Management's Discussion and Analysis

Third Quarter Fiscal 2018

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 January 31, 2018. 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 January 31, 2018 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 January 31, 2018, 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, 2017.

This MD&A is dated February 28, 2018. Disclosure contained in this document is current to that date, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

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

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: cyclical downturn; competitive pressures; dealing with business and political systems in a variety of jurisdictions; repatriation of funds or property in other jurisdictions; payment of taxes in various jurisdictions; exposure to currency movements; inadequate or failed internal processes, people or systems or from external events; dependence on key customers; safety performance; expansion and acquisition strategy; regulatory and legal risk; corruption, bribery or fraud by employees or agents; extreme weather conditions and the impact of natural or other disasters; shortage of specialized skills and cost of labour increases; equipment and parts availability, reputational risk and cybersecurity risk. 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. 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.

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 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 all types 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.

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

The Company intends to continue to modernize and innovate its fleet and expand its footprint in strategic areas while maintaining a strong balance sheet and remaining best in class in safety and human resources. The Company also seeks to continue to diversify by investing in underground and mine services that are complementary to its skill set.

The Company 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, over the next two decades, the Company believes these skills will be in greater and greater demand.

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 core drilling, the Company provides a wide range of complementary services to its clients.

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

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

INDUSTRY OVERVIEW

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

Gold has historically been a significant driver in the mining industry, accounting for 40 to 50% of the exploration spend carried on around the world. Exploration activity generally varies up or down with the trend in gold prices.

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

Most experts believe that future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. This should improve demand for specialized services in the future.

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

The industry has experienced a cyclical downturn over the past several years. Due to the lack of exploration, mineral reserves of the top gold mining companies have decreased by almost 15% over the last two years. Many industry experts expect the copper market will face a 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. Large base metal producers will eventually need to expand existing mines and develop new ones to meet the world's growth, especially in emerging markets.

OVERALL PERFORMANCE

The Company faced the usual slowdown in activity over the holiday season. While all regions were affected by loss of revenue and increased costs due to increased mobilization and maintenance, the Company was busy preparing for increased activity as compared to the previous year.

Revenue for the quarter ended January 31, 2018 was $75.0 million, up 7% from revenue of $70.1 million recorded in the same quarter last year. The unfavorable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, is estimated at $3 million on revenue, with a negligible impact on net earnings.

Gross margin percentage for the quarter was 17.6%, up from 13.4% for the same period last year. Third quarter margins are always impacted by a slowdown during the holiday season combined with higher mobilization and demobilization costs and increased repairs.

Net loss for the quarter was $8.5 million or $0.11 per share, compared to a net loss of $14.3 million or $0.18 per share for the same period last year. Earnings before interest, taxes, depreciation and amortization ("EBITDA" - see "Non-GAAP financial measure") was up from a loss of $3.1 million for the same period last year to a gain of $0.1 million this quarter.

The Company's net cash position (net of debt) continues to be strong at $14.4 million.

RESULTS OF OPERATIONS - THIRD QUARTER ENDED JANUARY 31, 2018

Total revenue for the quarter was $75.0 million, up 7.0% from revenue of $70.1 million recorded in the same quarter last year. The unfavorable foreign exchange translation impact for the quarter, compared to the effective rates for the same period last year, is estimated at $3 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 6% to $35.5 million, compared to the same period last year. Both the Canadian and U.S. exploration operations saw an increase in revenue that was more than offset by the completion of a large percussive drilling program.

South and Central American revenue increased by 21% to $22.9 million for the quarter, compared to the same quarter last year. The increase was driven by Argentina, Brazil and Colombia.

Asian and African operations reported revenue of $16.6 million, up 25% from the same period last year. This increase was driven by stronger activity in Mongolia and Burkina Faso.

The overall gross margin percentage for the quarter was 17.6%, up from 13.4% for the same period last year. A higher volume of specialized work accounted for most of the gross margin increase. Third quarter margins are always impacted by a slowdown during the holiday season combined with higher mobilization and demobilization costs and increased repairs.

