Management's Discussion and Analysis

April 30, 2019

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), prepared as of June 6, 2019, should be read together with the audited financial statements for the year ended April 30, 2019 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Securities laws encourage companies to disclose forward-looking information in order for investors to have a better understanding of the Company's future prospects and make informed investment decisions.

This MD&A contains statements that may constitute forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These 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.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: cyclical downturn; competitive pressures; dealing with business and political systems in a variety of jurisdictions; repatriation of funds or property in other jurisdictions; payment of taxes in various jurisdictions; exposure to currency movements; inadequate or failed internal processes, people or systems or from external events; dependence on key customers; safety performance; expansion and acquisition strategy; regulatory and legal risks; corruption, bribery or fraud by employees or agents; climate change risk; shortage of specialized skills and cost of labour increases; equipment and parts availability; reputational risk; cybersecurity risk; market price and dilution of common shares; and environmental, health and safety regulations and considerations. These factors and other risk factors, as described under "General Risks and Uncertainties" in this MD&A, represent risks the Company believes are material. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

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 in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in the Company's Annual Information Form.

Additional information relating to the Company, including the Company's Annual Information Form for the previous year and the most recently completed financial year, are or will be available on the SEDAR website at www.sedar.com.

CORPORATE OVERVIEW

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

At Major Drilling, safety is a core value. Keeping people safe is of the utmost importance. The Company's safety standards lead the industry with well-trained crews who can quickly assess and manage risk, leading to better results for the Company's clients. The Company's safety system has been developed to meet or exceed all applicable government and client standards.

Innovation has moved to the forefront at Major Drilling as the Company searches for drilling solutions for a better future. The Company leverages its collective experience to seek solutions for complex drilling problems. By incorporating impactful technologies, paired with a commitment to environmental and social responsibility, Major Drilling is positioned to remain a leader in the drilling services field as mine discovery and development evolve.

BUSINESS STRATEGY

Major Drilling continues to base its business premise on the following: mining companies continue to deplete the more easily accessible mineral reserves around the world and attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. For this reason, Major Drilling's strategy is to focus its services on, and become the world leader in these "specialized drilling" projects. Over the years, the Company has positioned itself as one of the largest specialized drilling operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems, long-standing relationships with the world's largest mining companies and access to capital.

The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas, while maintaining a strong balance sheet and remaining best in class in safety and human resources. The Company also seeks to continue its diversification strategy within the drilling field by investing in underground and mine services that are complementary to its existing skill set.

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

Specialized drilling can be defined as any drilling project that, by virtue of its scope, technical complexity or location, creates significant barriers to entry for smaller drilling companies. This would include, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to continue to fuel future growth and the Company believes these skills will be in greater and greater demand over the next two decades.

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

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

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

The Company operates on a variable cost structure whereby most of its direct costs, including field staff, go up or down with contract revenue, and a large part of the Company's other expenses relate to variable incentive compensation based on the Company's profitability.

A key part of the Company's strategy is to maintain a strong balance sheet. As the industry appears to be in the early stages of the cyclical recovery, the Company is in a unique position to react quickly to meet its customer's needs. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees and to maintain its equipment in good condition.

INDUSTRY OVERVIEW

The metals and minerals drilling industry is reliant primarily on demand from two metal groups: gold and base metals. Each commodity group is influenced by distinct market forces.

Gold has historically been a significant driver in the mining industry, accounting for 40 to 50% of the global exploration spend. Exploration activity generally varies up or down with the trend in gold prices. The price of gold hit its peak in 2011, and has stabilized following its five-year low in 2015. The recent mergers and acquisitions in the industry have generated a renewed interest in the mining sector.

The demand for base metals is dependent on economic activity. In the longer-term, the fundamental drivers of base metals remain positive, with worldwide supply of most metals expected to tighten and higher demand coming from the emerging markets. As these markets continue to urbanize, the requirement for base metals will continue to increase at the same time as easily accessible reserves are being depleted.

