



Management's Discussion and Analysis

First Quarter Fiscal 2021

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, 2020. 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 quarter ended July 31, 2020 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 months ended July 31, 2020, 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, 2020.

This MD&A is dated September 8, 2020. Disclosure contained in this document is current to that date, unless otherwise stated.

Amounts presented in comparative periods for certain items may have been allocated consistent with current year presentation.

FORWARD-LOOKING STATEMENTS

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

This MD&A contains statements that may constitute forward-looking statements about Major Drilling Group International Inc.'s objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

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

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in the Company's Annual Information Form.

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

COVID-19

In December 2019, COVID-19 (the novel coronavirus) surfaced in China, spreading quickly to the rest of the world. In March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, leading many countries to take drastic measures to curb the spread of the virus. Global responses to the spread of COVID-19 resulted in a challenging economic climate, with disruptions to normal operations in various jurisdictions.

Due to the cyclical nature of the business, Major Drilling is a company well versed in managing successfully during typical cyclical industry downturns, which also enables the Company to manage successfully during the pandemic the world is currently facing. 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 this changing environment, as necessary.

In the previous quarter, the Company formally implemented its business continuity plan, which focused on having employees who can work remotely do so. In accordance with host government guidelines, the Company has cautiously implemented a plan to have employees return to their place of work while ensuring 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.

While the longer-term impacts of COVID-19 continue to evolve, management continues to assess the impact on the Company's business and believes it will be temporary. Toward the end of the first quarter, activity in most regions had increased, however the Company is closely monitoring developments in each of the regions in which it operates in order to react quickly and take actions if warranted.

The Company is well positioned to return to growth after the impact of the pandemic subsides as its variable cost structure and strong balance sheet allow it to navigate through these challenging times, while maintaining flexibility to respond quickly and safely as operations gradually begin to increase.

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 Europe. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

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

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

Innovation continues to be at the forefront at Major Drilling. 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

Major Drilling continues to base its business premise on the following: mining companies continue to deplete the more easily accessible mineral reserves around the world and attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. For this reason, Major Drilling's strategy is to focus its services on these "specialized drilling" projects, and remain the world's leading provider of specialized drilling services. Over the years, the

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

Diversification within the drilling field continues to be an integral part of the Company's business strategy. Major Drilling provides services complementary to its existing skill set, 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. Of the 13 rigs acquired during the quarter, 12 were underground rigs (along with ancillary equipment). With half of these rigs added to existing contracts, underground and mine services revenue has grown during the current quarter.

The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas, while maintaining a strong balance sheet and remaining best in class in safety and human resources.

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

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

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

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

Major Drilling delivers quality, 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 diversified drilling 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 maintain its equipment in good condition and maintain sufficient inventory to meet increased customer demands. The Company's financial strength allows it to manage effectively through challenging environments such as the COVID-19 pandemic the world is currently facing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Major Drilling believes its long-term sustainability depends on the Company serving as: stewards of the environment where it works; 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 June 2020, 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. As part of Major Drilling's environmental

sustainability efforts, the Company recently submitted its second annual CDP (formerly the Carbon Disclosure Project) questionnaire as part of a broader pursuit to identify and manage business risks and reduce greenhouse gas emissions.

INDUSTRY OVERVIEW

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

Gold has historically been a significant driver in the mining industry, accounting for 40 to 50% of the global exploration spend. Exploration activity generally varies up or down with the trend in gold prices. The coronavirus outbreak has created economic uncertainty, and as gold is a safe-haven asset, prices have recently reached historic highs, rising above US\$2,000 per ounce, while copper prices have recently been trending upwards. Many industry experts expect that most base metals will face a significant deficit position in the next few years, due to the continued production and high grading of mines, combined with the lack of exploration work conducted to replace reserves.

In recent months, many junior mining companies have been able to access capital markets and obtain financing for their projects. While there is typically a lag between the timing of these financings and the impact they can have on the drilling industry (in the four to six month-range), this increase is encouraging for the sector.

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

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 recent improvement in the financing environment for juniors, this should improve demand for specialized services in the future as stability returns to the industry.

OVERALL PERFORMANCE

Revenue for the quarter ended July 31, 2020 was \$89.4 million, down 24% from revenue of \$117.5 million recorded for the same quarter last year.

Gross margin percentage for the quarter was 16.9% compared to 18.2% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see “Non-IFRS financial measures”), was 27.8% for the quarter compared to 26.1% for the same quarter last year.

