

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Operations
(in thousands of Canadian dollars, except per share information)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2021	2020	2021	2020
TOTAL REVENUE	\$ 100,387	\$ 81,719	\$ 303,959	\$ 320,360
DIRECT COSTS (note 6)	89,329	76,552	254,924	269,118
GROSS PROFIT	11,058	5,167	49,035	51,242
OPERATING EXPENSES				
General and administrative	11,742	12,671	34,536	36,962
Other expenses	862	33	3,341	2,766
(Gain) loss on disposal of property, plant and equipment	(462)	(27)	(451)	(171)
Foreign exchange (gain) loss	20	(252)	(305)	214
Finance costs	337	293	961	716
Restructuring charge (note 11)	-	2,116	-	2,116
	12,499	14,834	38,082	42,603
EARNINGS (LOSS) BEFORE INCOME TAX	(1,441)	(9,667)	10,953	8,639
INCOME TAX PROVISION (RECOVERY) (note 7)				
Current	896	(588)	4,760	4,859
Deferred	(870)	868	(1,497)	435
	26	280	3,263	5,294
NET EARNINGS (LOSS)	\$ (1,467)	\$ (9,947)	\$ 7,690	\$ 3,345
EARNINGS (LOSS) PER SHARE (note 8)				
Basic	\$ (0.02)	\$ (0.12)	\$ 0.10	\$ 0.04
Diluted	\$ (0.02)	\$ (0.12)	\$ 0.10	\$ 0.04

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
NET EARNINGS (LOSS)	\$ (1,467)	\$ (9,947)	\$ 7,690	\$ 3,345
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	(9,405)	(500)	(20,210)	(8,639)
Unrealized gain (loss) on derivatives (net of tax)	122	(60)	1,835	876
COMPREHENSIVE EARNINGS (LOSS)	<u>\$ (10,750)</u>	<u>\$ (10,507)</u>	<u>\$ (10,685)</u>	<u>\$ (4,418)</u>

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended January 31, 2021 and 2020
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2019*	\$ 241,264	\$ 29,020	\$ (570)	\$ 14,503	\$ 78,783	\$ 363,000
Share issue	1,925	-	-	-	-	1,925
Share-based compensation	-	-	-	194	-	194
Stock options expired	-	3,740	-	(3,740)	-	-
	<u>243,189</u>	<u>32,760</u>	<u>(570)</u>	<u>10,957</u>	<u>78,783</u>	<u>365,119</u>
Comprehensive earnings:						
Net earnings	-	3,345	-	-	-	3,345
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(8,639)	(8,639)
Unrealized gain (loss) on derivatives	-	-	876	-	-	876
Total comprehensive earnings (loss)	<u>-</u>	<u>3,345</u>	<u>876</u>	<u>-</u>	<u>(8,639)</u>	<u>(4,418)</u>
BALANCE AS AT JANUARY 31, 2020	<u>\$ 243,189</u>	<u>\$ 36,105</u>	<u>\$ 306</u>	<u>\$ 10,957</u>	<u>\$ 70,144</u>	<u>\$ 360,701</u>
BALANCE AS AT MAY 1, 2020	\$ 243,189	\$ (35,691)	\$ (611)	\$ 8,519	\$ 81,640	\$ 297,046
Exercise of stock options	58	-	-	(17)	-	41
Share-based compensation	-	-	-	222	-	222
Stock options expired	-	3,525	-	(3,525)	-	-
	<u>243,247</u>	<u>(32,166)</u>	<u>(611)</u>	<u>5,199</u>	<u>81,640</u>	<u>297,309</u>
Comprehensive earnings:						
Net earnings	-	7,690	-	-	-	7,690
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(20,210)	(20,210)
Unrealized gain (loss) on derivatives	-	-	1,835	-	-	1,835
Total comprehensive earnings (loss)	<u>-</u>	<u>7,690</u>	<u>1,835</u>	<u>-</u>	<u>(20,210)</u>	<u>(10,685)</u>
BALANCE AS AT JANUARY 31, 2021	<u>\$ 243,247</u>	<u>\$ (24,476)</u>	<u>\$ 1,224</u>	<u>\$ 5,199</u>	<u>\$ 61,430</u>	<u>\$ 286,624</u>

**Opening balances have been allocated to include expired or forfeited stock options of \$5,744, previously recorded in share-based payments reserve, in retained earnings (deficit), consistent with current year presentation.*

