



Management's Discussion and Analysis

Second 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 and six-month periods ended October 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 and six-month periods ended October 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 and six-month periods ended October 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 December 2, 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 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); global economic environments; implications of the COVID-19 pandemic; the Company's dependence on key customers; 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 most recently completed fiscal year, 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 enforces strict safety protocols, while working with its customers to encompass their safety protocols, to make every effort to ensure all employees remain safe and healthy. The Company's experienced management team has been proactive from the onset of the COVID-19 pandemic and will continue to act quickly to appropriately accommodate any changes in this environment, as necessary.

Activity levels 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 changing levels in case counts throughout various jurisdictions, and continues to assess any possible impact on the Company's business, in order to react quickly and take action if warranted.

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 continue 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 create 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 specialty equipment and techniques in areas that are difficult to access.

Diversification within the drilling field, while maintaining high safety standards that are unparalleled in the drilling industry, continues to be an integral part of the Company's business strategy. 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 specialized drilling fleet, 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 periods, 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 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 Indigenous 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. The latest market downturn was marked by a lack of exploration and depleting reserves, with many mining commodities projecting a supply deficit going forward.

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 remained at historical highs for most of calendar 2021, 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. As junior mining companies continue to raise capital to fund exploration programs, 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 for the three and six months ended October 31, 2021 was approximately \$19 million and \$31 million, respectively and earnings were approximately \$3 million and \$5 million, respectively. Had the business combination been effective as of May 1, 2021, pro-forma revenue and net earnings of the combined entity for the six months ended October 31, 2021, would have been approximately \$327 million and \$26 million, respectively.

OVERALL PERFORMANCE

The Company once again recorded its highest quarterly revenue since the second quarter of fiscal 2013, with revenue for the quarter ended October 31, 2021 at \$170.7 million, up 50% from revenue of \$114.2 million recorded for the same quarter last year, and up 13% from the first quarter of this year.

Gross margin percentage for the quarter was 22.0% compared to 20.0% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was flat at 28.3% quarter over quarter.

The Company generated \$30.7 million of EBITDA (earnings before interest, taxes, depreciation, and amortization - see "Non-IFRS financial measures"), compared to \$19.3 million for the same quarter last year.

Net earnings were \$14.3 million or \$0.17 per share compared to \$7.0 million or \$0.09 per share for the same quarter last year.

The Company's financial position remains strong with a net debt position (cash net of debt, excluding lease liabilities reported under IFRS 16 Leases - see "Non-IFRS financial measures") for the current quarter at \$30.0 million compared to \$44.5 million in the first quarter of the current year.

RESULTS OF OPERATIONS - SECOND QUARTER RESULTS ENDED OCTOBER 31, 2021

Total revenue for the quarter was \$170.7 million, the Company's highest quarterly revenue since the second quarter of 2013, up 50% from revenue of \$114.2 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 \$5 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 33.7% to \$94.4 million, compared to the same period last year. The region saw continued growth on strong demand despite headwinds from the industry-wide labour challenges. The growth was driven by an increase in junior exploration as well as surging demand for specialized services.

South and Central American revenue increased by 70.4% to \$36.8 million for the quarter, compared to the same quarter last year. The growth in the region from the prior year was mainly attributed to operations in most countries recovering from the impacts of COVID-19.

Australasian and African revenue increased by 79.5% to \$39.5 million, compared to the same period last year. The growth in the region from the prior year was mainly attributed to the McKay acquisition in Australia, which continues to have robust demand for drilling services.

Gross margin percentage for the quarter was 22.0%, compared to 20.0% for the same period last year. Depreciation expense totaling \$10.7 million is included in direct costs for the current quarter, versus \$9.5 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was flat year-over-year at 28.3%. A stronger pricing environment, offset by increased labour and supply costs, aided margins in the quarter.

General and administrative costs were \$14.1 million, an increase of \$2.5 million compared to the same quarter last year. The increase was driven by the addition of the Australian operations and inflationary wage adjustments. The prior year was reduced by funds received from government assistance programs, related to the pandemic, that are no longer in place in the current quarter.

The income tax provision for the quarter was an expense of \$4.5 million compared to an expense of \$2.0 million for the prior year period. The increase in the tax expense was related to an increase in overall profitability from the prior year.

