec, Canada	Director; Chair, Environment, Health and Safety Committee; Member, Human Resources and Compensation Committee	2018	Mr. Gignac has been the President and Chief Executive Officer of G Mining Ventures Corp., a mining company, since 2021 and prior to that was Co-President of G Mining Services Inc., a mining consultancy firm based in Québec. He has over 20 years of experience in the mining industry in various engineering and management roles. Mr. Gignac holds a Bachelor of Engineering from McGill University, a Master of Applied Sciences from École Polytechnique de Montréal and is a CFA® charterholder.
Kim Keating Newfoundland and Labrador, Canada	Director; Chair, Board of Directors Chair, Human Resources and Compensation Committee	2019	Ms. Keating is a Professional Engineer with over 25 years of broad international experience in the oil and gas, nuclear, hydropower, and mining sectors. Kim was the Chief Operating Officer of the Cahill Group, one of Canada's largest multi-disciplinary construction companies, until 2022. She joined the Cahill Group in 2013 as Director of Projects and oversaw the construction and delivery of one of the largest topside modules ever built for a major offshore oil and gas development. Prior to joining the Cahill Group, Ms. Keating held a variety of progressive leadership roles from engineering design through to construction, commissioning, production operations and field development with Petro Canada (now Suncor Energy Inc.). She holds a Bachelor of Civil (Structural) Engineering degree, a Master of Business Administration, is a registered member of the Professional Engineering & Geoscientists NL (PEGNL) and holds the Canadian Registered Safety Professional (CRSP) designation. She also graduated from the Rotman-ICD Directors Education Program in March 2020 and was awarded her ICD.D designation. In June 2016, she was named a Fellow of the Canadian Academy of Engineers. Ms. Keating is a director on the board of Pan American Silver Corp (and formerly of Yamana Gold Inc., which was acquired by Pan American Silver Corp. in March 2023), a reporting issuer, and is a member of its Human Resources & Compensation and Audit committees, and is also on the board of Victoria Gold Corp., a reporting issuer, and is a member of the Technical Committee and Chair of the Compensation committee as well as with the Drax