Major Drilling Group International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES				
Earnings (loss) before income tax	\$ (1,441)	\$ (9,667)	\$ 10,953	\$ 8,639
Operating items not involving cash				
Depreciation and amortization (note 6)	9,853	9,940	30,048	29,629
(Gain) loss on disposal of property, plant and equipment	(462)	(27)	(451)	(171)
Share-based compensation	73	53	222	194
Restructuring charge (non-cash portion) (note 11)	-	1,503	-	1,503
Finance costs recognized in earnings before income tax	337	293	961	716
	<u>8,360</u>	<u>2,095</u>	<u>41,733</u>	<u>40,510</u>
Changes in non-cash operating working capital items	5,739	10,675	(6,803)	6,043
Finance costs paid	(337)	(293)	(961)	(716)
Income taxes paid	(833)	(1,581)	(3,698)	(6,185)
Cash flow from (used in) operating activities	<u>12,929</u>	<u>10,896</u>	<u>30,271</u>	<u>39,652</u>
FINANCING ACTIVITIES				
Repayment of lease liabilities	(169)	(446)	(967)	(1,290)
Repayment of long-term debt	(251)	(252)	(35,752)	(808)
Issuance of common shares due to exercise of stock options	17	-	41	-
Cash flow from (used in) financing activities	<u>(403)</u>	<u>(698)</u>	<u>(36,678)</u>	<u>(2,098)</u>
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 10)	-	(13,945)	-	(13,945)
Acquisition of property, plant and equipment (note 5)	(5,069)	(8,784)	(20,613)	(24,892)
Proceeds from disposal of property, plant and equipment	541	72	1,033	800
Cash flow from (used in) investing activities	<u>(4,528)</u>	<u>(22,657)</u>	<u>(19,580)</u>	<u>(38,037)</u>
Effect of exchange rate changes	<u>(1,612)</u>	<u>(183)</u>	<u>(2,495)</u>	<u>(145)</u>
INCREASE (DECREASE) IN CASH	6,386	(12,642)	(28,482)	(628)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>23,565</u>	<u>39,380</u>	<u>58,433</u>	<u>27,366</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 29,951</u>	<u>\$ 26,738</u>	<u>\$ 29,951</u>	<u>\$ 26,738</u>

Major Drilling Group International Inc.

Interim Condensed Consolidated Balance Sheets

As at January 31, 2021 and April 30, 2020

(in thousands of Canadian dollars)

(unaudited)

	January 31, 2021	April 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 29,951	\$ 58,433
Trade and other receivables	80,059	71,641
Income tax receivable	3,877	4,350
Inventories	90,016	99,823
Prepaid expenses	5,598	4,497
	209,501	238,744
PROPERTY, PLANT AND EQUIPMENT (note 5)	146,992	165,103
RIGHT-OF-USE ASSETS	3,982	3,803
DEFERRED INCOME TAX ASSETS	9,572	9,613
GOODWILL	7,708	7,708
INTANGIBLE ASSETS	663	946
	\$ 378,418	\$ 425,917
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	\$ 56,315	\$ 55,858
Income tax payable	1,721	926
Current portion of lease liabilities	1,168	1,121
Current portion of long-term debt	608	1,024
	59,812	58,929
LEASE LIABILITIES	2,860	2,701
CONTINGENT CONSIDERATION	1,807	1,807
LONG-TERM DEBT	15,131	50,333
DEFERRED INCOME TAX LIABILITIES	12,184	15,101
	91,794	128,871
SHAREHOLDERS' EQUITY		
Share capital	243,247	243,189
Retained earnings (deficit)	(24,476)	(35,691)
Other reserves	1,224	(611)
Share-based payments reserve	5,199	8,519
Foreign currency translation reserve	61,430	81,640
	286,624	297,046
	\$ 378,418	\$ 425,917

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
(in thousands of Canadian dollars, except per share information)

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. (the “Company”) is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Suite 100, Moncton, NB, Canada. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia, and Africa.

2. BASIS OF PRESENTATION

Statement of compliance

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies as outlined in the Company’s annual Consolidated Financial Statements for the year ended April 30, 2020.

On March 4, 2021, the Board of Directors authorized the financial statements for issue.

Basis of consolidation

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

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

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

Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company’s annual Consolidated Financial Statements for the year ended April 30, 2020.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment for depreciation purposes, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in the compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration and allowance for doubtful accounts, and impairment testing of goodwill and intangible assets.