One of the realities of the mining industry is that future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. This should improve demand for specialized services in the future.

In terms of customer base, the Company has two categories of customers: senior/intermediate companies, for which the Company provides greenfield exploration drilling and/or drilling at operating mines, and junior exploration companies.

The industry has experienced a cyclical downturn over the past several years, however at this point in time, the industry appears to be in the early stages of recovery. With the challenging financing environment for juniors, and seniors focused on merger and acquisition activity, mineral reserves for gold and base metals continue to be depleted. Management believes that the current level of drilling budgets for senior and intermediate companies are not sustainable in the long-term, given depleting reserves and projected commodity deficits.

OVERALL PERFORMANCE

Revenue for the fiscal year ended April 30, 2019 was $384.8 million, up 12% from revenue of $342.3 million recorded in the prior year. Despite the volatility in commodity prices during the year, activity levels continued to grow resulting in the Company's highest annual revenue since 2013.

Gross margin percentage for the year was 23.6%, up from 21.7% for the previous year. As the industry moves into the early stages of recovery and faces a shortage of skilled drill crews, the Company has focused on maximizing its skilled labour force by concentrating on specialized services.

During the year, the Company recorded a restructuring charge of $7.9 million, primarily relating to the decision to close its operations in Burkina Faso, based on the fact that 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. Additional restructuring charges were incurred as the Company rationalized operations and adjusted staffing levels to local market conditions in various countries. Also, the Company wrote down $1.2 million in deferred tax assets (recorded in its deferred tax expense) related to Burkina Faso.

Net loss was $18.1 million or $0.23 per share compared to a net loss of $22.5 million or $0.28 per share for the previous year. Earnings before interest, taxes, depreciation and amortization, excluding restructuring charge ("EBITDA" - see "Non-GAAP financial measure") increased by almost 60% to $39.2 million in the current year versus $24.7 million for the previous year.

Demand for the Company's services continued to grow in all regions during the year as most senior mining companies continued working to replace their mineral reserves. The Company's strong operational leverage was evidenced as revenue growth of 12%, combined with improved margins and reduced general and administrative expenses, translated into an almost 60% increase in EBITDA.

SELECTED ANNUAL INFORMATION

Years ended April 30 (in millions of Canadian dollars, except per share information)	**2019**	2018	2017
Revenue by region			
Canada - U.S.	**$ 196**	$ 185	$ 180
South and Central America	**108**	94	71
Asia and Africa	**81**	63	50
	385	342	301
Gross profit	**91**	74	60
as a percentage of revenue	**23.6%**	21.7%	20.0%
Net loss	**(18)**	(22)	(42)
per share (basic and diluted)	**$ (0.23)**	$ (0.28)	$ (0.52)
Total assets	**461**	467	495
Total long-term debt	**17**	19	8

RESULTS OF OPERATIONS

FISCAL 2019 COMPARED TO FISCAL 2018

Revenue for the fiscal year ended April 30, 2019 was up 12% at $385 million, compared to revenue of $342 million recorded in the prior year. Activity levels continued to grow across all regions resulting in the Company's highest annual revenue since 2013.

Gross margin percentage for the year was 23.6%, up from 21.7% for the previous year. As the industry moves into the early stages of recovery and faces a shortage of skilled drill crews, the Company has focused on maximizing its skilled labour force by concentrating on specialized services.

Canada - U.S.

Canada - U.S. revenue increased by 5% to $196 million, compared to $185 million last year. The increase in activity came from both coring and percussive operations in the region.

Gross margins in Canada - U.S. were up compared to last year, as the focus on specialized work in the Canadian operations led to increases in the last quarter.

South and Central America

Revenue in South and Central America increased by 15% to $108 million, compared to $94 million for the prior year. Increased activity levels in Mexico, the Guiana Shield, and Brazil were offset by reductions in Argentina.