Net earnings were \$14.3 million or \$0.17 per share (\$0.17 per share diluted) for the quarter, compared to \$7.0 million or \$0.09 per share (\$0.09 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS – YEAR TO DATE ENDED OCTOBER 31, 2021

Total revenue for the year was \$321.7 million, up 58% from revenue of \$203.6 million recorded in the previous year, which was impacted by COVID-19. The unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the previous year, was approximately \$14 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 year from Canada – U.S. drilling operations increased by 54% to \$179.2 million, compared to the previous year. The demand for drilling services remains robust in this region, driven by increased exploration budgets from senior and intermediates, and the resurgence of junior financings that have led to increased activity levels from the prior year.

South and Central American revenue increased by 75% to \$72.0 million for the year, compared to the previous year. The growth in the region from the prior year was mainly attributed to operations in most countries recovering from the impacts of COVID-19.

Australasian and African revenue increased by 54% to \$70.5 million, compared to the previous year. The McKay acquisition is the main driver behind the region's growth year to date compared to the same period last year.

Gross margin percentage for the year was 21.1%, compared to 18.7% for the previous year. Depreciation expense totaling \$20.0 million is included in direct costs for the current quarter, versus \$19.2 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 27.3% for the year, compared to 28.1% for the prior year. Margins were impacted by increased labour and supply costs, however the stronger pricing environment established late in the first quarter has offset this cost inflation.

General and administrative costs were \$27.7 million, an increase of \$4.9 million, compared to the previous 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 year was an expense of \$7.2 million, compared to an expense of \$3.2 million for the prior year. The increase in the tax expense was related to an increase in overall profitability from the prior year.

Net earnings were \$25.4 million or \$0.31 per share (\$0.31 per share diluted) for the year, compared to \$9.2 million or \$0.11 per share (\$0.11 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in \$000s CAD, except per share)	<i>Fiscal 2022</i>		<i>Fiscal 2021</i>				<i>Fiscal 2020</i>	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$170,693	\$150,995	\$128,117	\$100,387	\$114,152	\$89,420	\$88,784	\$81,719
Gross profit	37,538	30,360	15,053	11,058	22,852	15,125	9,401	5,166
Gross margin	22.0%	20.1%	11.7%	11.0%	20.0%	16.9%	10.6%	6.3%
Adjusted gross margin	28.3%	26.3%	18.4%	20.3%	28.3%	27.8%	21.5%	17.6%
Net earnings (loss)	14,290	11,060	2,344	(1,467)	7,009	2,148	(74,307)	(9,947)
Per share - basic	0.17	0.14	0.03	(0.02)	0.09	0.03	(0.92)	(0.12)
Per share - diluted	0.17	0.13	0.03	(0.02)	0.09	0.03	(0.92)	(0.12)

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 \$4.0 million for the quarter, compared to an inflow of \$0.4 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 \$12.0 million;
- an increase in accounts payable of \$7.5 million;
- a decrease in prepaids of \$3.0 million; and
- an increase in inventory of \$2.5 million.

Cash flow from operating activities for the quarter was an inflow of \$25.2 million, compared to an inflow of \$18.0 million in the same quarter last year.

Investing activities

Capital expenditures were \$11.1 million for the quarter ended October 31, 2021, compared to \$8.0 million for the same quarter last year (which included \$1.7 million in cash payments for assets previously acquired).

The drill rig count was 603 at October 31, 2021, as the Company added 7 rigs to its fleet while disposing of 9 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 \$31.4 million (\$30.0 million from a Canadian chartered bank and \$1.4 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 October 31, 2021, the Company had utilized \$1.2 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 decreased by \$0.2 million during the quarter to \$50.0 million at October 31, 2021. The decrease relates to regular debt repayments.

As of October 31, 2021, the Company had the following long-term debt facility:

- \$75.0 million revolving term facility for financing the cost of equipment purchases or acquisition costs of related businesses. At October 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.

As at October 31, 2021, there are no 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 October 31, 2021, the Company had unused borrowing capacity under its credit facilities of \$55.2 million and cash of \$42.7 million, for a total of \$97.9 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

Looking back over the history of mining cycles, and considering the projected near-term supply deficit for many mining commodities, current increased drilling activities suggest that the mining industry is in the early stages of an upcycle. It is encouraging to note that some of the Company's senior gold customers are indicating higher levels of drilling activity for calendar 2022, and junior mining companies are continuing to raise capital to fund exploration programs. While most base metal companies have yet to decide on 2022 budgets, copper prices have remained at historical highs for most of calendar 2021, which the Company expects will lead to significant investments in copper and other base metal exploration projects as Major Drilling helps discover the metals that allow the world to accelerate its efforts toward decarbonization.

