

**Major Drilling Group International Inc.**  
**Interim Condensed Consolidated Statements of Operations**  
(in thousands of Canadian dollars, except per share information)  
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>TOTAL REVENUE</b>	\$ 132,824	\$ 149,225	\$ 538,659	\$ 550,776
<b>DIRECT COSTS (note 9)</b>	<b>113,938</b>	122,787	<b>418,403</b>	420,161
<b>GROSS PROFIT</b>	<u>18,886</u>	<u>26,438</u>	<u>120,256</u>	<u>130,615</u>
<b>OPERATING EXPENSES</b>				
General and administrative (note 9)	17,146	16,425	51,258	48,667
Other (revenue) expenses	1,281	1,637	7,374	9,380
(Gain) loss on disposal of property, plant and equipment	(114)	(49)	(611)	(769)
Foreign exchange (gain) loss	2,320	265	4,862	2,036
Finance (revenues) costs	(359)	(620)	(1,316)	(164)
	<u>20,274</u>	<u>17,658</u>	<u>61,567</u>	<u>59,150</u>
<b>EARNINGS (LOSS) BEFORE INCOME TAX</b>	<u>(1,388)</u>	8,780	<u>58,689</u>	71,465
<b>INCOME TAX EXPENSE (RECOVERY) (note 10)</b>				
Current	(1,438)	3,065	12,491	17,330
Deferred	2,362	(558)	3,043	3
	<u>924</u>	<u>2,507</u>	<u>15,534</u>	<u>17,333</u>
<b>NET EARNINGS (LOSS)</b>	<u>\$ (2,312)</u>	<u>\$ 6,273</u>	<u>\$ 43,155</u>	<u>\$ 54,132</u>
<b>EARNINGS (LOSS) PER SHARE (note 11)</b>				
Basic	<u>\$ (0.03)</u>	<u>\$ 0.08</u>	<u>\$ 0.52</u>	<u>\$ 0.65</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.08</u>	<u>\$ 0.52</u>	<u>\$ 0.65</u>

**Major Drilling Group International Inc.**  
**Interim Condensed Consolidated Statements of Comprehensive Earnings**  
(in thousands of Canadian dollars)  
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>NET EARNINGS (LOSS)</b>	<b>\$ (2,312)</b>	\$ 6,273	<b>\$ 43,155</b>	\$ 54,132
<b>OTHER COMPREHENSIVE EARNINGS</b>				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	<b>(10,017)</b>	3,082	<b>(7,728)</b>	15,069
Unrealized gain (loss) on derivatives (net of tax)	<b>381</b>	1,849	<b>(438)</b>	271
<b>COMPREHENSIVE EARNINGS (LOSS)</b>	<b><u>\$ (11,948)</u></b>	<u>\$ 11,204</u>	<b><u>\$ 34,989</u></b>	<u>\$ 69,472</u>

**Major Drilling Group International Inc.**  
**Interim Condensed Consolidated Statements of Changes in Equity**  
For the nine months ended January 31, 2024 and 2023  
(in thousands of Canadian dollars)  
(unaudited)

	Share capital	Retained earnings	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
<b>BALANCE AS AT MAY 1, 2022</b>	\$ 263,183	\$ 31,022	\$ 1,536	\$ 3,996	\$ 60,021	\$ 359,758
Exercise of stock options	2,591	-	-	(723)	-	1,868
Share-based compensation	-	-	-	377	-	377
	<u>265,774</u>	<u>31,022</u>	<u>1,536</u>	<u>3,650</u>	<u>60,021</u>	<u>362,003</u>
<b>Comprehensive earnings:</b>						
Net earnings	-	54,132	-	-	-	54,132
Unrealized gain (loss) on foreign currency translations	-	-	-	-	15,069	15,069
Unrealized gain (loss) on derivatives	-	-	271	-	-	271
Total comprehensive earnings	<u>-</u>	<u>54,132</u>	<u>271</u>	<u>-</u>	<u>15,069</u>	<u>69,472</u>
<b>BALANCE AS AT JANUARY 31, 2023</b>	<u>\$ 265,774</u>	<u>\$ 85,154</u>	<u>\$ 1,807</u>	<u>\$ 3,650</u>	<u>\$ 75,090</u>	<u>\$ 431,475</u>
<b>BALANCE AS AT MAY 1, 2023</b>	\$ 266,071	\$ 105,944	\$ (37)	\$ 3,696	\$ 76,903	\$ 452,577
Exercise of stock options	626	(197)	-	(300)	-	129
Share-based compensation	-	-	-	218	-	218
Share buyback (note 8)	(4,156)	(7,093)	-	-	-	(11,249)
Stock options expired/forfeited	-	1	-	(1)	-	-
	<u>262,541</u>	<u>98,655</u>	<u>(37)</u>	<u>3,613</u>	<u>76,903</u>	<u>441,675</u>
<b>Comprehensive earnings:</b>						
Net earnings	-	43,155	-	-	-	43,155
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(7,728)	(7,728)
Unrealized gain (loss) on derivatives	-	-	(438)	-	-	(438)
Total comprehensive earnings	<u>-</u>	<u>43,155</u>	<u>(438)</u>	<u>-</u>	<u>(7,728)</u>	<u>34,989</u>
<b>BALANCE AS AT JANUARY 31, 2024</b>	<u>\$ 262,541</u>	<u>\$ 141,810</u>	<u>\$ (475)</u>	<u>\$ 3,613</u>	<u>\$ 69,175</u>	<u>\$ 476,664</u>