Gross margins in the region were down slightly compared to last year as the Company dealt with the challenging and competitive environment in Chile.

Asia and Africa

Revenue in Asia and Africa increased 29% to $81 million from $63 million in the prior year. Increased activity levels came predominantly from Indonesia, South Africa and the Philippines, offset by the closure of the Burkina Faso operations.

Gross margins for the region were up slightly year-over-year, led by strong performance in Indonesia.

Operating expenses

General and administrative costs were down at $46.6 million (12.1% of revenue), compared to $47.7 million (13.9% of revenue) in the prior year, resulting from on-going efforts to control costs in the early phase of the upturn.

Other expenses were $4.2 million for the year, compared to $3.5 million for the prior year.

Depreciation and amortization expense was $40.9 million for the year, compared to $48.2 million in the previous year, as the result of reduced capital expenditures during the recent industry downturn.

The Company recorded a restructuring charge during the current year of $7.9 million, primarily relating to the decision to close its operations in Burkina Faso. Additional restructuring charges were incurred as the Company rationalized operations and adjusted staffing levels to local market conditions in various countries. The restructuring charges consist of a non-cash write-down of assets of $7.3 million related to VAT receivable write-off and impairment charges relating to property, plant and equipment and inventory, as well as net cash charges of $0.6 million for severance, moving costs and lease termination.

Income tax expense for the year was $7.7 million, compared to a recovery of $1.8 million for the prior year. The tax expense for the current year included a write-down of $1.2 million in deferred tax assets related to Burkina Faso. Also, the tax expense for the current year was impacted by non-deductible expenses and non-tax affected losses in certain regions, while incurring taxes in profitable branches. In the previous year, tax recovery benefitted from a one-time favourable adjustment of $1.6 million due to a reduction of the U.S. federal corporate tax rate.

Net loss for the year was $18.1 million or $0.23 per share ($0.23 per share diluted), compared to a net loss of $22.5 million or $0.28 per share ($0.28 per share diluted) for the prior year.

SUMMARY ANALYSIS FISCAL 2018 COMPARED TO FISCAL 2017

Revenue for the fiscal year ended April 30, 2018 increased for the first time since fiscal 2012, at $342 million, an increase of 14% from revenue of $301 million recorded in the prior year. The Company experienced growth across most regions, with activity levels gradually increasing month-to-month, as gold producers increased exploration budgets from the prior year. South and Central America led the growth, followed by Asia and Africa.

Gross margin percentage for the year was 21.7%, up from 20.0% for the previous year. Prices for drilling services improved, although these improvements were offset somewhat by increased labour, mobilization and repair costs, typical in a ramp-up environment.

The increase in both revenue and margins resulted in a net loss of $22 million or $0.28 per share compared to a net loss of $42 million or $0.52 per share for the previous year. EBITDA more than doubled to $25 million from $11 million for the previous year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	*Fiscal 2018*				***Fiscal 2019***			
	Q1	Q2	Q3	Q4	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	$ 83,952	$ 87,992	$ 74,970	$ 95,412	**$ 98,485**	**$105,501**	**$ 80,439**	**$100,397**
Gross profit	16,767	21,177	13,193	23,146	**23,400**	**28,931**	**15,625**	**23,042**
Gross margin	20.0%	24.1%	17.6%	24.3%	**23.8%**	**27.4%**	**19.4%**	**23.0%**
Net (loss) earnings	(6,890)	(2,722)	(8,494)	(4,346)	**(2,482)**	**3,261**	**(15,906)**	**(2,957)**
Per share - basic	(0.09)	(0.03)	(0.11)	(0.05)	**(0.03)**	**0.04**	**(0.20)**	**(0.04)**
Per share - diluted	(0.09)	(0.03)	(0.11)	(0.05)	**(0.03)**	**0.04**	**(0.20)**	**(0.04)**

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

SUMMARY ANALYSIS FOURTH QUARTER RESULTS ENDED APRIL 30, 2019

Total revenue for the quarter was $100.4 million, up 5% from revenue of $95.4 million recorded in the same quarter last year. The favourable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, is estimated at $2 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations increased by 12% to $51.0 million, compared to the same period last year, with all of the increase coming from the U.S. operations. During the quarter the Company incurred a one-time charge of $2.7 million related to a difficult project in Canada, however, the Company's increased focus on specialized projects yielded improved margins compared to the same period last year.

