Management's Discussion and Analysis

April 30, 2021

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FORWARD-LOOKING STATEMENTS

This MD&A includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this MD&A is qualified by this cautionary note.

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

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; the Canadian and international economic environments; the Company's dependence on key customers; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2020, available on the SEDAR website at www.sedar.com. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

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

COVID-19

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

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

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

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

CORPORATE OVERVIEW

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

The Company has two categories of customers: junior exploration companies and a diversified portfolio of senior/intermediate companies, for which the Company provides greenfield exploration drilling and/or drilling at operating mines.

At Major Drilling, safety is a core value. The Company promotes a proactive approach to health and safety as keeping people safe is of the utmost importance. The Company's safety standards lead the industry with well-trained dedicated crews who know safety excellence occurs when every employee understands their right and responsibility to work safely every day. These crews quickly assess and manage risk, leading to better results for the Company's clients. The Company has partnered with industry leaders to develop a safety system that meets or exceeds all applicable government and client standards.

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

The Company leverages its collective experience to continuously improve its equipment and processes to meet current and future industry demands. By incorporating impactful technologies, paired with a commitment to environmental and social responsibility, Major Drilling is positioned to remain a leader in the drilling services field as mine discovery and development evolve.

BUSINESS STRATEGY

Over the years, Major Drilling has positioned itself as one of the largest specialized drilling operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems, long-standing relationships with the world's largest mining companies, and access to capital.

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

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

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

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

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

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

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

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

INDUSTRY OVERVIEW

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

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

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

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

BUSINESS ACQUISITION

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

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

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

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

OVERALL PERFORMANCE

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

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

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

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

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

SELECTED ANNUAL INFORMATION

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

** see "Non-IFRS financial measures"*

RESULTS OF OPERATIONS

FISCAL 2021 COMPARED TO FISCAL 2020

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

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

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

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

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

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

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

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

SUMMARY ANALYSIS FISCAL 2020 COMPARED TO FISCAL 2019

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

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

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

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

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

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

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

SUMMARY OF QUARTERLY RESULTS

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

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

SUMMARY ANALYSIS FOURTH QUARTER RESULTS ENDED APRIL 30, 2021

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

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

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

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

Financing activities

Under the terms of certain of the Company’s debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company’s ability to incur additional indebtedness, create liens, engage in mergers or acquisitions, or make dividend and other payments. During the period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

<u>Operating credit facilities</u>

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

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

<u>Long-term debt</u>

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

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

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

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

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

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

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

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

RELATED PARTY TRANSACTIONS

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

OUTLOOK

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

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

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

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

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

NON-IFRS FINANCIAL MEASURES

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

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

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

Adjusted gross profit/margin - excludes depreciation expense:

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

FOREIGN EXCHANGE

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

During the year, approximately 30% of revenue generated was in Canadian dollars with most of the balance being in U.S. dollars. Since most of the input costs related to revenue are denominated in the same currency as the revenue, the impact on earnings is somewhat muted.

The unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the prior year, was approximately $13 million as the COVID-19 pandemic resulted in significant volatility in foreign exchange markets in the last quarter of the previous year. The impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

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

As at April 30, 2021, the most significant carrying amounts of net monetary assets and/or (liabilities) (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

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

Argentina currency status

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

Mozambique currency status

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

Indonesia currency status

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

SUBSEQUENT EVENT

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

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

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

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

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

COMPREHENSIVE EARNINGS

The Consolidated Statements of Comprehensive Earnings for the year includes a $29.0 million unrealized loss on translating the financial statements of the Company's foreign operations compared to a gain of $2.9 million for the previous year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

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

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

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

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

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

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing, are subject to measurement uncertainty.

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

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

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

Judgments

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

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

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

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

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

OFF BALANCE SHEET ARRANGEMENTS

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, detailed in note 20 "Commitments" of the Notes to Consolidated Financial Statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any off balance sheet arrangements.

GENERAL RISKS AND UNCERTAINTIES

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

Cyclical downturn

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

Fluctuations in global economic conditions may have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access the capital markets to fund their project or their willingness to fund new projects. These conditions could make it difficult for clients to accurately forecast and plan future business trends and activities, thereby causing clients to slow spending on the Company's services, or seek contract terms more favourable to them. Any of these disruptions could adversely affect the Company's revenue, cash flow and profitability.

