



Management's Discussion and Analysis

First Quarter Fiscal 2024

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 months ended July 31, 2023. All amounts in this MD&A are in Canadian dollars, except where otherwise noted.

This MD&A is a review of activities and results for the three-month period ended July 31, 2023, as compared to the corresponding period in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited Interim Condensed Consolidated Financial Statements as at and for the three-month period ended July 31, 2023, 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, 2023.

This MD&A is dated September 5, 2023. 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 herein. 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; competitive pressures; global and local political and economic environments and conditions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company's growth; currency restrictions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; 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; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" in the Company's MD&A for the year ended April 30, 2023, available on the SEDAR+ website at www.sedarplus.ca. 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.

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. 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 in order to meet or exceed all applicable government and client standards. During the previous fiscal year, the Company achieved a new milestone of 9.4 million Lost Time Injury ("LTI") free hours and an LTI Rate of 0.05, a new record in the Company's history.

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 hands-free 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, and to offer value-added services to its customers. 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 continue to decline due to minimal exploration within the last decade, 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. While gold's average mine life has fallen to a low of nearly 10 years, many of the new mineral deposits are located in areas challenging to access, requiring complex drilling solutions that heightens the demand for Major Drilling's specialized services. Major Drilling's core strategy is to focus its services on these specialized drilling projects and remain the world's leading provider of specialized drilling services by providing top quality service through safe and productive drill programs, 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 help lead 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. The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas.

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

A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees, to invest in training and innovation, to maintain its equipment in good condition, and maintain sufficient inventory to meet increased customer demands. The Company has the liquidity required to adapt and manage effectively through challenging periods, such as the continuing global supply chain issues, and to respond to rapid increases in demand as the need arises.

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 includes, 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 progressively fuel future growth and the Company believes these skills will be in greater demand over time.

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, local communities, shareholders, and other external stakeholders. To achieve this, the Company is committed to continuously improving and strengthening its ESG Framework for its global operations, which is underpinned by Major Drilling's ESG Policy, complimenting 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 published its 2022 Sustainability Report in June 2023.

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 undertaken by its teams worldwide.

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 (fiscal 2013 to fiscal 2021) was marked by a lack of exploration and depleting reserves.

Despite the recent decline in commodity prices, the need to replenish supply shortfalls for most metals remains a priority for mining companies. The industry is still early in the exploration cycle and prices remain above levels needed to support exploration. Based on historical experience, the mining industry will have to go through an intense multi-year infill drilling period to develop new mines in order to fill the projected supply gap in the different commodities.

Gold has historically been a significant driver in the mining industry and continues to lead exploration efforts globally. The average gold mine life has decreased due to the lack of exploration over the last several years, and on average, it takes 10 to 15 years to bring a mine into production.

The Company continues to see governments targeting renewable energy and upgrading their electric grids, while the global demand for electric vehicles continues to grow. This will require an enormous volume of copper and battery metals, increasing pressure on the existing supply/demand dynamic. These factors are expected to lead to substantial additional investments in copper and other base metal exploration projects, as the Company helps its customers discover the metals that will allow the world to accelerate its efforts toward decarbonization.

OVERALL PERFORMANCE

With strong activity levels returning during the quarter, the Company continued to generate cash, ending the quarter with net cash of \$60.8 million, an increase of \$1.5 million from the year ended April 30, 2023. As interest rates continue to rise, the Company's financial strength allowed it to make a \$20 million discretionary payment on its revolving term facility, bringing total long-term debt to nil. Also, during the quarter the Company made use of its Normal Course Issuer Bid ("NCIB") and repurchased 145,300 of its shares at an average price of \$8.89.

As expected, activity levels were strong during the quarter, with steady growth every month. Increased activity by copper, lithium, silver and nickel customers offset the slowdown experienced by junior gold exploration companies. Project delays and forest fires muted activity growth slightly in North America, although by the end of the quarter, strong activity levels returned. The Company generated revenue of \$198.9 million, a 7.5% increase from Q4 of fiscal 2023, but down slightly from revenue of \$199.8 million recorded in the same quarter last year. The favourable foreign exchange impact on revenue, when comparing to the same quarter last year, was approximately \$6 million.