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
			Group plc., also a reporting issuer, and is a member of the Renumeration and Nomination committee.
Robert Krcmarov Ontario, Canada	Director; Member, Human Resources and Compensation Committee Member, Environment, Health and Safety Committee	2022	Mr. Krcmarov is a geologist and an experienced international mining executive. Mr. Krcmarov currently serves as a technical advisor to Barrick Gold Corporation, a copper and gold producer, having previously served as an executive with that company for 13 years, and as Executive Vice President Exploration and Growth since 2016. He led exploration teams, which have discovered multiple value adding orebodies, including several world-class greenfield discoveries. Mr. Krcmarov is a director on the board of Osisko Gold Royalties, a reporting issuer, and is a member of its Investment Committee and Environmental and Sustainability Committee. His leadership capabilities span mineral exploration, mining operations, R&D and strategic planning. Expertise includes evaluation of new business opportunities, negotiation of joint ventures, M&A, as well as capital markets and investor relations. Mr. Krcmarov's international experience spans many countries in five continents. He ran efficient and safe operations, conducted effective community relations, and engaged in constructive dialogue with government officials and other stakeholders. Mr. Krcmarov holds a Master of Economic Geology from the University of Tasmania and a Bachelor of Science in Geology from the University of Adelaide. He is a member of the Institute of Corporate Directors and is enrolled in ICD-Rotman Directors Education Program.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
Juliana L. Lam Ontario, Canada	Director; Member, Audit Committee; Member, Environment, Health and Safety Committee	2020	Ms. Lam has extensive executive level financial management and international business experience in diverse industries including mining, manufacturing, services and distribution. Ms. Lam's principal occupation is a corporate director. She is currently a director on the board of Lundin Mining Corporation, and previously served on the boards of Toronto Hydro Corporation and Gibson Energy Inc., all of which are reporting issuers, and was also on the board of Toronto Hydro Energy Services Inc. She formerly served as Executive Vice-President and Chief Operating Officer of Chartered Professional Accountants of Ontario, the qualifying and regulatory body of Ontario's over 90,000 CPAs and over 20,000 CPA students. Prior to that, Ms. Lam was the Executive Vice-President and Chief Financial Officer of Uranium One Inc., one of the world's largest uranium producers and a former publicly traded company. Previously, Ms. Lam served as Senior Vice-President, Finance at Kinross Gold Corporation, a publicly traded senior gold mining company operating in the Americas, West Africa and Russia. Prior to that, Ms. Lam held executive and senior finance positions within other publicly traded and private companies, including having served as the Chief Financial Officer at Nexans Canada Inc. Ms. Lam holds a Bachelor of Arts from the University of Toronto, an MBA from the University of Western Ontario, is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), and holds the ICD.D designation from the Institute of Corporate Directors.
Denis Larocque New Brunswick, Canada	Director; President and Chief Executive Officer	2015	Mr. Larocque has been the President and Chief Executive Officer of the Corporation since September 2015. Prior to that, he was the Corporation's Chief Financial Officer for nine years, having progressed through a number of roles, including VP Finance and Corporate Controller, since joining the Corporation in 1994. Throughout his roles, Mr. Larocque has consistently had direct involvement in operations, acquisitions and branch set ups. Mr. Larocque is a graduate of the Université Laval (BComm.) and a Chartered Accountant and was made a Fellow of the Institute of Chartered Professional Accountants in 2018.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
Janice G. Rennie Alberta, Canada	Director; Chair, Audit Committee; Member, Corporate Governance and Nominating Committee	2010	Ms. Rennie is a graduate of the University of Alberta (BComm.) and is a Chartered Professional Accountant, Chartered Accountant (CPA, CA.). Ms. Rennie's principal occupation is a corporate director. She is currently Chair of EPCOR Utilities Inc., and a director of West Fraser Timber Co. Ltd., and previously served on the boards of Methanex Corporation and Teck Resources Ltd., all of which are reporting issuers, as well as WestJet Airlines Ltd., which was a reporting issuer during her tenure. In 1998, Ms. Rennie was made a Fellow of the Institute of Chartered Accountants and in 2012, she was made a Fellow of the Institute of Corporate Directors. In 2022, Ms. Rennie was recognized by CPA Alberta with a Lifetime Achievement Award.
Sybil Veenman Ontario, Canada	Director; Chair, Corporate Governance and Nominating Committee; Member, Human Resources and Compensation Committee	2019	Ms. Veenman has over 25 years of mining industry experience, both as a public company director and as a senior executive. Ms. Veenman's principal occupation is a corporate director. She currently serves as a director of Royal Gold Inc. and NexGen Energy Ltd., both of which are reporting issuers. She is also Chair of the Boost Child and Youth Advocacy Centre, a non-profit organization dedicated to providing support and services to victims of child abuse. Prior to September 2014, she was Senior Vice-President and General Counsel and member of the executive leadership team at Barrick Gold Corporation. In that capacity, she was responsible for overall management of legal affairs, extensively engaged in that company's significant mergers and acquisitions and financing transactions, and was involved in a wide range of operational, regulatory, political and social aspects of the mining business. Ms. Veenman holds a law degree from the University of Toronto and has obtained the ICD.D designation from the Institute of Corporate Directors.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation
Jo Mark Zurel Newfoundland and Labrador, Canada	Director; Member, Audit Committee; Member, Corporate Governance and Nominating Committee Member, Human Resources and Compensation Committee	2007	Mr. Zurel is a Corporate Director. From 1998 to 2006, he was Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation, helping build it into the world's largest helicopter operating company. Mr. Zurel serves on the boards of Highland Copper, Sustainable Development Technology Canada, and is board chair of Fortis Inc. Mr. Zurel previously served on the boards of the ICD, the CPP Investment Board, Fronteer Gold, until its sale to Newmont, and served as board chair at Highland Copper and Newfoundland Power. Mr. Zurel has a Bachelor of Commerce from Dalhousie University, is a Fellow of the CPA Institute of Newfoundland and Labrador and has been granted the ICD.D designation by the Institute of Corporate Directors.