South and Central American revenue decreased by 14% to $28.0 million for the quarter, compared to the same quarter last year. Modest activity increases in Mexico, the Guiana Shield and Brazil were offset by decreases in Argentina, Chile and Colombia.

Asian and African operations reported revenue of $21.4 million, up 23% from the same period last year. Despite the shutdown of operations in Burkina Faso, the region saw substantial growth driven by Indonesia and South Africa.

The overall gross margin percentage for the quarter was 23.0%, compared to 24.3% for the same period last year. The quarter started off slowly in February with delayed startups and weather issues, however rebounded near the end of the quarter.

General and administrative costs were $11.1 million, a decrease of $1.1 million compared to the same quarter last year, despite a higher volume of activity. The decrease was driven by the shutdown of operations in Burkina Faso as well as other restructuring initiatives in various countries.

Depreciation and amortization decreased by $2.0 million to $9.8 million, the result of reduced capital expenditures during the recent industry downturn.

The Company recorded a restructuring charge of $1.0 million in the quarter as operations were rationalized and staffing levels were adjusted to local market conditions in various countries.

The income tax provision for the quarter was an expense of $2.7 million compared to an expense of $2.5 million for the prior year period. The tax expense for the quarter was mainly impacted by non-tax affected losses in certain regions, non-deductible expenses, as well as an increase in activity levels in taxable jurisdictions.

Net loss was $3.0 million or $0.04 per share ($0.04 per share diluted) for the quarter, compared to a net loss of $4.3 million or $0.05 per share ($0.05 per share diluted) for the prior year quarter.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities
Cash flow from operations (before changes in non-cash operating working capital items, interest and income taxes) for the year ended April 30, 2019 was an inflow of $38.8 million compared to an inflow of $25.2 million in the previous year.

The change in non-cash operating working capital items was an outflow of $7.3 million for the year, compared to an outflow of $8.4 million for the prior year. The outflow of non-cash operating working capital was primarily impacted by:

- an increase in inventory of $8.1 million;
- an increase in prepaids of $2.1 million;
- an increase in accounts receivable of $0.9 million; offset by
- an increase in accounts payable of $4.3 million.

Financing Activities
Under the terms of certain of the Company's debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in

mergers or acquisitions and make dividend and other payments. During the year, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

During the year, the Company renewed and expanded its main credit facility for an aggregate of $80 million for a five-year term, consisting of: (i) an extension and increase to $30 million of an existing $25 million operating credit facility, and (ii) an extension of an existing $50 million revolving term facility. These facilities were renewed with the same terms and conditions with the exception of a slight reduction in interest rates.

Operating Credit Facilities
The credit facilities related to operations total $31.3 million ($30.0 million from a Canadian chartered bank and $1.3 million from an American chartered bank) and are primarily secured by corporate guarantees of companies within the group. At April 30, 2019, the Company had utilized $2.0 million of these facilities for stand-by letters of credit. The Company also has a credit facility of $2.6 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-Term Debt
Total long-term debt decreased by $2.0 million during the year to $17.4 million at April 30, 2019. The decrease is due primarily to debt repayments.

As of April 30, 2019, the Company had the following long-term debt facilities:

- $50.0 million revolving facility for financing the cost of equipment purchases or acquisition costs of related businesses. At April 30, 2019, $15.0 million had been drawn on this facility, bearing interest at 3.76%, maturing in October 2023.

- $2.3 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

- The Company also has various other loans and capital lease facilities related to equipment purchases that totaled $0.1 million at April 30, 2019, which were fully drawn and mature through 2021.