# Major Drilling Group International Inc.

## Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)  
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>				
Earnings (loss) before income tax	\$ (1,388)	\$ 8,780	\$ 58,689	\$ 71,465
Operating items not involving cash				
Depreciation and amortization (note 9)	13,097	12,330	37,866	35,700
(Gain) loss on disposal of property, plant and equipment	(114)	(49)	(611)	(769)
Share-based compensation	59	134	218	377
Finance (revenues) costs recognized in earnings before income tax	(359)	(620)	(1,316)	(164)
	<u>11,295</u>	<u>20,575</u>	<u>94,846</u>	<u>106,609</u>
Changes in non-cash operating working capital items	27,735	26,013	18,343	22,861
Finance revenues received (costs paid)	359	620	1,316	164
Income taxes paid	(609)	(7,319)	(10,621)	(16,990)
Cash flow from (used in) operating activities	<u>38,780</u>	<u>39,889</u>	<u>103,884</u>	<u>112,644</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of lease liabilities	(351)	(568)	(1,082)	(1,404)
Repayment of long-term debt (note 7)	-	(10,000)	(20,000)	(30,000)
Issuance of common shares due to exercise of stock options	15	804	455	1,868
Cash-settled stock options	-	-	(326)	-
Repurchase of common shares (note 8)	(2,682)	-	(11,249)	-
Cash flow from (used in) financing activities	<u>(3,018)</u>	<u>(9,764)</u>	<u>(32,202)</u>	<u>(29,536)</u>
<b>INVESTING ACTIVITIES</b>				
Payment of consideration for previous business acquisition	-	(2,500)	(6,991)	(8,789)
Acquisition of property, plant and equipment (note 6)	(21,356)	(15,592)	(55,073)	(42,080)
Proceeds from disposal of property, plant and equipment	182	463	1,826	3,302
Cash flow from (used in) investing activities	<u>(21,174)</u>	<u>(17,629)</u>	<u>(60,238)</u>	<u>(47,567)</u>
Effect of exchange rate changes	<u>(2,189)</u>	<u>(630)</u>	<u>(1,010)</u>	<u>2,763</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>12,399</b>	<b>11,866</b>	<b>10,434</b>	<b>38,304</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>92,467</b>	<b>97,968</b>	<b>94,432</b>	<b>71,260</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 104,866</b>	<b>\$ 109,564</b>	<b>\$ 104,866</b>	<b>\$ 109,564</b>

**Major Drilling Group International Inc.**  
**Interim Condensed Consolidated Balance Sheets**

As at January 31, 2024 and April 30, 2023  
(in thousands of Canadian dollars)  
(unaudited)