MDGI does not have an Executive Committee. Each MDGI Director is elected to hold office until the next Annual Meeting of Shareholders of the Corporation or until a successor is elected or appointed.

As at April 30, 2023, the following are the Executive Officers of MDGI:

Name and Location of Residence	Position with MDGI	Officer Since
Denis Larocque New Brunswick, Canada	Director; President and Chief Executive Officer	2005
Ian Ross New Brunswick, Canada	Chief Financial Officer (Previously Corporate Controller)	2019
Ben Graham Utah, U.S.A.	Vice President HR & Safety	2015
Marc Landry New Brunswick, Canada	Vice President Technology & Logistics	2015
John Ross Davies Western Australia, Australia	Vice President Australasian and African Operations (Previously Vice President Australasian Operations)	2017
Ashley Martin New Brunswick, Canada	Vice President Latin American Operations (Previously Vice President South American Operations)	2018

Name and Location of Residence	Position with MDGI	Officer Since
Andrew McLaughlin New Brunswick, Canada	Vice President Legal Affairs, General Counsel and Secretary (Previously General Counsel and Secretary)	2015
Kevin Slemko Utah, U.S.A.	Vice President U.S. Operations (Previously Corporate Business Development Manager, and with over 32 years in the industry)	2023
Barry Zerbin Manitoba, Canada	Vice President Canadian Operations (Previously General Manager – Canadian Operations, and with over 32 years in the industry)	2023

As at July 13, 2023, the Directors and Executive Officers of the Corporation as a group, in the aggregate, beneficially owned, directly or indirectly, or exercised control over, or directed, 289,084 common shares of the Corporation, representing 0.35% of all issued and outstanding common shares of the Corporation, as reported by such individuals.

TRANSFER AGENTS, REGISTRARS AND AUDITORS

TSX Trust Company is the transfer agent and registrar for the common shares of the Corporation at its principal transfer office in Toronto, Ontario.

The independent auditors of the Corporation are Deloitte LLP. The following chart summarizes the aggregate fees billed by Deloitte LLP for professional services rendered to the Corporation and its subsidiary entities during the last two fiscal years for audit, audit-related and non-audit services:

	Year ended April 30, 2023 (in thousands of dollars)		Year ended April 30, 2022 (in thousands of dollars)	
Type of Work	**Fees**	**Percentage**	**Fees**	**Percentage**
Audit fees (1)	$ 773	90%	$ 720	85%
Audit-related fees (1)	$ 29	3%	$ 36	4%
Tax fees (2)	$ 62	7%	$ 91	11%
Total	**$ 864**	**100%**	**$ 847**	**100%**

(1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings. Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements, including employee benefits plan audits, accounting consultations and audits in connection with acquisitions, internal control reviews, assistance with aspects of tax accounting, attest services not required by statute or regulation and consultation regarding financial accounting and reporting standards.

(2) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

AUDITOR SERVICES POLICY

The Board of Directors has approved a "Policy on the Scope of Services of the Auditor", which is attached hereto as Appendix 1, and which can also be found on the Corporation's website at www.majordrilling.com. Under this policy, the Audit Committee approves the general engagement terms for all audit and non-audit services to be provided by the Corporation's auditors before such services are provided to the Corporation or any of its subsidiaries.

The Audit Committee has the mandate to approve the scope of all professional services provided to the Corporation and its subsidiaries described in the previous table.

MATERIAL AGREEMENTS

Other than contracts entered into in the ordinary course of business that are not required to be disclosed under applicable securities laws, there were no material contracts entered into during the 2023 fiscal year.

ADDITIONAL INFORMATION

AUDIT COMMITTEE INFORMATION

The Board of Directors has approved an Audit Committee Charter, which is attached as Appendix 2. It can also be found on the Corporation's website at www.majordrilling.com.

