Management's Discussion and Analysis

First Quarter Fiscal 2022

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") relates to the results of operations, financial condition and cash flows of Major Drilling Group International Inc. ("Major Drilling" or the "Company") as at and for the three-month period ended July 31, 2021. All amounts in this MD&A are in Canadian dollars, except where otherwise noted.

This MD&A is a review of activities and results for the three-month period ended July 31, 2021 as compared to the corresponding period in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited Interim Condensed Consolidated Financial Statements as at and for the three-month period ended July 31, 2021, prepared in accordance with IAS 34 Interim Financial Reporting, and also in conjunction with the audited Consolidated Financial Statements and Management's Discussion and Analysis contained in the Company's Annual Report for the fiscal year ended April 30, 2021.

This MD&A is dated September 1, 2021. Disclosure contained in this document is current to that date, unless otherwise stated.

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, 2021, 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 fiscal 2020, the Company formally implemented its business continuity plan, which focused on having employees who can work remotely do so. In the first quarter of fiscal 2021, 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 fiscal 2021, activity levels 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 closely monitors all developments in each of the regions in which it operates, including the recent increases in cases in a number of jurisdictions, and continues to assess any possible impact on the Company's business, in order to react quickly and take action 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 re-opening. 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.

The recent McKay Drilling PTY Limited ("McKay") acquisition provides the Company with a strong established presence in an important growth market, with a state-of-the-art fleet at the very high end of specialized drilling equipment, which incorporates the most advanced hands-free remote operation and monitoring technology.

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.

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 we operate; 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 corporate policies such as its Code of Ethics and Business Conduct, Diversity Policy, Anti-Corruption Policy, and Human Rights 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 fiscal 2021, rising above US$2,000 per ounce, while copper prices have increased to over US$4.00 per pound, which supports a favourable exploration environment as mining companies look to replenish their 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 returns to the industry.

BUSINESS ACQUISITION

On June 1, 2021, the Company completed the purchase of the issued and outstanding shares of McKay Drilling, 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 a leader in reverse circulation drilling and operates a state-of-the-art fleet of 15 high-capacity reverse circulation rigs and 5 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 (funded from Major Drilling's cash and existing debt facilities) of AUD$40 million; (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; 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 results of operations of McKay are included in the Interim Condensed Consolidated Statements of Operations from June 1, 2021. Since the date of acquisition, revenue attributable to the McKay operations was approximately $12 million and earnings were approximately $2 million. Had the business combination been effective as of May 1, 2021, pro-forma revenue and net earnings of the Company for the three months ended July 31, 2021, would have been approximately $156.5 million and $12 million, respectively.

OVERALL PERFORMANCE

Revenue for the quarter ended July 31, 2021 was $151.0 million, up 69% from revenue of $89.4 million recorded for the same quarter last year. This includes the results of the McKay acquisition from the date of acquisition (June 1, 2021) and is the highest quarterly revenue the Company has recorded since the second quarter of fiscal 2013.

Gross margin percentage for the quarter was 20.1% compared to 16.9% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was 26.3% for the quarter compared to 27.8% for the same quarter last year.

The Company generated $24.2 million of EBITDA (earnings before interest, taxes, depreciation, and amortization - see "Non-IFRS financial measures"), compared to $13.9 million for the same quarter last year.

Net earnings were $11.1 million or $0.14 per share compared to $2.1 million or $0.03 per share for the same quarter last year.

Net debt position (cash net of debt, excluding lease liabilities reported under IFRS 16 Leases - see "Non-IFRS financial measures") was $44.5 million compared to net cash of $5.0 million in the fourth quarter of the previous year, as the Company used existing cash and debt facilities to fund the cash portion of the McKay acquisition. Presentation of the previous year comparative has been adjusted to be consistent with current year presentation.

RESULTS OF OPERATIONS - FIRST QUARTER RESULTS ENDED JULY 31, 2021

Total revenue for the quarter was $151.0 million, the Company's highest quarterly revenue since the second quarter of 2013, up 69% from revenue of $89.4 million recorded in the same quarter last year, which was impacted by COVID-19. 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 $9 million, with a minimal impact on net earnings 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 84.6% to $84.9 million, compared to the same period last year. Demand for drilling services in this region remains very strong. Recently raised capital from juniors as well as increased exploration budgets from seniors and intermediates has resulted in increased activity levels in which the Company has been positioned to benefit from.

South and Central American revenue increased by 80.5% to $35.2 million for the quarter, compared to the same quarter last year. This quarter saw activity levels start to pick up subsequent to the impacts of COVID-19, although certain countries, such as Chile and Argentina, are still not operating at pre-pandemic levels.

Australasian and African revenue increased by 29.8% to $30.9 million, compared to the same period last year. The addition of the Australian operations more than offset the impacts of COVID-19 in the region, as certain countries, in particular Mongolia, have seen activity levels heavily impacted with the most recent wave of the pandemic.