	<b>January 31, 2024</b>	<b>April 30, 2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 104,866	\$ 94,432
Trade and other receivables (note 13)	84,525	137,633
Income tax receivable	3,376	2,336
Inventories	112,632	115,128
Prepaid expenses	11,388	10,996
	<b>316,787</b>	<b>360,525</b>
<b>PROPERTY, PLANT AND EQUIPMENT (note 6)</b>	<b>229,198</b>	<b>215,085</b>
<b>RIGHT-OF-USE ASSETS</b>	<b>4,999</b>	<b>5,637</b>
<b>DEFERRED INCOME TAX ASSETS</b>	<b>2,640</b>	<b>4,444</b>
<b>GOODWILL</b>	<b>22,375</b>	<b>22,690</b>
<b>INTANGIBLE ASSETS</b>	<b>2,448</b>	<b>3,304</b>
	<b>\$ 578,447</b>	<b>\$ 611,685</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	\$ 68,042	\$ 102,144
Income tax payable	6,597	3,674
Current portion of lease liabilities	1,323	1,617
Current portion of contingent consideration	8,505	7,138
	<b>84,467</b>	<b>114,573</b>
<b>LEASE LIABILITIES</b>	<b>3,681</b>	<b>3,965</b>
<b>CONTINGENT CONSIDERATION</b>	<b>-</b>	<b>7,975</b>
<b>LONG-TERM DEBT (note 7)</b>	<b>-</b>	<b>19,972</b>
<b>DEFERRED INCOME TAX LIABILITIES</b>	<b>13,635</b>	<b>12,623</b>
	<b>101,783</b>	<b>159,108</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	262,541	266,071
Retained earnings	141,810	105,944
Other reserves	(475)	(37)
Share-based payments reserve	3,613	3,696
Foreign currency translation reserve	69,175	76,903
	<b>476,664</b>	<b>452,577</b>
	<b>\$ 578,447</b>	<b>\$ 611,685</b>

**MAJOR DRILLING GROUP INTERNATIONAL INC.**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2024 AND 2023 (UNAUDITED)**

(in thousands of Canadian dollars, except per share information)

**1. NATURE OF ACTIVITIES**

Major Drilling Group International Inc. (the “Company”) is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Moncton, NB, Canada. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia, Africa, and Australia.

**2. BASIS OF PRESENTATION**

***Statement of compliance***

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies as outlined in the Company’s annual Consolidated Financial Statements for the year ended April 30, 2023.

On February 29, 2024, the Board of Directors authorized the financial statements for issue.

***Basis of consolidation***

These Interim Condensed Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statements of Operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intercompany transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

***Basis of preparation***

These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company’s annual Consolidated Financial Statements for the year ended April 30, 2023.

**3. APPLICATION OF NEW AND REVISED IFRS**

The Company has not applied the following IASB standard amendment that has been issued, but is not yet effective:

- IAS 21 (as amended in 2023) - The Effect of Changes in Foreign Exchange Rates - effective for periods beginning on or after January 1, 2025, with earlier application permitted. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The Company is currently in the process of assessing the impact the adoption of the above amendment will have on the Consolidated Financial Statements.

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS**

The preparation of financial statements, in conformity with International Financial Reporting Standards (“IFRS”), requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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**4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment for depreciation purposes, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in the compilation of fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration, allowance for impairment of trade receivables, and impairment testing of goodwill and intangible assets.

The Company applied judgment in determining the functional currency of the Company and its subsidiaries, the determination of cash-generating units ("CGUs"), the degree of componentization of property, plant and equipment, the recognition of provisions and accrued liabilities, and the determination of the probability that deferred income tax assets will be realized from future taxable earnings.

**5. SEASONALITY OF OPERATIONS**

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.

**6. PROPERTY, PLANT AND EQUIPMENT**

Capital expenditures for the three and nine months ended January 31, 2024 were \$21,356 (2023 - \$15,592) and \$55,073 (2023 - \$42,080). The Company did not obtain direct financing for the three and nine months ended January 31, 2024 or 2023.

**7. LONG-TERM DEBT**

During the year the Company made a discretionary payment of \$20,000 on its \$75,000 revolving-term facility (maturing in September 2027), bringing long-term debt to nil.

**8. SHARE BUYBACK**

Early in the current fiscal year, the Company initiated its Normal Course Issuer Bid ("NCIB"), ending March 26, 2024. During the three and nine months ended January 31, 2024, the Company has repurchased 317,400 and 1,337,968 common shares, respectively, at an average price of \$8.45 and \$8.41, respectively.