Gross margin remained relatively flat as the Company offset inflationary impacts with pricing adjustments in most markets. For the current quarter, gross margin was 24.6%, compared to 25.6% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was 30.1% for the current quarter, compared to 30.8% for the prior year quarter.

The Company delivered solid financial performance during the quarter, generating \$40.3 million of EBITDA (earnings before interest, taxes, depreciation and amortization, see "Non-IFRS financial measures"), as the temporary challenges in North America were offset by growing demand in South America and Australasia. Net earnings were \$21.8 million or \$0.26 per share, compared to the same quarter last year at \$24.2 million or \$0.29 per share.

RESULTS OF OPERATIONS - FIRST QUARTER ENDED JULY 31, 2023

Total revenue for the quarter was \$198.9 million, down 0.5% from revenue of \$199.8 million recorded in the same quarter last year. The favourable foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was approximately \$6 million and \$1 million, respectively.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 9.9% to \$101.5 million, compared to the same period last year. Customer-related delays due to permitting and forest fires negatively impacted the region at the start of the quarter, but activity levels had picked up by quarter-end.

South and Central American revenue increased by 8.6% to \$51.6 million for the quarter, compared to the same quarter last year. All regions but Mexico contributed to the growth as demand for battery metals and depleting gold reserves drove strong exploration efforts. Mexico continues to be impacted by the uncertainty over new mining legislation and access to capital for juniors.

Australasian and African revenue increased by 15.1% to \$45.8 million, compared to the same period last year. The Company's specialized services in Australia continue to be in high demand and the Company has added some energy work in Mongolia, which have contributed to the growth in the region.

Gross margin percentage for the quarter was 24.6%, compared to 25.6% for the same period last year. Depreciation expense totaling \$11.0 million is included in direct costs for the current quarter, versus \$10.4 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 30.1% for the quarter, compared to 30.8% for the same period last year. Margins were relatively flat quarter over quarter as inflationary impacts continue to be covered by pricing adjustments in most markets.

General and administrative costs were \$16.5 million, an increase of \$0.3 million compared to the same quarter last year, primarily due to annual wage adjustments implemented at the start of the new fiscal year.

Foreign exchange loss was \$1.6 million, compared to a loss of \$0.7 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to various other currencies. The Company strives to limit its exposure to the Argentine peso, however Argentina generated a significant portion of the loss during the current quarter as the currency faced continued devaluation in this high inflation market.

The income tax provision for the quarter was an expense of \$7.2 million, compared to an expense of \$7.3 million for the prior year period. The income tax expense for the quarter was impacted by lower utilization of previously unrecognized tax losses.

Net earnings were \$21.8 million or \$0.26 per share (\$0.26 per share diluted) for the quarter, compared to net earnings of \$24.2 million or \$0.29 per share (\$0.29 per share diluted) for the prior year quarter.

SUMMARY OF QUARTERLY RESULTS

(in \$000s CAD, except per share)	Fiscal 2024	Fiscal 2023				Fiscal 2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 198,884	\$ 184,966	\$ 149,225	\$ 201,716	\$ 199,835	\$ 189,975	\$ 138,752	\$ 170,693
Gross profit	49,009	46,286	26,438	53,003	51,174	48,448	23,427	37,538
Gross margin	24.6%	25.0%	17.7%	26.3%	25.6%	25.5%	16.9%	22.0%
Adjusted gross margin	30.1%	30.8%	25.3%	31.8%	30.8%	31.0%	24.2%	28.3%
Net earnings	21,773	20,790	6,273	23,611	24,248	22,433	5,676	14,290
Per share - basic	0.26	0.25	0.08	0.29	0.29	0.27	0.07	0.17
Per share - diluted	0.26	0.25	0.08	0.28	0.29	0.27	0.07	0.17

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was an outflow of \$16.1 million for the quarter, compared to an outflow of \$16.5 million for the same quarter last year. The outflow of non-cash operating working capital was primarily comprised of:

- an increase in inventory of \$3.1 million;
- an increase in prepaids of \$2.3 million;
- a decrease in accounts receivable of \$1.4 million; and
- a decrease in accounts payable of \$12.1 million.