Gross margin percentage for the quarter was 20.1%, compared to 16.9% for the same period last year. Depreciation expense totaling $9.3 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 26.3% for the quarter, compared to 27.8% for the same period last year. Labour challenges and supply cost increases have impacted margins in the current quarter, but several contracts in North America have been renegotiated with more favourable terms and prices, which should help offset the cost inflation and improve margins moving forward.

General and administrative costs were $13.6 million, an increase of $2.4 million compared to the same quarter last year. The increase is driven by the addition of the Australian operations and inflationary wage adjustments to start the new fiscal year. Also, certain cost cutting measures and government assistance programs used to navigate the pandemic in the prior year are no longer in place as the Company shifts towards a growth phase.

The income tax provision for the quarter was an expense of $2.7 million compared to an expense of $1.2 million for the prior year period. The income tax expense, although up from the previous year due to increased profitability, was aided by the utilization of previously unrecognized tax losses in certain regions.

Net earnings were $11.1 million or $0.14 per share ($0.13 per share diluted) for the quarter, compared to $2.1 million or $0.03 per share ($0.03 per share diluted) for the prior year quarter.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	***Fiscal 2022***	*Fiscal 2021*				*Fiscal 2020*		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$150,995**	$128,117	$100,387	$114,152	$89,420	$ 88,784	$ 81,719	$121,182
Gross profit	**30,360**	15,053	11,058	22,852	15,125	9,401	5,166	24,707
Gross margin	**20.1%**	11.7%	11.0%	20.0%	16.9%	10.6%	6.3%	20.4%
Adjusted gross margin	**26.3%**	18.4%	20.3%	28.3%	27.8%	21.5%	17.6%	28.1%
Net earnings (loss)	**11,060**	2,344	(1,467)	7,009	2,148	(74,307)	(9,947)	7,259
Per share - basic	**0.14**	0.03	(0.02)	0.09	0.03	(0.92)	(0.12)	0.09
Per share - diluted	**0.13**	0.03	(0.02)	0.09	0.03	(0.92)	(0.12)	0.09

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.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was an outflow of $5.4 million for the quarter, compared to an outflow of $12.9 million for the same quarter last year. The outflow of non-cash operating working capital was primarily comprised of:

- an increase in accounts receivable of $7.7 million;
- an increase in accounts payable of $4.3 million;
- an increase in prepaids of $2.3 million; and
- a decrease in inventory of $0.4 million.

Cash flow from operating activities for the quarter was an inflow of $16.8 million compared to an outflow of $0.6 million in the same quarter last year.

Investing activities
Capital expenditures were $11.7 million for the quarter ended July 31, 2021, compared to $7.5 million for the same quarter last year.

The drill rig count was 605 at July 31, 2021, as the Company added 30 rigs to its fleet, including the 20 specialized rigs acquired through the McKay acquisition, while disposing of 13 older and inefficient rigs.

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

Operating credit facilities
The credit facilities related to operations total $31.2 million ($30.0 million from a Canadian chartered bank and $1.2 million from an American chartered bank) and are primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's London Inter Bank Offer Rate ("LIBOR") plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's LIBOR plus 2.25%. At July 31, 2021, the Company had utilized $1.3 million of these facilities for stand-by letters of credit.

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

Long-term debt
Total long-term debt increased by $34.7 million during the quarter to $50.2 million at July 31, 2021. The increase relates to the $35.0 million draw on the revolving-term facility for the McKay acquisition, offset by regular debt repayments. During the quarter, the Company has negotiated an expansion of this facility to an aggregate $75.0 million to retain additional liquidity to fund operations.

As of July 31, 2021, the Company had the following long-term debt facilities:

- $75.0 million revolving term facility for financing the cost of equipment purchases or acquisition costs of related businesses. At July 31, 2021, $50.0 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.

- $0.1 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ended in August 2021.

As at July 31, 2021, the Company has $0.1 million in scheduled debt repayments for the remainder of fiscal 2022, however the Company may choose to make discretionary payments on the revolving term facility, depending on available funds.

As at July 31, 2021, the Company had unused borrowing capacity under its credit facilities of $54.9 million and cash of $27.5 million, for a total of $82.4 million in available funds. The Company believes its existing cash balance, available credit facility, and expected operating cash flows, will be sufficient to fund operations, capital expenditures, contingent considerations, debt and lease obligations, currently estimated for the next twelve months.

OUTLOOK

Demand for the Company's services remains strong, and more work has been secured for the upcoming quarter. Although the shortage of experienced drill crews does put pressure on labour costs and productivity, especially in the Company's most active markets, it is expected the wider industry shortages and higher utilization rates will continue to drive a more positive pricing environment and expedite margin recovery as the cycle progresses. Further, as pandemic restrictions ease in South America, the Company expects to see an increase in activity as drilling programs resume in Chile and Argentina.