The Audit Committee assists the Board of Directors in its oversight of the integrity of the financial statements of the Corporation, managing and maintaining the effectiveness of the financial aspects of the governance structure of the Corporation, adhering to requisite legal and regulatory requirements and overseeing the performance of the Corporation's internal and external audit function.

In order for members of the Board of Directors to be appointed to the Corporation's Audit Committee, they must demonstrate: (i) that they have an understanding of the accounting principles used by the Corporation in terms of preparing its financial statements; (ii) that they have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) that they have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and (iv) that they have an understanding of internal controls and procedures for financial reporting.

The Audit Committee is currently composed of Janice G. Rennie, Chair, Caroline Donally, Juliana L. Lam, and Jo Mark Zurel, all independent Directors. Ms. Rennie is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), and is currently the Chair of a reporting issuer (and ex-officio member of that reporting issuer's audit committee, and formerly a regular member of that committee), a member of the audit committee of one other publicly traded reporting issuer, and she has also previously chaired several other audit committees. Ms. Rennie previously served as the Chair of the audit committee of the Province of Alberta. Ms. Donally is a Chartered Accountant, with extensive financial and commercial international experience in the mining sector. She is the audit committee chair of another reporting issuer, and previously served on the audit committees of other reporting issuers and private companies. Ms. Lam is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), with extensive executive level financial management and international business experience within publicly traded and private companies in diverse industries including mining, manufacturing, services and distribution. She is currently a member of the audit committee with one other reporting issuer, and previously served on the audit committee of other reporting issuers. Mr. Zurel is a Chartered Professional Accountant and previously held the position of Chief Financial Officer with CHC Helicopter Corporation, then a publicly traded Canadian corporation. Each member of the Audit Committee is "independent" and "financially literate" within the meaning of National Instrument 52-110 *Audit Committees*.

The Audit Committee reviews all unaudited quarterly and audited annual financial statements and accompanying reports to the Corporation's shareholders, Management's Discussion and Analysis, related annual and interim earnings news releases, earnings guidance disclosure or any other disclosure based on the Corporation's financial statements prior to the release of those statements. The Audit Committee also makes a number of recommendations to the Board of Directors for approval with respect to the annual audited financial statements.

The Audit Committee oversees the internal audit function including reviewing the annual audit plan. The internal audit plan includes risk assessment, the location and activities selected to provide reasonable assurance of appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure. As well, the Audit Committee reviews internal audit progress, findings, recommendations, responses, and follow up actions, if any, as required.

The Audit Committee oversees the Company's internal controls including information systems, data controls and cyber security controls and initiatives.

The Audit Committee annually oversees the external audit process, including: (i) the selection and appointment of an auditing firm to conduct the annual audit of the Corporation's annual financial statements and review of the Corporation's quarterly financial statements (and related notes and Management's Discussion and Analysis in each case); (ii) assessing the independence of the appointed auditing firm; (iii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk and co-ordination with internal audit functions; (iv) reviewing of audit reports and reviews and findings, including corresponding management responses; (v) approving the audit fee; (vi) establishing, from time to time, pre-approval arrangements for specific categories of permitted audit-related and non-audit related services; (vii) private discussions regarding the quality of financial personnel, the level of co-operation received, unresolved material differences of opinion or disputes and the effectiveness of the work of internal audit functions; and (viii) conducting a formal review and assessment of the quality of the audit. A comprehensive review of the Corporation's auditing firm is undertaken every five years and an annual assessment is undertaken every fiscal year.

CORPORATE GOVERNANCE INFORMATION

The Corporation is dedicated to enhancing its corporate governance practices on an ongoing basis in order to respond to the evolution of best practices. Reference is made to the relevant sections of the Corporation's Management Information Circular, dated July 13, 2023, for the Annual Meeting of Shareholders of the Corporation to be held on September 7, 2023. This document can be found on the SEDAR website at www.sedar.com.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As at the date hereof, there are no material legal proceedings or regulatory actions involving the Corporation or any of its property and the Corporation is not aware of any material legal proceedings threatened against the Corporation or any of its property.