**9. EXPENSES BY NATURE**

Direct costs by nature are as follows:

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Depreciation	\$ 12,251	\$ 11,300	\$ 35,042	\$ 32,891
Employee salaries and benefit expenses	51,385	56,307	190,099	190,385
Materials, consumables and external costs	43,283	46,951	167,526	166,576
Other	7,019	8,229	25,736	30,309
	<u>\$ 113,938</u>	<u>\$ 122,787</u>	<u>\$ 418,403</u>	<u>\$ 420,161</u>

**MAJOR DRILLING GROUP INTERNATIONAL INC.**  
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(in thousands of Canadian dollars, except per share information)

**9. EXPENSES BY NATURE (Continued)**

General and administrative expenses by nature are as follows:

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Amortization of intangible assets	\$ 266	\$ 366	\$ 791	\$ 1,086
Depreciation	580	664	2,033	1,723
Employee salaries and benefit expenses	8,966	8,241	26,892	25,071
Other general and administrative expenses	7,334	7,154	21,542	20,787
	<u>\$ 17,146</u>	<u>\$ 16,425</u>	<u>\$ 51,258</u>	<u>\$ 48,667</u>

**10. INCOME TAXES**

The income tax provision for the periods can be reconciled to accounting earnings before income tax as follows:

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Earnings (loss) before income tax	\$ (1,388)	\$ 8,780	\$ 58,689	\$ 71,465
Statutory Canadian corporate income tax rate	27%	27%	27%	27%
Expected income tax provision based on statutory rate	(375)	2,371	15,846	19,296
Non-recognition of tax benefits related to losses	643	303	1,179	950
Utilization of previously unrecognized losses	387	(601)	(2,587)	(5,449)
Other foreign taxes paid	123	133	415	2,088
Rate variances in foreign jurisdictions	(427)	(414)	(308)	(376)
Permanent differences and other	573	715	989	824
Income tax provision recognized in net earnings	<u>\$ 924</u>	<u>\$ 2,507</u>	<u>\$ 15,534</u>	<u>\$ 17,333</u>

The Company periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Company records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statutes of limitations lapse.

**11. EARNINGS PER SHARE**

All of the Company's earnings are attributable to common shares, therefore, net earnings are used in determining earnings per share.

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Net earnings (loss)	\$ (2,312)	\$ 6,273	\$ 43,155	\$ 54,132
Weighted average number of shares:				
Basic (000s)	81,923	82,914	82,522	82,834
Diluted (000s)	<u>82,082</u>	<u>83,275</u>	<u>82,727</u>	<u>83,195</u>
Earnings (loss) per share				
Basic	\$ (0.03)	\$ 0.08	\$ 0.52	\$ 0.65
Diluted	\$ (0.03)	\$ 0.08	\$ 0.52	\$ 0.65

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(in thousands of Canadian dollars, except per share information)

**11. EARNINGS PER SHARE (Continued)**

The calculation of diluted earnings per share for the three and nine months ended January 31, 2024 excludes the effect of 297,000 and 205,000 options, respectively (2023 - 207,391 and 189,728, respectively) as they were not in-the-money.

The total number of shares outstanding on January 31, 2024 was 81,780,486 (2023 - 82,989,929).

**12. SEGMENTED INFORMATION**

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Australasia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2023. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
<b>Revenue</b>				
Canada - U.S.*	\$ 62,252	\$ 79,614	\$ 270,392	\$ 305,280
South and Central America	34,019	32,527	138,124	121,705
Australasia and Africa	36,553	37,084	130,143	123,791
	<u>\$ 132,824</u>	<u>\$ 149,225</u>	<u>\$ 538,659</u>	<u>\$ 550,776</u>

\*Canada - U.S. includes revenue of \$22,937 and \$33,189 for Canadian operations for the three months ended January 31, 2024 and 2023, respectively and \$93,699 and \$121,601 for the nine months ended January 31, 2024 and 2023, respectively.

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
<b>Earnings from operations</b>				
Canada - U.S.	\$ 369	\$ 6,431	\$ 30,183	\$ 52,207
South and Central America	(2,345)	1,274	17,031	15,562
Australasia and Africa	2,663	3,762	20,806	14,773
	<u>687</u>	<u>11,467</u>	<u>68,020</u>	<u>82,542</u>
<b>Finance (revenues) costs</b>	(359)	(620)	(1,316)	(164)
<b>General and corporate expenses**</b>	2,434	3,307	10,647	11,241
<b>Income tax</b>	924	2,507	15,534	17,333
	<u>2,999</u>	<u>5,194</u>	<u>24,865</u>	<u>28,410</u>
<b>Net earnings (loss)</b>	<u>\$ (2,312)</u>	<u>\$ 6,273</u>	<u>\$ 43,155</u>	<u>\$ 54,132</u>

\*\*General and corporate expenses include expenses for corporate offices and stock-based compensation.