	Payments due by period (in $000s CAD)			
Contractual obligations	**Total**	**Less than 1 year**	**2 - 3 years**	**4 - 5 years**
Long-term debt (interest included)	$ 20,384	$ 1,685	$ 2,571	$ 16,128
Purchasing commitments	4,494	4,494	-	-
Operating leases	4,147	1,903	1,967	277
Total contractual obligations	$ 29,025	$ 8,082	$ 4,538	$ 16,405

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure and debt obligations. As at April 30, 2019, the Company had unused borrowing capacity under its credit facilities of $64.3 million and cash of $27.4 million, for a total of $91.7 million in available funds.

Investing Activities
Capital expenditures were $25.5 million for the year ended April 30, 2019, compared to $22.5 million (net of nil and $0.1 million, respectively, of equipment financing) for the prior year.

The drill rig count was at 601 at year-end as the Company added 24 rigs to its fleet as part of the Company's specialized and diversification strategies, while retiring or disposing of 51 older, inefficient and more costly rigs.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the year, other than those disclosed in note 22 "Related Party Transactions" of the Notes to Consolidated Financial Statements for the year ended April 30, 2019.

OUTLOOK

The fundamentals driving the business continue to be encouraging as the Company moves into fiscal 2020. Exploration activity generally varies up or down with the trend in gold prices, and while exploration spending has gradually increased year-over-year from the depressed levels seen in 2016, reserves have continued to decline. Therefore, at some point in the future, there will need to be a resurgence in exploration spending.

The fundamental drivers of base metals remain positive, with worldwide supply of most metals expected to tighten and higher demand coming from the emerging markets. As these markets continue to urbanize, the requirement for base metals will continue to increase at the same time as easily accessible reserves are being depleted.

The easily accessible mineral reserves around the world are diminishing, and given depleting reserves and projected commodity deficits, attractive deposits will be in areas increasingly difficult to access and deeper in the ground, which will bring a resurgence in demand for specialized drilling services. The Company has positioned itself as one of the largest specialized drilling operators in the world, and expects to benefit from this trend as it incorporates its innovation strategies with specialized drilling services to provide solutions for complex drilling situations.

Prices for drilling services continue to improve, although these improvements are presently offset somewhat by an increase in labour, mobilization and repair costs, typical in a ramp-up environment. One of the challenges facing the industry in the early stages of the recovery is the shortage of experienced drill crews, a factor that will put some pressure on cost and productivity as the Company moves forward. However, with safety and training in mind, the Company's financial strength allows it to continue to deploy technologies that will aid in the continued development of safe, competent employees.

The Company expects to spend approximately $30 million in capital expenditures in fiscal 2020 to meet customers' demands, improve rig reliability, productivity and utilization, as well as to invest in its continuous improvement initiatives. However, the Company will remain vigilant and flexible in order to react and adjust to unforeseen market conditions.

NON-GAAP FINANCIAL MEASURE

The Company uses the non-GAAP financial measure, EBITDA (earnings before interest, taxes, depreciation and amortization, excluding restructuring charge). The Company believes this non-GAAP financial measure is key, for both management and investors, in evaluating performance at a consolidated level. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. This measure does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

(in $000s CAD)	**2019**	2018
Net loss	**$ (18,084)**	$ (22,452)
Finance costs	**775**	782
Income tax provision (recovery)	**7,748**	(1,824)
Depreciation and amortization	**40,909**	48,153
Restructuring charge	**7,874**	-
EBITDA	**$ 39,222**	$ 24,659

FOREIGN EXCHANGE

The Company's reporting currency is the Canadian dollar, however a significant portion of the Company's revenue and operating expenses outside of Canada are denominated in U.S. dollars. The year-over-year comparisons in the growth of revenue and operating expenses have been impacted by the relative strength of the Canadian dollar against the U.S. dollar.