As a cautionary measure, during the previous quarter, the Company drew \$35 million from its revolving operating facility to ensure access to cash in the event there was a prolonged slowdown due to the COVID-19 pandemic. During the quarter, the Company has repaid \$20 million of this draw, with no current plans to use the remaining funds.

The Company generated \$13.9 million of EBITDA (earnings before interest, taxes, depreciation and amortization - see “Non-IFRS financial measures”) and has a net debt position (including \$3.5 million in lease liabilities) of \$5.5 million.

Net earnings were \$2.1 million or \$0.03 per share compared to \$6.0 million or \$0.08 per share for the same quarter last year.

RESULTS OF OPERATIONS - FIRST QUARTER RESULTS ENDED JULY 31, 2020

Total revenue for the quarter was \$89.4 million, down 24% from revenue of \$117.5 million recorded in the same quarter last year. The foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, is negligible, with a minimal impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 24.6% to \$46.0 million, compared to the same period last year. The region saw continued shutdowns in the first part of the quarter due to government and customer imposed restrictions caused by COVID-19. However, by quarter end, operations had resumed on a number of projects under enhanced safety protocols.

South and Central American revenue decreased by 40.4% to \$19.5 million for the quarter, compared to the same quarter last year. Operational challenges in relation to government or customer imposed restrictions regarding COVID-19 remained in place during the quarter in certain regions.

Asian and African operations reported revenue of \$23.8 million, which is flat compared to the same period last year. Strong operational performances in Indonesia and Mongolia offset the COVID-19 related shutdowns faced in Southern Africa.

Gross margin percentage for the quarter was 16.9%, compared to 18.2% for the same period last year. Depreciation expense totaling \$9.7 million is included in direct costs for the current quarter, versus \$9.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 27.8% for the quarter, compared to 26.1% for the same period last year. Margins were positively impacted by improved pricing since January 2020, and by approximately 1% due to government assistance programs available to the Company in the hardest hit regions.

General and administrative costs were \$11.2 million, a decrease of \$1.0 million compared to the same quarter last year. The decrease is mainly related to reduced travel and various government assistance programs for administrative employees. These temporary reductions will subside once activity levels return in those impacted regions and government restrictions are eased.

The income tax provision for the quarter was an expense of \$1.2 million compared to an expense of \$2.0 million for the prior year period. The income tax expense for the quarter was impacted by non-deductible expenses and non-tax effected losses in certain regions, while incurring taxes in profitable branches.

Net earnings were \$2.1 million or \$0.03 per share (\$0.03 per share diluted) for the quarter, compared to net earnings of \$6.0 million or \$0.08 per share (\$0.08 per share diluted) for the prior year quarter.

SUMMARY OF QUARTERLY RESULTS

(in \$000s CAD, except per share)	Fiscal 2019			Fiscal 2020				Fiscal 2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	\$105,501	\$ 80,439	\$100,397	\$117,459	\$121,182	\$81,719	\$ 88,784	\$ 89,420
Gross profit	18,999	5,606	13,381	21,369	24,706	5,167	9,401	15,125
Gross margin	18.0%	7.0%	13.3%	18.2%	20.4%	6.3%	10.6%	16.9%
Adjusted gross margin	27.4%	19.4%	23.0%	26.1%	28.1%	17.6%	21.5%	27.8%
Net earnings (loss)	3,261	(15,906)	(2,957)	6,033	7,259	(9,947)	(74,307)	2,148
Per share - basic	0.04	(0.20)	(0.04)	0.08	0.09	(0.12)	(0.92)	0.03
Per share - diluted	0.04	(0.20)	(0.04)	0.08	0.09	(0.12)	(0.92)	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.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Cash flow from operations (before changes in non-cash operating working capital items, interest and income taxes) for the quarter ended July 31, 2020 was an inflow of \$13.9 million compared to an inflow of \$17.9 million in the previous year.

The change in non-cash operating working capital items was an outflow of \$12.9 million for the quarter, compared to an outflow of \$5.6 million for the prior year. The outflow of non-cash operating working capital was primarily comprised of:

- an increase in accounts receivable of \$14.8 million;
- an increase in accounts payable of \$1.9 million;
- a decrease in inventory of \$2.3 million; and
- an increase in prepaids of \$2.5 million.