INTERESTS OF EXPERTS

Deloitte LLP, Chartered Professional Accountants, have audited the Corporation’s consolidated financial statements for the financial year ended April 30, 2023.

As at April 30, 2023, Deloitte LLP have advised that Deloitte LLP is independent of Major Drilling Group International Inc. in accordance with the rules of professional conduct in the province of New Brunswick.

FOR MORE INFORMATION

Additional information relating to the Corporation can be found on the SEDAR website at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans, is contained in the relevant sections of the Corporation’s Management Information Circular, dated July 13, 2023, in connection with the Annual Meeting of Shareholders of the Corporation to be held on September 7, 2023.

Additional financial information is provided in the Corporation’s audited consolidated financial statements and Management’s Discussion and Analysis for the Corporation’s most recently completed financial year, which are included in the Corporation’s Annual Report. These documents can be found on the SEDAR website at www.sedar.com.

APPENDIX 1

POLICY ON THE SCOPE OF SERVICES OF THE AUDITOR

I. **Purpose, Scope and Interpretation**

1. The purpose of this Policy is to set parameters for the engagement of the auditor by Major Drilling Group International Inc. (the “Corporation” or “Major Drilling”) consistent with the Corporation’s corporate governance standards, which are in accordance with applicable regulatory and stock exchange requirements.

2. This Policy covers all work that might be performed by the auditor through engagements with Major Drilling or its subsidiaries.

3. The term auditor refers to the firm of accountants that is appointed to perform the audit of the consolidated financial statements of Major Drilling.

4. The Audit Committee of the Board of Directors of Major Drilling is accountable for the management of this Policy and providing interpretations on its application.

II. **Statement of Policy**

5. Scope of Work and Authorization Standards

   (a) All work performed by the auditor for Major Drilling or its subsidiaries will be pre-approved by the Audit Committee.

   (b) The Audit Committee may also establish pre-approval policies and procedures that are specific to a particular service. In order to meet this responsibility, for each fiscal quarter a pre-approved spending limit by category of allowable work is established and displayed in the Appendix. The Audit Committee will monitor and report to the Board of Directors of Major Drilling the quarterly cumulative use of the pre-approved limits.

   (c) In the event that a non-audit service is provided by the auditor that was not recognized at the time of the engagement to be a non-audit service, such service must be brought to the attention of the Audit Committee.

   (d) The auditor will only perform audit, audit-related, tax work and other permissible services. Definitions of “audit”, “audit-related”, “tax work” and “permissible non-audit services” in accordance with applicable securities and stock exchange requirements, along with examples, are included in the Appendix.

   (e) The Audit Committee may approve exceptions to this Part II-5 when it determines that such an exception is in the overriding best interests of Major Drilling and it is determined that such an exception does not impair the independence of the auditor. However, certain non-audit activities are generally prohibited and generally will not be considered for exception from this Policy. These non-audit activities are listed in the Appendix.

III. **Measurement and Reporting Processes**

6. On a quarterly basis, the Audit Committee will prepare a summary report of all engagements of the auditor that are currently underway or have been completed since the prior quarter's report, including engagements entered into pursuant to pre-approved quarterly limits. The summary report will describe the nature of each engagement, confirm that each engagement is in compliance with this Policy and state the fees received by the auditor for each engagement.

7. The Audit Committee may delegate to one or more designated member(s) of the Audit Committee (a "Designated Member") the authority to grant pre-approvals of permitted audit-related and other permitted services (collectively "permitted services"), to be provided by the auditor. The decisions of the Designated Member to pre-approve a permitted service shall be reported to the Audit Committee at each of its regularly scheduled meetings.

8. On a basis not to be less frequent than every six months, the auditor will certify to the Audit Committee that all engagements with Major Drilling have been in compliance with this Policy and will confirm that the auditor continues to be "independent" under applicable laws, rules and guidelines.