General and administrative costs were up 6% from the same quarter last year at $12.1 million. Staffing levels and salaries have increased as activity ramped up from low levels. As well, the Company continues to invest in recruitment and information technology as it continues to prepare for the upturn in the industry.

The income tax provision for the quarter was a recovery of $3.7 million compared to a recovery of $1.9 million for the prior year period. The tax recovery for the quarter was impacted by non-tax affected losses, non-deductible expenses, and a reduction of the U.S. federal corporate tax rate.

Net loss was $8.5 million or $0.11 per share ($0.11 per share diluted) for the quarter, compared to a net loss of $14.3 million or $0.18 per share ($0.18 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS - YEAR-TO-DATE ENDED JANUARY 31, 2018

Revenue for the nine months ended January 31, 2018 increased 13% to $246.9 million from $219.1 million for the corresponding period last year.

Revenue from Canada - U.S. drilling operations increased by 6% to $140.3 million compared to the same period last year. The Canadian and U.S. exploration work accounted for the increase as the Company saw growth in both the seniors' and juniors' drilling programs. This increase was partially offset by the completion of a large percussive drilling program.

South and Central American revenue was up by 26% at $61.2 million compared to the same period last year. The increase in activity has been driven by Argentina, Colombia, the Guiana Shield and Brazil.

Asian and African operations reported revenue of $45.4 million, up 19% from the same period last year. The increase in the Mongolian operation was partially offset by a decrease in Indonesia and the Philippines as a result of ongoing regulatory issues in these countries.

Gross margin for the year-to-date was 20.7% compared to 18.5% last year. Margins were up due to better productivity, offset slightly by higher labour and repair costs as the Company continues to prepare for increased activity.

General and administrative expenses increased by $2.6 million, to $35.5 million compared to the prior year. The general and administrative costs have increased as the Company ensures its infrastructure is at the proper level to support the increased activity around the globe, while focusing on controlling costs.

Depreciation and amortization decreased by $2.5 million to $36.3 million. The decrease was mainly due to amortization on intangible assets arising from the Taurus acquisition as they were fully amortized during the year.

Net loss was $18.1 million or $0.23 per share ($0.23 per share diluted) compared to a net loss of $33.8 million or $0.42 per share ($0.42 per share diluted) last year.

SUMMARY OF QUARTERLY RESULTS

(in $000 CAD, except per share)	*Fiscal 2016*	*Fiscal 2017*				*Fiscal 2018*		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue	$ 64,133	$ 69,089	$ 79,913	$ 70,117	$ 81,469	$ 83,952	$ 87,992	**$ 74,970**
Gross profit	12,051	15,141	16,088	9,380	19,609	16,767	21,177	**13,193**
Gross margin	18.8%	21.9%	20.1%	13.4%	24.1%	20.0%	24.1%	**17.6%**
Net loss	(12,859)	(9,782)	(9,757)	(14,294)	(8,231)	(6,890)	(2,722)	**(8,494)**
Per share - basic	(0.16)	(0.12)	(0.12)	(0.18)	(0.10)	(0.09)	(0.03)	**(0.11)**
Per share - diluted	(0.16)	(0.12)	(0.12)	(0.18)	(0.10)	(0.09)	(0.03)	**(0.11)**

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, was an inflow of $0.3 million compared to an outflow of $2.7 million in the same period last year.

The change in non-cash operating working capital items was an inflow of $11.7 million for the quarter, compared to an inflow of $9.1 million for the same period last year. The inflow of non-cash operating working capital in the current quarter was primarily impacted by:

- a decrease in accounts receivable of $9.5 million;
- a decrease in inventory of $2.3 million;
- a decrease in prepaid of $1.8 million; and
- a decrease in accounts payable of $2.1 million.