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
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3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

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

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and nine months ended January 31, 2021 were \$5,069 (2020 - \$9,874) and \$20,613 (2020 - \$25,982), respectively. The unpaid portion of capital expenditures for the three and nine months ended January 31, 2020 was \$1,090.

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

(in \$000s CAD)	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Depreciation	\$ 9,306	\$ 9,243	\$ 28,481	\$ 27,876
Employee benefit expenses	39,032	30,771	110,738	112,754
Cost of inventory	15,870	12,915	47,322	47,660
Other	25,121	23,623	68,383	80,828
Direct costs	\$ 89,329	\$ 76,552	\$ 254,924	\$ 269,118

Depreciation and amortization expense recorded in general and administrative expenses for the three and nine months ended January 31, 2021 was \$547 (2020 - \$697) and \$1,567 (2020 - \$1,753), respectively.

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7. INCOME TAXES

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

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Earnings (loss) before income tax	\$ (1,441)	\$ (9,667)	\$ 10,953	\$ 8,639
Statutory Canadian corporate income tax rate	27%	27%	27%	27%
Expected income tax provision based on statutory rate	(389)	(2,610)	2,957	2,332
Non-recognition of tax benefits related to losses	485	949	1,847	1,321
Utilization of previously unrecognized losses	(62)	303	(1,615)	(280)
Other foreign taxes paid	173	43	412	365
Rate variances in foreign jurisdictions	74	(316)	(158)	(477)
De-recognition of previously recognized losses	-	1,505	-	1,505
Permanent differences and other	(255)	406	(180)	528
Income tax provision recognized in net earnings (loss)	<u>\$ 26</u>	<u>\$ 280</u>	<u>\$ 3,263</u>	<u>\$ 5,294</u>

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

8. EARNINGS PER SHARE

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

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Net earnings (loss)	\$ (1,467)	\$ (9,947)	\$ 7,690	\$ 3,345
Weighted average number of shares:				
Basic (000s)	80,641	80,631	80,638	80,410
Diluted (000s)	<u>80,829</u>	<u>80,659</u>	<u>80,743</u>	<u>80,422</u>
Earnings (loss) per share				
Basic	\$ (0.02)	\$ (0.12)	\$ 0.10	\$ 0.04
Diluted	\$ (0.02)	\$ (0.12)	\$ 0.10	\$ 0.04

The calculation of diluted earnings per share for the three and nine months ended January 31, 2021 excludes the effect of 988,037 and 1,388,131 options, respectively (2020 - 2,513,791 and 2,845,241, respectively) as they were anti-dilutive.

The total number of shares outstanding on January 31, 2021 was 80,640,753 (2020 - 80,634,153).

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
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9. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Asia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2020. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Revenue				
Canada - U.S.*	\$ 56,802	\$ 38,199	\$ 173,464	\$ 164,493
South and Central America	21,820	19,322	62,928	81,793
Asia and Africa	21,765	24,198	67,567	74,074
	<u>\$ 100,387</u>	<u>\$ 81,719</u>	<u>\$ 303,959</u>	<u>\$ 320,360</u>

*Canada - U.S. includes revenue of \$33,371 and \$20,963 for Canadian operations for the three months ended January 31, 2021 and 2020, respectively and \$85,090 and \$74,830 for the nine months ended January 31, 2021 and 2020, respectively.

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Earnings (loss) from operations				
Canada - U.S.	\$ (1,864)	\$ (5,262)	\$ 9,546	\$ 7,154
South and Central America	(1,003)	(5,886)	(2,774)	(2,900)
Asia and Africa	3,578	3,864	9,855	12,761
	<u>711</u>	<u>(7,284)</u>	<u>16,627</u>	<u>17,015</u>
Finance costs	337	293	961	716
General corporate expenses**	1,815	2,090	4,713	7,660
Income tax	26	280	3,263	5,294
	<u>2,178</u>	<u>2,663</u>	<u>8,937</u>	<u>13,670</u>
Net earnings (loss)	<u>\$ (1,467)</u>	<u>\$ (9,947)</u>	<u>\$ 7,690</u>	<u>\$ 3,345</u>

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

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>YTD 2021</u>	<u>YTD 2020</u>
Capital expenditures				
Canada - U.S.	\$ 3,598	\$ 5,474	\$ 16,184	\$ 17,397
South and Central America	255	1,729	1,039	3,302
Asia and Africa	710	2,433	2,821	4,013
Unallocated and corporate assets	506	238	569	1,270
Total capital expenditures	<u>\$ 5,069</u>	<u>\$ 9,874</u>	<u>\$ 20,613</u>	<u>\$ 25,982</u>