During fiscal 2019, approximately 25% of revenue generated was in Canadian dollars with most of the balance being in U.S. dollars. Since most of the input costs related to this revenue is denominated in the same currency as the revenue, the impact on earnings is somewhat muted.

The unfavourable foreign exchange translation impact for the year, when comparing to the effective rates for the prior year, is estimated at approximately $5 million on revenue. Net earnings however, remained less impacted by currency fluctuations during the year as a large proportion of costs are typically incurred in the same currency as revenue. The total foreign exchange impact on net earnings for the year was negligible.

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

As at April 30, 2019, the most significant carrying amounts of net monetary assets (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	Rate variance	MNT/USD	USD/AUD	IDR/USD	USD/CLP	COP/USD	MZN/USD
Net exposure on monetary assets		$ 3,542	$ 2,602	$ 1,798	$ 1,417	$ 1,378	$ 1,317
EBIT impact	+/-10%	394	289	200	157	153	146

	Rate variance	MXP/USD	USD/ZAR	Other
Net exposure on monetary assets		$ (1,763)	$ (4,117)	$ 2,861
EBIT impact	+/-10%	196	457	318

COMPREHENSIVE EARNINGS

The Consolidated Statements of Comprehensive Loss for the year includes an $8.8 million unrealized gain on translating the financial statements of the Company's foreign operations compared to a loss of $16.8 million for the previous year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

FUTURE ACCOUNTING CHANGES

The Company has not applied the following IASB standard that has been issued, but is not yet effective:

IFRS 16 Leases ("IFRS 16")

IFRS 16, issued in January 2016, replaces IAS 17, Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize right-of-use assets and lease liabilities for all leases. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16. Lessor accounting remains substantially unchanged as they continue to classify leases as operating or finance. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The Company has undertaken and completed a detailed review of existing contracts against the IFRS 16 criteria and has completed the calculation of lease liabilities for contracts that have been identified as containing right-of-use assets. The Company has elected to apply the modified transition approach whereby no restatement of comparative periods is required. Right-of-use assets will be recognized at the amount of the lease liability on transition. The Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before May 1, 2019. Leases with terms that end within 12 months of the mandatory transition date will be accounted for by the Company as short-term leases with payments made under the lease recognized as operating expenses.

It is expected that the transition to IFRS 16 on May 1, 2019 will result in increases to assets and liabilities of approximately $3 million, as well as increases of approximately $0.8 million to depreciation expense and $0.2 million to finance costs and a reduction of operating costs of approximately $1 million.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

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

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

Significant areas requiring the use of management estimates relate to the useful lives of PP&E for depreciation purposes, PP&E, goodwill and inventory valuation, determination of income and other taxes, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities and contingent considerations, and impairment testing of goodwill and intangible assets and long-lived assets.

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

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

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing, are subject to measurement uncertainty. Accordingly, the impact in the Consolidated Financial Statements of future periods could be material.

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

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

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

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

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

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

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

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

OFF BALANCE SHEET ARRANGEMENTS

Except for operating leases disclosed in note 21 "Commitments" of the Notes to Consolidated Financial Statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any other off balance sheet arrangements.

GENERAL RISKS AND UNCERTAINTIES

The risks described below and elsewhere in this MD&A do not include all possible risks, and there may be other risks of which management is currently not aware.

Cyclical downturn
The most significant operating risk affecting the Company is a downturn in demand for its services due to 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. In previous cyclical market downturns, the Company realized that its specialized services were not as affected by decreases in metal and mineral prices, compared to its traditional services. Consequently, the Company's addition of rigs and acquisition of businesses have generally been focused on specialized drilling services. The impact on the Company of a severe and persistent downturn in the mining industry is not fully mitigated by the foregoing measures.

In many cases, capital markets are the only source of funds available to junior mining companies and any change in the outlook for the sector or the lack of success of a specific exploration program can quickly impair the ability of these juniors to raise capital to pay for their drilling programs, all of which may adversely affect the Company's business.