Cash flow from operating activities for the quarter ended July 31, 2023 was an inflow of \$19.7 million compared to an inflow of \$20.7 million in the previous year.

Investing activities

Capital expenditures were \$16.3 million for the quarter ended July 31, 2023, compared to \$13.2 million for the prior year.

The drill rig count was 601 at July 31, 2023, as the Company added 5 new rigs to its fleet, along with essential support equipment, through capital expenditures, while disposing of 4 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.

During the quarter, the Company made use of its NCIB, repurchasing 145,300 common shares at an average price of \$8.89 per share.

Operating credit facilities

The credit facilities related to operations total \$31.7 million (\$30.0 million from a Canadian chartered bank and \$1.7 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 the bank's Secured Overnight Financing Rate ("SOFR") plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's 30-day Bloomberg Short-term Bank Yield plus 2.05%. At July 31, 2023, the Company had utilized \$1.4 million of these facilities for outstanding stand-by letters of credit.

The Company also has a credit facility of \$4.0 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-term debt

Total long-term debt was nil as of July 31, 2023, a decrease of \$20.0 million during the quarter as the Company made a \$20.0 million discretionary payment on its revolving-term facility.

As of July 31, 2023, 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, 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 the bank's SOFR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in September 2027.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital and capital expenditure obligations.

As at July 31, 2023, the Company had unused borrowing capacity under its credit facilities of \$105.3 million and cash of \$75.9 million, for a total of \$181.2 million in available funds.

FINANCIAL INSTRUMENTS

The carrying values of cash, trade and other receivables, demand credit facilities and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of contingent consideration and long-term debt approximates their fair value as the interest applicable is reflective of fair market rates.

Financial assets and liabilities measured at fair value are classified and disclosed in one of the following categories:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company enters into certain derivative financial instruments to manage its exposure to market risks. The Company currently has share-price forward contracts with a combined notional amount of \$7.3 million, maturing at varying dates through June 2026.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's derivatives, with fair values as follows (in \$000s CAD), are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended July 31, 2023.

	<u>July 31, 2023</u>	<u>April 30, 2023</u>
Interest rate swap	\$ -	\$ 28
Share-price forward contracts	\$ (344)	\$ 2,189

OUTLOOK

As the Company moves into the second quarter of fiscal 2024, the monthly growth experienced since the beginning of this calendar year is expected to continue throughout the quarter. The need to replenish supply shortfalls for most metals remains a priority for mining companies, despite the recent decline in commodity prices. Those prices remain well above the level needed to support exploration, and the Company is already in discussions with several senior customers regarding their calendar 2024 programs, with many looking to book their rigs early.

Looking forward, the global demand for electric vehicles continues to grow and will require an enormous volume of copper and battery metals, which will increase pressure on the existing supply/demand dynamic. This is expected to lead to substantial additional investments in copper and other base metal exploration projects as the Company helps its customers discover the metals that will allow the world to accelerate its efforts toward a greener economy. Many of these new mineral deposits are located in areas challenging to access, requiring complex drilling solutions, continuing the demand for Major Drilling's specialized services.

As the Company positions itself to capitalize on the encouraging industry outlook, it remains in a unique position to react to, and benefit from these market dynamics. Its strong financial position provides tremendous stability and flexibility moving forward, and success in recruiting, training and inventory management allows the Company to maintain its position as both the operator and employer of choice in this industry.