9. On at least an annual basis, the auditor will table for the Audit Committee a classification and continuity schedule of all partners and staff that must be tracked in order to ensure adherence to the ongoing relationship standards as stated herein.

10. The Corporation shall not, without prior approval of the Audit Committee, hire any employee of the auditor to serve in a financial reporting oversight role for the Corporation within one year from the date the statements were filed with the securities regulator if that person was a member of the audit engagement team for the Corporation for the relevant year. A person shall be deemed to be in a "financial reporting oversight role" if they would be in a position to exercise influence over the contents of the Corporation's financial statements or anyone who prepares them.

Categories of Work	Examples of Services	Quarterly Cumulative Pre-Approved Limit
Tax Work	All services performed by professional staff in the auditor's tax division, except for those services related to the audit. Tax fees typically include: • Tax compliance; • Tax planning; • Assistance with tax for specific purposes; and • Tax advice.	$45,000
Prohibited Non-Audit Activities	The auditor is prohibited from providing any of the following services: • Bookkeeping or other services related to the accounting records or financial statements of Major Drilling; • Financial information systems design and implementation; • Appraisal or valuation services, fairness opinions, or contributions-in-kind reports; • Actuarial services; • Internal audit outsourcing services; • Management functions or human resources, broker or dealer, investment advisor, or investment banking services; • Legal services; • Expert services unrelated to the audit; and • Any other services that by regulation are impermissible.	

APPENDIX 2

AUDIT COMMITTEE CHARTER

I. Committee Purpose

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Major Drilling Group International Inc. (the "Corporation"), appointed by and reporting to the Board, whose primary function is to assist the Board in discharging the Board's oversight responsibilities relating to financial reporting and audit matters and to manage and maintain the effectiveness of the financial aspects of the governance and reporting structure of the Corporation.

II. Committee Composition, Appointment and Procedures

1. Composition of Committee

The Committee shall be comprised of not less than three directors of the Corporation, all of whom must at all times be independent in accordance with applicable regulatory and stock exchange requirements.

The Chair of the Board shall be an *ex officio* member of the Committee if not otherwise appointed as a member of the Committee.

2. Financial Literacy

All members of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.

3. Appointment of Committee Members

Members of the Committee shall be appointed annually and shall hold office at the pleasure of the Board.

4. Vacancies

a. Where a vacancy occurs at any time in the membership of the Committee, it may only be filled by the Board.

b. The Board shall fill any vacancy if the membership of the Committee is less than three members.

5. Committee Chair

The Board shall appoint a Chair for the Committee.

6. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside as chair at the meeting.

7. Secretary of Committee

The Corporate Secretary of the Corporation shall serve as the secretary at meetings of the Committee.

8. Meetings

(a) The Chair of the Committee or the Chair of the Board or any two members of the Committee may call a meeting of the Committee.

(b) The Committee shall meet at least four times per year at such times as it deems appropriate.

(c) The Committee will ordinarily meet in camera at the end of each of its formal meetings and may meet in camera at any other time as required.

(d) There shall be three senior management personnel available for meetings of the Committee at the request of the Chair of the Committee. These three persons will be those persons holding the positions of Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation. The Chair of the Committee may request the attendance of other officers of the Corporation at any meeting of the Committee.

(e) Representatives of the external auditors shall be available for Committee meetings at the request of the Chair of the Committee.

(f) Committee meetings may be held in person, by video-conference, by telephone or by any combination of the foregoing.

9. Quorum

A majority of the members of the Committee present, in person, by video-conference, by telephone or by any combination of the foregoing, shall constitute a quorum.

10. Notice of Meetings

(a) Notice of the time and place of every Committee meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.