As availability of skilled labour remains challenging, the Company continues to increase 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 have 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 hit historical highs, which should also translate into more exploration activity in the 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 significant 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 measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. 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 and amortization:

(in $000s CAD)		**Q1 2022**		Q1 2021
Net earnings	**$**	**11,060**	$	2,148
Finance costs		**472**		288
Income tax provision		**2,715**		1,231
Depreciation and amortization		**9,989**		10,220
EBITDA	**$**	**24,236**	$	13,887

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)		**Q1 2022**		Q1 2021
Total revenue	**$**	**150,995**	$	89,420
Less: direct costs		**120,635**		74,295
Gross profit		**30,360**		15,125
Add: depreciation		**9,309**		9,707
Adjusted gross profit		**39,669**		24,832
Adjusted gross margin		**26.3%**		27.8%

Net debt/net cash – cash net of debt, excluding lease liabilities reported under IFRS 16 Leases:

(in $000s CAD)		**July 31, 2021**		April 30, 2021
Cash	**$**	**27,470**	$	22,359
Contingent consideration		**(21,742)**		(1,907)
Current portion of long-term debt		**(83)**		(356)
Long-term debt		**(50,159)**		(15,106)
Net cash (debt)	**$**	**(44,514)**	$	4,990

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 quarter, approximately 31% of revenue generated was in Canadian dollars, 52% in U.S. dollars, and the balance in other currencies. 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 quarter, when comparing to the effective rates for the same quarter last year, was approximately $9 million, as the COVID-19 pandemic resulted in significant volatility in foreign exchange markets in the first quarter of the previous year. The foreign exchange impact on net earnings for the quarter was negligible as net earnings tend to remain less impacted by currency fluctuations as a large proportion of costs are typically incurred 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 July 31, 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	**MNT/USD**	**IDR/USD**	**USD/AUD**	**MZN/USD**	**USD/CAD**	**USD/ZAR**	**USD/BRL**	**USD/CLP**	**Other**
Net exposure on monetary assets (liabilities)		5,338	4,924	4,831	1,782	1,652	(2,246)	(3,097)	(6,304)	127
EBIT impact	+/-10%	593	547	537	198	184	250	344	700	14

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. In an effort to prevent the flow of U.S. dollars ("USD") out of Argentina's struggling economy, the Argentine central bank has recently made it more difficult for investors to buy USD and are tightening controls to prevent investors from buying assets in Argentine pesos ("ARS") and then selling abroad in USD to obtain foreign currency. As the ARS continues to devalue, the Company continues to be vigilant in managing assets held in ARS and has limited exposure to the ARS.

Mozambique currency status
During the latter part of the previous year, the Mozambique metical ("MZN") 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. Mozambique's economy is expected to gradually recover in 2021, however the Company remains vigilant in managing assets held in MZN.

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. Early in the current quarter, the Bank of Indonesia has strengthened the monitoring of foreign exchange transactions against the rupiah. 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.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes a $2.0 million unrealized gain on translating the financial statements of the Company's foreign operations compared to a loss of $8.1 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.

GENERAL RISKS AND UNCERTAINTIES

A complete discussion of general risks and uncertainties may be found in the Company's Annual Information Form for the fiscal year ended April 30, 2021, which can be found on the SEDAR website at www.sedar.com. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

OFF BALANCE SHEET ARRANGEMENTS

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, the Company does not have any off balance sheet arrangements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's CEO and CFO are responsible for designing disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's DC&P and 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.

Effective June 1, 2021, the Company completed the acquisition of McKay Drilling. The results of McKay's operations have been included in the Interim Condensed Consolidated Financial Statements since the date of acquisition, however, the Company has not had sufficient time to appropriately review the internal control used by McKay. The Company is in the process of integrating the McKay operation and will be expanding its DC&P and ICFR to include the McKay operation over the next year. As a result, the CEO and CFO have limited the scope of design of DC&P and testing of ICFR to exclude McKay controls, policies and procedures from the July 31, 2021 certification of internal control, in accordance with section 3.3(1)(b)of NI 52-109, which allows an issuer to limit the design of DC&P or ICFR to exclude a business that was acquired not more than 365 days before the end of the financial period to which the CEO's and CFO's certification of interim filings relates. The acquisition date financial information for McKay is included in the discussion regarding the acquisition contained in this MD&A and note 10 of the Interim Condensed Consolidated Financial Statements.

For the three-month period ended July 31, 2021, there have been no changes in the Company's DC&P or ICFR that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

Limitations of controls and procedures

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

As of September 1, 2021, there were 82,310,554 common shares issued and outstanding in the Company. This represents an increase of 131,000 issued and outstanding shares, due to the exercise of stock options, as compared to the number reported in the Company's annual MD&A (reported as of June 14, 2021).

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form, is available on the SEDAR website at www.sedar.com.