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>Q1 2024</u>	<u>Q1 2023</u>
Net earnings	\$ 21,773	\$ 24,248
Finance (revenues) costs	(682)	430
Income tax provision	7,176	7,285
Depreciation and amortization	11,989	11,541
EBITDA	<u>\$ 40,256</u>	<u>\$ 43,504</u>

Adjusted gross profit/margin - excludes depreciation expense:

(in \$000s CAD)		<u>Q1 2024</u>	<u>Q1 2023</u>
Total revenue	\$	198,884	\$ 199,835
Less: direct costs		149,875	148,661
Gross profit		49,009	51,174
Add: depreciation		10,951	10,414
Adjusted gross profit		59,960	61,588
Adjusted gross margin		30.1%	30.8%

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

(in \$000s CAD)		<u>July 31, 2023</u>	<u>April 30, 2023</u>
Cash	\$	75,917	\$ 94,432
Contingent consideration		(15,132)	(15,113)
Long-term debt		-	(19,972)
Net cash (debt)	\$	60,785	\$ 59,347

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 performance of the Canadian dollar in relationship to the U.S. dollar as well as these other currencies.

During the quarter, approximately 18% of revenue generated was in Canadian dollars with most of the balance being in Australian and 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 favourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately \$6 million. The impact on net earnings was \$1 million as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

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

As at July 31, 2023, 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 \$000s CAD):

	<u>Rate variance</u>	<u>USD/CAD</u>	<u>IDR/USD</u>	<u>MNT/USD</u>	<u>ARS/USD</u>	<u>MXN/USD</u>	<u>USD/CLP</u>	<u>Other</u>
Net exposure on monetary assets (liabilities)		8,491	7,954	6,704	1,926	1,831	(5,092)	899
EBIT impact	+/-10%	943	884	745	214	203	566	100

Argentina currency status

As inflation rates continue to rise across the globe, Argentina is experiencing hyper-inflation with the rate rising to 113.4% annually and the Argentine peso ("ARS") continues to depreciate. During fiscal 2022, in an effort to bring inflation down and stabilize markets as the financial crisis continues in Argentina, the Argentine government imposed tighter currency controls. In an effort to prevent the flow of U.S. dollars ("USD") out of Argentina's struggling economy, the Argentine Central Bank ("ACB") made it more difficult for investors to buy USD, and tightened controls to prevent investors from buying assets in 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 ACB continues to impose limitations on transactions in USD denominated securities. The Company is closely monitoring the upcoming Argentine election to assess the impact it could have on the ARS valuation.

The Company continues to monitor and leverage all available options in managing the ARS exposure such as investing local currency in cash equivalents, which counters most of the currency's devaluation.

Indonesia currency status

Early in fiscal 2022, the Bank of Indonesia enhanced its existing policies, directed at maintaining exchange rate stability, and strengthened the monitoring of foreign exchange transactions against the Indonesian rupiah ("IDR"). The need to manage inflation and maintain exchange rate stability amidst escalating global inflation remains, however, with COVID-19 impacts dissipating and the volume of cross-border transactions rising, the Bank of Indonesia has relaxed the underlying transaction requirements for access to foreign exchange. As these policies could still delay and eventually restrict the ability to exchange the IDR to USD, the Company continues to monitor this situation closely.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes an \$8.3 million unrealized loss on translating the financial statements of the Company's foreign operations, compared to a loss of \$3.1 million for the previous year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

The loss during the current quarter was generated primarily by the U.S. dollar losing close to 3% against the Canadian dollar. During the same quarter last year, the loss was from the volatility of various currencies against the Canadian dollar, as various market drivers, such as high inflation, stimulated foreign exchange market volatility.

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.

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.sedarplus.ca. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

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.

For the three-month period ended July 31, 2023, there have been no changes in the Company's DC&P or ICFR that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

Limitations of controls and procedures

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, DC&P and ICFR have inherent limitations, regardless of how well designed, and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

OUTSTANDING SHARE DATA

As of September 5, 2023, there were 82,966,579 common shares issued and outstanding in the Company. This represents an increase of 80,750 issued and outstanding shares, due to the exercise of stock options and a decrease of 145,300 due to the repurchase and cancellation of shares under the Company's NCIB, as compared to the number reported in the Company's annual MD&A (reported as of June 13, 2023).

ADDITIONAL INFORMATION

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