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
<b>Capital expenditures</b>				
Canada - U.S.	\$ 9,061	\$ 8,996	\$ 23,895	\$ 26,842
South and Central America	6,995	4,766	17,881	10,159
Australasia and Africa	5,300	1,830	13,228	4,814
Unallocated and corporate assets	-	-	69	265
<b>Total capital expenditures</b>	<u>\$ 21,356</u>	<u>\$ 15,592</u>	<u>\$ 55,073</u>	<u>\$ 42,080</u>
<b>Depreciation and amortization</b>				
Canada - U.S.	\$ 5,827	\$ 6,031	\$ 17,618	\$ 17,552
South and Central America	3,015	2,856	8,544	8,019
Australasia and Africa	3,973	3,232	11,082	9,634
Unallocated and corporate assets	282	211	622	495
<b>Total depreciation and amortization</b>	<u>\$ 13,097</u>	<u>\$ 12,330</u>	<u>\$ 37,866</u>	<u>\$ 35,700</u>

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(in thousands of Canadian dollars, except per share information)

**12. SEGMENTED INFORMATION (Continued)**

	<u>January 31, 2024</u>	<u>April 30, 2023</u>
<b>Identifiable assets</b>		
Canada - U.S.*	\$ 271,202	\$ 283,895
South and Central America	155,657	154,384
Australasia and Africa	191,745	193,739
Unallocated and corporate liabilities	<u>(40,157)</u>	<u>(20,333)</u>
<b>Total identifiable assets</b>	<u>\$ 578,447</u>	<u>\$ 611,685</u>

\*Canada - U.S. includes property, plant and equipment as at January 31, 2024 of \$64,667 (April 30, 2023 - \$65,481) for Canadian operations.

**13. FINANCIAL INSTRUMENTS**

***Fair value***

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 interest rate and market risks, comprised of share-price forward contracts with a combined notional amount of \$7,331 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, are classified as level 2 financial instruments and recorded in trade and other receivables (payables) in the Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the three and nine months ended January 31, 2024.

	<u>January 31, 2024</u>	<u>April 30, 2023</u>
Interest rate swap	\$ -	\$ 28
Share-price forward contracts	\$ (1,385)	\$ 2,189

**MAJOR DRILLING GROUP INTERNATIONAL INC.**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2024 AND 2023 (UNAUDITED)**

(in thousands of Canadian dollars, except per share information)

**13. FINANCIAL INSTRUMENTS (Continued)**

***Credit risk***

As at January 31, 2024, 87.4% (April 30, 2023 - 97.0%) of the Company's trade receivables were aged as current and 5.0% (April 30, 2023 - 2.5%) of the trade receivables were impaired.

The movements in the allowance for impairment of trade receivables during the nine and twelve-month periods were as follows:

	<u>January 31, 2024</u>	<u>April 30, 2023</u>
<b>Opening balance</b>	\$ 3,303	\$ 1,517
Increase in impairment allowance	1,318	2,620
Recovery of amounts previously impaired	(478)	(51)
Write-off charged against allowance	-	(824)
Foreign exchange translation differences	(101)	41
<b>Ending balance</b>	<u>\$ 4,042</u>	<u>\$ 3,303</u>

***Foreign currency risk***

As at January 31, 2024, 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>IDR/USD</u>	<u>MNT/USD</u>	<u>MXN/USD</u>	<u>ARS/USD</u>	<u>USD/CLP</u>	<u>USD/CAD</u>	<u>Other</u>
Net exposure on monetary assets (liabilities)		7,911	7,688	5,228	3,138	(8,404)	(13,136)	51
EBIT impact	+/-10%	879	854	581	349	934	1,460	6

***Liquidity risk***

The following table details contractual maturities for the Company's financial liabilities:

	<u>1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Thereafter</u>	<u>Total</u>
Trade and other payables	\$ 68,042	\$ -	\$ -	\$ -	\$ 68,042
Lease liabilities (interest included)	1,621	2,512	1,311	188	5,632
Contingent consideration (undiscounted)	8,816	-	-	-	8,816
	<u>\$ 78,479</u>	<u>\$ 2,512</u>	<u>\$ 1,311</u>	<u>\$ 188</u>	<u>\$ 82,490</u>