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

Competitive pressures

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

Country risk

The Company is committed to using its expertise and technology in exploration areas around the world. With this comes the risk of dealing with business and political systems in a variety of jurisdictions. The Company's international operations are subject to a variety of risks and uncertainties, including, but not limited to: social, political and economic instability; military repression, act of war, civil unrest, force majeure and terrorism; fluctuations in currency exchange rates; high rates of inflation; changes in laws, policies and regulations; changes in duties, taxes and governmental royalties; trade barriers; nationalization/expropriation of projects or assets; corruption; delays in obtaining or inability to obtain necessary permits; nullification of existing mining claims or interests therein; hostage takings; labour unrest; opposition to mining from environmental organizations; and deterioration of Canada's inter-governmental relationships or other non-governmental organizations or shifts in political attitude that may adversely affect the business. Also, there has been an emergence of a trend by some governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions, which in turn may result in reductions of the Company's revenue and additional transition costs as equipment is shifted to other locations.

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

Repatriation of funds or property

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

Taxes

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

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

Foreign currency

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

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

Operational risk

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

Dependence on key customers

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

Safety

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

Expansion and acquisition strategy

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

Regulatory and legal risks

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

Corruption, bribery and fraud

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

Climate change risk

The Company operates in various regions and jurisdictions where environmental laws are evolving and are not consistent. As the world is becoming increasingly aware of the impact of climate change, a number of governments or governmental bodies in jurisdictions where the Company operates have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulations relating to gas emission levels. Legislation, regulation, or other restrictions imposed by governmental authorities on carbon emissions could result in increased cost for the Company. Such policy changes could increase the costs of projects for clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for the Company's services, which in turn could have a material adverse impact on the Company's business, operations and financial results.

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

Pandemics, force majeure and natural disasters

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

Specialized skills and cost of labour increases

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

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

A material increase in the cost of labour and the inability to attract and retain qualified drillers could result in, among other things, loss of opportunities, cost overruns, failure to perform on projects, breach of contract, and materially affect gross margins and therefore the Company's financial performance and reputation.

Equipment and parts availability

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

Reputational risk

Negative publicity, whether true or not, regarding practices, actions, or inactions, could adversely affect the Company's value, liquidity, or customer base.

Cybersecurity risk

While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cybersecurity risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorized access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients, or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition, and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerabilities including periodic third party vulnerability assessments, testing user knowledge of cybersecurity best practices, and audits of security processes and procedures. In addition, the Company continues to increase its employees' awareness of security policies through ongoing communications.

Market price and dilution of common shares

Securities of mining companies, and consequently, drilling companies, have experienced volatility in the past, at times unrelated to the financial performance of the companies involved. These factors include macroeconomic developments in North America and internationally and market perceptions of the attractiveness of particular industries. As a result of this volatility, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. In the event that the Company increases the number of common shares issued, this may have a dilutive effect on the price of the common shares.

Environmental, health and safety regulations and considerations

The Company's operations involving contract drilling, exploration, and development activities require permits and other approvals from various federal, provincial, state, and local governmental authorities. Such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters.

Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them could result in fines, regulatory scrutiny, or have a significant effect on the Company's reputation and financial results. While the Company's policies mandate full compliance with all of its required permits and approvals and all applicable laws and regulations, there can be no assurance that it will obtain and/or maintain full compliance at all times. Failure to obtain and/or maintain full compliance with such permits, approvals and/or regulations could have adverse effects on the Company's business, operations, or financial results.

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

Insurance

The Company maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits as well as exclusions for certain matters. Additionally, the Company's customer contracts generally separate the responsibilities of the Company and the customer, and the Company tries to obtain indemnification from its customers by contract for some of these risks even though the Company also has insurance coverage. The Company cannot assure, however, that its liability insurance or indemnification agreements will adequately protect the Company against all liabilities or losses that may arise from the hazard of the Company's operations. The occurrence of a significant event that has not been fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to the Company, if any, could materially and adversely affect the Company's business and financial results. Moreover, the Company cannot assure that insurance will continue to be available to us on commercially reasonable terms, that the possible types of liabilities that we may incur will be covered by insurance, or that the dollar amount of the liabilities will not exceed our policy limits. A successful claim resulting from a hazard for which it is not fully insured could adversely affect the Company's business, operations and financial results.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

During fiscal 2021, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and procedures and its ICFR, and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2021, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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

Limitations of control and procedures

Management, including the CEO and the CFO, does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent or detect all errors and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, DC&P and ICFR have inherent limitations, regardless of how well designed, and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

OUTSTANDING SHARE DATA

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

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

(amounts in thousands)	**As at June 14, 2021**	As at June 4, 2020
Common shares	**82,180**	80,634
Stock options outstanding	**1,612**	2,139