Financing activities

Under the terms of certain of the Company's debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions 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 \$31.3 million (\$30.0 million from a Canadian chartered bank and \$1.3 million from an American chartered bank) and are primarily secured by corporate guarantees of companies within the group. At July 31, 2020, the Company had utilized \$3.4 million of these facilities for stand-by letters of credit. The Company also has a credit facility of \$2.6 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-term debt

Total long-term debt decreased by \$20.3 million during the quarter to \$31.1 million at July 31, 2020. The decrease is due to repayment of \$20.0 million of the draw from the revolving term facility made in mid-March, and \$0.3 million in regular debt repayments.

As of July 31, 2020, the Company had the following long-term debt facilities:

- \$50.0 million revolving facility for financing the cost of equipment purchases or acquisition costs of related businesses. At July 31, 2020, \$30.0 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.
- \$1.1 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

The Company 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 July 31, 2020, the Company had unused borrowing capacity under its credit facilities of \$47.9 million and cash of \$29.1 million, for a total of \$77.0 million in available funds.

Investing activities

Capital expenditures were \$7.5 million (net of \$1.7 million unpaid) for the quarter ended July 31, 2020, compared to \$10.6 million for the same quarter last year.

The drill rig count was at 613 at July 31, 2020, as the Company added 13 rigs to its fleet in line with its diversification strategy, while disposing of 7 older and inefficient rigs.

OUTLOOK

As the COVID-19 outbreak has created economic uncertainty, gold (a safe-haven asset), which historically has accounted for approximately 50% of the Company's drilling activity, has recently reached historic highs, rising above the US\$2,000 per ounce range. Long-term fundamentals, low interest rates, massive government stimulus, and inflation risk, suggest gold could trend higher over the next few years. Copper typically accounts for 20-25% of the Company's drilling activity. With falling copper inventories and pandemic-hit supply issues, copper prices have recently been trending upwards.

During the quarter, the Company has experienced a gradual return to increased levels of activity in most operations. Discussions regarding infrastructure stimulus programs contemplated by many governments revolve around green economy initiatives, including electric vehicles, which by default will require more conductive and battery metals such as copper, lithium and cobalt. These commodities have represented approximately 25% of the Company's drilling activity in the past.

The Company incorporates its innovation strategies with specialized drilling services to provide solutions for complex drilling situations, and has positioned itself as one of the largest specialized drilling operators in the world. The Company has established mutually beneficial partnerships with several of its senior customers to continuously improve the suite of services it offers, with innovative solutions and improved equipment, through increased hands-free rod handling capacity, computerized rigs and deep hole capacity. Going forward, demand for specialized services should improve and the Company expects to benefit as resources in some areas are becoming depleted, and 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.

The Company's financial strength allows it to continue to deploy technologies that will 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 and amortization.

(in \$000s CAD)	Q1 2021	Q1 2020
Net earnings	\$ 2,148	\$ 6,033
Finance costs	288	219
Income tax provision	1,231	1,994
Depreciation and amortization	10,220	9,717
EBITDA	<u>\$ 13,887</u>	<u>\$ 17,963</u>

Adjusted gross profit/margin - excludes depreciation expense.

(in \$000s CAD)	Q1 2021	Q1 2020
Total revenue	\$ 89,420	\$ 117,459
Direct costs	74,295	96,090
Less: depreciation	(9,707)	(9,321)
Adjusted gross profit	<u>24,832</u>	<u>30,690</u>
Adjusted gross margin	27.8%	26.1%

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 20% 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 foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same quarter last year was minimal. The foreign exchange impact on net earnings for the quarter was negligible as well. 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.

The COVID-19 pandemic resulted in significant volatility in foreign exchange markets during the previous quarter, however there has been some recovery in various currencies during the current quarter. As at July 31, 2020, the most significant carrying amounts of net monetary assets (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	<u>Rate variance</u>	<u>IDR/USD</u>	<u>MNT/USD</u>	<u>USD/AUD</u>	<u>USD/CLP</u>	<u>USD/CAD</u>	<u>Other</u>
Net exposure on monetary assets		7,083	5,813	4,303	3,183	3,629	927
EBIT impact	+/-10%	787	646	478	354	403	103

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes an \$8.1 million unrealized loss on translating the financial statements of the Company's foreign operations compared to a loss of \$5.8 million for the previous year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

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, 2020, 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, the Company does not have any off balance sheet arrangements.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's disclosure and internal controls over financial reporting during the period beginning on May 1, 2020 and ended on July 31, 2020, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

OUTSTANDING SHARE DATA

As of September 8, 2020, there were 80,640,753 common shares issued and outstanding in the Company. This represents an increase of 6,600 issued and outstanding shares, due to the exercise of stock options, as compared to the number reported in the Company's fourth quarter MD&A (reported as of June 4, 2020).

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.