(b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Review of Charter

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

III. Responsibilities of the Committee

12. The Committee shall:

(a) Review all of the Corporation’s quarterly unaudited and annual audited financial statements (and related notes and management’s discussion and analysis in each case) and accompanying reports to the shareholders, related annual and interim earnings press releases, and guidance disclosure prior to the release thereof, and make recommendations for approval thereof to the Board;

(b) Review and ensure that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information, other than that described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;

(c) in the case of the annual audited financial statements, review:

(i) the appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

(ii) the existence and substance of significant accruals, estimates, or accounting judgements, and the level of conservatism.

(iii) unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.

(iv) asset and liability carrying values.

(v) income tax status and related reserves.

(vi) qualifications contained in letters of representation.

(vii) assurances of compliance with covenants in trust deeds or loan agreements.

(viii) business risks, uncertainties, commitments, and contingent liabilities.

(ix) the adequacy of explanations for significant financial variances between years.

(d) Make recommendations to the Board for approval with respect to:

(i) the selection and appointment or reappointment of external auditors to conduct the annual audit of the Corporation’s annual financial statements and review of the Corporation’s quarterly financial statements (and related notes and management’s discussion and analysis in each case).

(ii) the compensation of the external auditors.

(e) Oversee the external audit process, including:

(i) assessing the independence of external auditors.

(ii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with internal auditors.

(iii) reviewing of audit reports and reviews and findings, including corresponding management responses, and resolving any disagreements between management and the external auditor.

(iv) establishing, from time to time, pre-approval arrangements for specific categories of permitted audit related services.

(v) private discussions regarding the quality of financial personnel, the level of co-operation received, unresolved material differences of opinion or disputes, and the effectiveness of the work of the internal auditors.

(vi) conducting an annual review of the performance of the external auditor.

(f) Oversee the external non-audit process, including:

(i) pre-approving the nature of any non-audit services to be provided by the external auditors and any material mandates by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors provided that the external auditors are prohibited from providing appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions or human resources, bookkeeping or other services relating to accounting records or financial statements or financial information systems design or implementation.

(ii) information as to the non-audit services provided by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors.

(g) Oversee any existing internal audit function including:

(i) reviewing the annual audit plan including risk assessment, the location and activities selected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure.

(ii) reviewing audit progress, findings, recommendations, responses, and follow up actions.

(iii) private discussions as to internal audit independence, co-operation received from management, interaction with the external auditors, and any unresolved material disagreements with management.

(iv) annual approval of audit mandate.

(v) monitoring of compliance with the financial components of the Corporation's code of conduct.

(h) Review the effectiveness of, and periodically assess the adequacy of, control and control systems utilized by the Corporation in connection with financial reporting and other identified business risks.

(i) Review with senior management and the external auditors the audits of subsidiaries performed by different external auditors, including significant issues and recommendations.

(j) Review incidents of fraud, illegal acts and conflicts of interest.

(k) Review material valuation issues.

(l) Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.

(m) Review with senior management, the external auditors and legal counsel any litigation claim or other contingency that could have a material effect upon the financial position or operating results of the Corporation with a view to appropriate disclosure.

(n) Review material matters that come before audit committees of subsidiaries.

(o) Review cases where management has sought accounting advice on a specific issue from an accounting firm other than the external auditors.

(p) Review policies and practices concerning officers' expenses and perquisites and, where appropriate, refer any issue to the Human Resources and Compensation Committee or to the Board.

(q) Establish financial whistleblowing procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(r) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

13. The Committee may, at the request of the Board, consider such other matters as the Board considers appropriate in the circumstances.

IV. Resources and Reports

14. The Committee shall have adequate resources to discharge its duties and responsibilities. The Committee may, at the Corporation's sole expense, engage, and set and pay the compensation

for such independent counsel, consultants and other advisors as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities. The Committee shall have the authority to obtain advice and assistance from internal or external legal or other advisors.

15. The Committee shall have the authority to communicate directly with the auditors of the Corporation. The external auditors of the Corporation and the internal auditor shall report directly to the Committee.

16. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.

17. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.

18. The members of the Committee shall have the right, for the purposes of discharging the duties and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.