As availability of skilled labour remains challenging, the Company continues to aggressively and successfully invest in the recruitment and training of new drillers.

As the Company moves into the seasonally slower third quarter and enters calendar 2022, it is in a unique position to react to this market dynamic. Its financial strength has allowed the Company to invest in safety, equipment, inventory and innovation in order to meet the high standards of its customers, as well as continue to deliver results through its strategy of having rigs and inventory ready for immediate deployment to customers.

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)	<u>Q2 2022</u>	<u>Q2 2021</u>	<u>YTD 2022</u>	<u>YTD 2021</u>
Net earnings	\$ 14,290	\$ 7,009	\$ 25,350	\$ 9,157
Finance costs	399	336	871	624
Income tax provision	4,501	2,006	7,216	3,237
Depreciation and amortization	11,539	9,975	21,528	20,195
EBITDA	<u>\$ 30,729</u>	<u>\$ 19,326</u>	<u>\$ 54,965</u>	<u>\$ 33,213</u>

Adjusted gross profit/margin - excludes depreciation expense:

(in \$000s CAD)	<u>Q2 2022</u>	<u>Q2 2021</u>	<u>YTD 2022</u>	<u>YTD 2021</u>
Total revenue	\$ 170,693	\$ 114,152	\$ 321,688	\$ 203,572
Less: direct costs	<u>133,155</u>	<u>91,300</u>	<u>253,790</u>	<u>165,595</u>
Gross profit	37,538	22,852	67,898	37,977
Add: depreciation	<u>10,709</u>	<u>9,468</u>	<u>20,018</u>	<u>19,175</u>
Adjusted gross profit	<u>48,247</u>	<u>32,320</u>	<u>87,916</u>	<u>57,152</u>
Adjusted gross margin	28.3%	28.3%	27.3%	28.1%

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

(in \$000s CAD)	<u>October 31, 2021</u>	<u>April 30, 2021</u>
Cash	\$ 42,673	\$ 22,359
Contingent consideration	(22,640)	(1,907)
Current portion of long-term debt	-	(356)
Long-term debt	<u>(50,039)</u>	<u>(15,106)</u>
Net cash (debt)	<u>\$ (30,006)</u>	<u>\$ 4,990</u>

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 30% of revenue generated was in Canadian dollars, 50% 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 \$5 million. 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 October 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 (in 000's CAD):

	<u>Rate variance</u>	<u>IDR/USD</u>	<u>MNT/USD</u>	<u>USD/AUD</u>	<u>USD/CAD</u>	<u>MZN/USD</u>	<u>USD/ZAR</u>	<u>ARS/USD</u>	<u>USD/CLP</u>	<u>USD/BRL</u>	<u>Other</u>
Net exposure on monetary assets (liabilities)		7,130	6,926	4,375	1,604	1,355	(1,264)	(1,299)	(3,345)	(3,387)	1,032
EBIT impact	+/-10%	792	770	486	178	151	140	144	372	375	115

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, earlier in the year the Argentine central bank made it more difficult for investors to buy USD and tightened controls to prevent investors from buying assets in Argentine pesos ("ARS") and then selling abroad in USD to obtain foreign currency. While the International Monetary Fund has recommended the country gradually loosen all restrictions on foreign currency exchange, the ARS has continued to devalue, therefore the Company continues to be vigilant in managing assets held in ARS.

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 first quarter of the current fiscal year, the Bank of Indonesia strengthened the monitoring of foreign exchange transactions against the rupiah. While the Bank of Indonesia has announced that global economic recovery is expected to be lower than previously forecasted, policies remain unchanged. 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 \$2.5 million unrealized loss on translating the financial statements of the Company's foreign operations compared to a loss of \$2.7 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 most recently completed fiscal year, 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 October 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 and six-month periods ended October 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 December 2, 2021, there were 82,387,554 common shares issued and outstanding in the Company. This represents an increase of 77,000 issued and outstanding shares, due to the exercise of stock options, as compared to the number reported in the Company's first quarter MD&A (reported as of September 1, 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.