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
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9. SEGMENTED INFORMATION (Continued)

	<u>Q3 2021</u>		<u>Q3 2020</u>		<u>YTD 2021</u>		<u>YTD 2020</u>
Depreciation and amortization							
Canada - U.S.	\$ 4,915	\$	4,612	\$	15,037	\$	13,597
South and Central America	2,965		3,486		9,365		10,925
Asia and Africa	1,589		1,707		5,155		4,911
Unallocated and corporate assets	384		135		491		196
Total depreciation and amortization	<u>\$ 9,853</u>	\$	<u>9,940</u>	\$	<u>30,048</u>	\$	<u>29,629</u>

	<u>January 31, 2021</u>		<u>April 30, 2020</u>
Identifiable assets			
Canada - U.S.*	\$ 180,219	\$	180,925
South and Central America	94,982		129,748
Asia and Africa	119,082		121,954
Unallocated and corporate assets (liabilities)	(15,865)		(6,710)
Total identifiable assets	<u>\$ 378,418</u>	\$	<u>425,917</u>

*Canada - U.S. includes property, plant and equipment as at January 31, 2021 of \$42,003 (April 30, 2020 - \$44,146) for Canadian operations.

10. BUSINESS ACQUISITION

Norex Drilling Limited

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

The acquisition has been accounted for using the acquisition method. Through this purchase, which allowed the Company to gain a strong position to service its customers in both surface and underground exploration drilling services in Northern Ontario, the Company acquired 22 drill rigs, support equipment and inventory, existing contracts and receivables, the operation's management team, and other employees, including experienced drillers.

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

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
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10. BUSINESS ACQUISITION (Continued)

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

Net assets acquired

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

Consideration

Cash	\$ 14,241
Holdback	1,000
Contingent consideration	1,807
Shares of Major Drilling	1,925
Less: cash acquired	<u>(296)</u>
Total consideration	<u>\$ 18,677</u>

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

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

The Company incurred acquisition-related costs of \$182 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Interim Condensed Consolidated Statements of Operations.

The results of operations of Norex are included in the Interim Condensed Consolidated Statements of Operations from November 1, 2019.

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
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11. RESTRUCTURING CHARGE

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

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

The costs related to these initiatives, and recorded as part of the restructuring charge, total \$2,116 for the three and nine months ended January 31, 2020. This amount consists of non-cash charges totalling \$1,503, including an impairment charge of \$500 relating to property, plant and equipment and a write-down of \$1,003 to reduce inventory to net realizable value. Cash charges include employee severance costs of \$375 incurred to rationalize the workforce, and \$238 relating to the cost of winding down operations.

12. FINANCIAL INSTRUMENTS

Fair value

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

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

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

The Company's derivatives are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended January 31, 2021.

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

Credit risk

As at January 31, 2021, 83.5% (April 30, 2020 - 81.6%) of the Company's trade receivables were aged as current and 2.2% (April 30, 2020 - 2.0%) of the trade receivables were impaired.

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

	<u>January 31, 2021</u>	<u>April 30, 2020</u>
Opening balance	\$ 1,226	\$ 863
Increase in impairment allowance	469	442
Recovery of amounts previously impaired	(115)	-
Write-off charged against allowance	-	(37)
Foreign exchange translation differences	(54)	(42)
Ending balance	<u>\$ 1,526</u>	<u>\$ 1,226</u>

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12. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

As at January 31, 2021, the most significant carrying amounts of net monetary assets or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	<u>Rate variance</u>	<u>IDR/USD</u>	<u>MNT/USD</u>	<u>USD/AUD</u>	<u>USD/BRL</u>	<u>USD/CLP</u>	<u>USD/CAD</u>	<u>Other</u>
Net exposure on								
monetary assets		7,686	5,034	4,568	3,214	4,202	7,094	124
EBIT impact	+/-10%	854	559	508	357	467	788	14

Liquidity risk

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

	<u>1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Total</u>
Trade and other payables	\$ 56,315	\$ -	\$ -	\$ 56,315
Lease liabilities (interest included)	1,528	2,331	993	4,852
Contingent consideration (undiscounted)	-	2,500	-	2,500
Long-term debt (interest included)	1,096	16,301	-	17,397
	<u>\$ 58,939</u>	<u>\$ 21,132</u>	<u>\$ 993</u>	<u>\$ 81,064</u>