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

Competitive pressures

The Company competes with many small regional or local companies as well as with larger companies. 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. Pressures from competitors can also result in decreased contract prices that negatively impact revenue. There can be no assurance that the Company's competitors will not be successful in capturing a share of the Company's present or potential customer base.

Country risk

The Company is committed to utilizing its expertise and technology in exploration areas around the world. With this comes the risk of dealing with business and political systems in a variety of jurisdictions. Unanticipated events in a country (precipitated by developments within or external to the country), such as economic, political, tax related, regulatory or legal changes (or changes in interpretation), could, directly or indirectly, have a material negative impact on operations and assets. The risks include, but are not limited to: military repression; extreme fluctuations in currency exchange rates; high rates of inflation; changes in mining or investment policies; 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 or other non-governmental organizations or shifts in political attitude that may adversely affect the business. 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. Such events could result in reductions in revenue and additional transition costs as equipment is shifted to other locations. Nationalization/expropriation of mining projects has a direct impact on suppliers (such as the Company) to the mining industry.

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

Repatriation of funds or property

There is no assurance that any of the countries in which the Company operates or may operate in the future will not impose restrictions on the repatriation of funds or property to other jurisdictions.

Taxes

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

Tax law and administration is extremely complex and often requires the Company to make subjective determinations. 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 tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections. To the extent that such assumptions differ from actual results, the Company may have to record additional tax expenses and liabilities, including interest and penalties.

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 of the Company's business activities, and incorporates exposure relating to fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, technology failures, processing errors, business integration, theft and fraud, damage to physical assets, employee safety and insurance coverage.

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

Safety
Failure to maintain a record of acceptable safety performance may have an adverse impact on the Company's ability to attract and retain customers. Most of the Company's customers consider safety and reliability two primary attributes when selecting a provider of drilling services. The Company continues to invest in training to improve skills, abilities and safety awareness.

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. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

Regulatory and legal risks
The drilling industry is highly regulated by laws and regulations, including environmental, which are not consistent across the jurisdictions in which the Company operates. The Company is unable to predict what legislation, revisions or regulatory directives may be proposed that might affect its operations or when such proposals may be effective. While the Company strives to achieve full compliance with all 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 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 and operations.

Climate change risk
The Company operates in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased cost at some of the Company's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur.

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 can materially affect gross margins and therefore the Company's financial performance.

Equipment and parts availability

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

Reputational risk

Negative publicity, whether true or not, regarding practices, actions or inactions, could cause a decline in 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 the 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. While the Company strives to obtain and maintain full compliance with all of its required permits and approvals and all applicable regulations, there can be no assurance that it will obtain and/or maintain full compliance at all times. Failure to obtain and/or maintain full compliance with such permits, approvals and/or regulations could have adverse effects on the Company's business, operations or financial results.

The activities at clients' worksites may also involve hazards that can result in personal injury and loss of life and/or damage to property. While the Company has implemented extensive health and safety initiatives at clients' worksites to protect the health and safety of its employees and contractors, there can be no assurance that such measures will eliminate the occurrence of such accidents or incidents, which could give rise to regulatory fines and/or civil liability. There can be no assurance that the Company's insurance policies will be sufficient or effective under all circumstances or against all claims or hazards to which it may be subject or that it will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which it is not fully insured could adversely affect the Company's business and financial results.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Management, including the CEO and the CFO, does not expect that the Company's disclosure controls will prevent or detect all errors and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

The Company's CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and concluded that, subject to the inherent limitations and restrictions noted above, those disclosure controls were effective for the year ended April 30, 2019.

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

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During fiscal 2019, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2019, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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

OUTSTANDING SHARE DATA

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

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

(amounts in thousands)	**As at June 6, 2019**	As at June 7, 2018
Common shares	**80,300**	80,300
Stock options outstanding	**3,375**	3,604