Financing Activities

Under the terms of certain of the Company's debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. During the 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 $25.0 million. This facility is from a Canadian chartered bank and is primarily secured by corporate guarantees of companies within the group. At January 31, 2018, the Company had utilized $2.1 million of this line 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 increased by $12.2 million during the year to $20.0 million at January 31, 2018. The increase is due to a draw of $15.0 million, as detailed below, to finance capital expenditures and working capital, offset by debt repayments of $2.5 million and foreign currency exchange variation of $0.3 million.

As of January 31, 2018, 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 January 31, 2018, $15.0 million had been drawn on this facility, bearing interest at 3.76%, maturing in May 2020.

- $3.6 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

- The Company also has various other loans and capital lease facilities related to equipment purchases that totaled $1.4 million at January 31, 2018, which were fully drawn and mature through 2022.

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 January 31, 2018, the Company had unused borrowing capacity under its credit facilities of $57.9 million and cash of $34.5 million, for a total of $92.4 million in available funds.

Investing Activities

Capital expenditures were $7.6 million for the quarter ended January 31, 2018, compared to $2.8 million for the same quarter last year.

The drill rig count was at 643 at quarter-end as the Company added three large specialized rigs to its fleet as part of the Company's specialized and diversification strategies, while retiring or disposing of five older, inefficient and more costly rigs.

OUTLOOK

The Company continues to see exploration activity levels increase in all regions. Given the sustained commodity prices over the last few months, the Company is seeing an increase in activity at most of its international operations. In North America, the Company has been successful in renegotiating some lower margin contracts at better prices, and have replaced a few others with new contracts at better pricing. Margins are expected to improve going forward as increased demand drives improved pricing.

The fundamentals driving the business continue to be encouraging for the coming quarter and into fiscal 2019, with gold and base metal prices remaining at healthy levels. Most senior and intermediate companies have increased their exploration budgets for calendar 2018, and the demand for drilling services continues to increase.

As the Company continues to manage its growth, developing human resources will be the biggest challenge as the industry moves deeper into the cycle. One of the challenges that is re-emerging in the sector is the shortage of experienced drill crews in the industry, particularly in Canada, a factor that will put some pressure on productivity and margins. The Company will continue to make investments in technology and enhancements to its recruiting and training systems, providing tools to the crews that will improve safety and productivity, as it brings in a new generation of employees.

NON-GAAP FINANCIAL MEASURE

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

(in $000 CAD)	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017
Net loss	**$ (8,494)**	$ (14,294)	**$ (18,106)**	$ (33,833)
Finance costs	**192**	97	**557**	241
Income tax provision	**(3,743)**	(1,882)	**(4,294)**	(117)
Depreciation and amortization	**12,102**	13,016	**36,336**	38,816
EBITDA	**$ 57**	$ (3,063)	**$ 14,493**	$ 5,107

FOREIGN EXCHANGE

Year-over-year revenue comparisons can be affected by the variations of the Canadian dollar against the U.S. dollar and other functional reporting currencies. The unfavorable foreign exchange translation impact for the three and nine months ended January 31, 2018, respectively, when comparing to the effective rates for the same periods last year, is estimated at approximately $3 and $5 million on revenue. The foreign exchange impact on net earnings for the three and nine month periods was negligible as net earnings remained less impacted by currency fluctuations as a large proportion of costs are typically incurred in the same currency as revenue.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Loss for the quarter include $10.2 million in unrealized loss on translating the financial statements of the Company's foreign operations compared to a loss of $7.0 million for the same period last 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, 2017, 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 operating leases discussed in the annual MD&A for the year ended April 30, 2017, where there were no significant changes during the current quarter, the Company does not have any other 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 November 1, 2017 and ended on January 31, 2018, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

OUTSTANDING SHARE DATA

As of February 28, 2018 there were 80,299,984 common shares issued and outstanding in the Company. This is the same number as reported in the Company's second quarter MD&A (reported as of November 30, 2017).

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.