Management's Discussion and Analysis

Third Quarter Fiscal 2025

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is a review of 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 nine-month periods ended January 31, 2025, as compared to the corresponding period in the previous year. All amounts in this MD&A are in Canadian dollars, except where otherwise noted. 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 nine-month periods ended January 31, 2025, 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, 2024.

This MD&A is dated March 6, 2025. 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; competitive pressures; global and local political and economic environments and conditions; measures affecting trade relations between countries, including the imposition of tariffs and countermeasures, as well as the possible impacts on the Company's clients, operations and, more generally, the economy; 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); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; the Company's dependence on key customers; efficient management of the Company's growth; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; 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, 2024, 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 the world's leading provider of specialized drilling services 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 North America, South America, Australia, Asia and Africa. 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, a variety of mine services, and ongoing development of data-driven, high-tech drillside solutions.

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.

In today's world of rapidly changing technology, Major Drilling is dedicated to finding new and innovative solutions to support its specialized services. Major Drilling is developing cutting-edge technologies, investing in a fleet of digitized drills that capture drilling data, as well as mobile underground drills that reduce dependence on client resources. These rigs increase the ability for automation and versatility as the Company is introducing analytics to optimize drilling operations. The Company is working towards modernizing its fleet with hands-free rod handling to create a safer, more productive work environment, while reducing maintenance costs and minimizing 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 entering into strategic partnerships with companies providing cutting-edge technologies, paired with a commitment to safety and 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 become the largest specialized drilling operator 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 the world accelerates its efforts toward decarbonization and artificial intelligence towards a more sustainable future, the growing global demand for electrification continues to increase the need for copper and other base metals, increasing pressure on the existing supply/demand dynamic, as supply is currently not keeping pace with demand. This requires complex drilling solutions that heighten the demand for Major Drilling's specialized services. Major Drilling's core strategy is to focus 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. Driven by a diversified commodity mix, the Company focuses operations on strategic mining geographies and stable jurisdictions, providing shareholders, and potential new investors, an opportunity to invest in the mining industry with growing exposure to precious metals, battery metals and critical minerals, while limiting mine or country exposure.

Major Drilling intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas. The Company's globally diversified operations provide a wide variety of equipment available to meet its clients' needs for all phases of their projects. The Company's investments and advancements in strategic innovation allow it to develop cutting-edge technologies, such as digitizing rigs to capture drilling data, and introducing analytics to optimize drilling operations. With the Company's strategic partnership with DGI Geoscience Inc. ("DGI") (detailed in the Investment section herein), the Company can now offer KORE GeoSystems Inc.'s ("KORE") digital rock analysis platform as part of its offering, complemented by the borehole data acquisition services offered by DGI, providing the opportunity to deliver valuable data to customers.

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, retain key employees, invest in training and innovation, 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, 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.

SUSTAINABILITY

Major Drilling understands 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 strengthening and adhering to its Sustainability Framework for its global operations, which is underpinned by Major Drilling's Sustainability Policy, complementing other corporate policies, such as its Code of Ethics and Business Conduct, Diversity Policy, Biodiversity Policy, Anti-Corruption Policy, and Human Rights Policy. Additionally, the Company relies on critical governance mechanisms including the global Whistleblower Program and its industry-leading Health and Safety Program.

Major Drilling remains committed to delivering impactful contributions to the communities where it operates around the world, as underscored in the Company's Communities Policy. This commitment is demonstrated through longstanding Indigenous partnerships in Canada, and frequent community initiatives by its teams worldwide.

Major Drilling's 2023 Sustainability Report is available on the Company website.

INDUSTRY OVERVIEW

The mineral drilling industry is primarily reliant on demand from two metal groups: precious and base metals, and to a lesser extent, specialty metals including rare earths and other metals deemed "critical". Each commodity group is influenced by distinct market forces, with the latest market downturn (fiscal 2013 to fiscal 2021) driven by depressed commodity prices, which led to lower levels of cash flow generation by senior companies, and in turn, lower levels of exploration spending. Similarly, depressed commodity prices also resulted in a declining number of equity financings being completed over the same period, which resulted in sharply lower levels of exploration spending by juniors. According to S&P Global Market Intelligence, this market downturn resulted in global non-ferrous exploration spending declining from a peak of $21.5 billion in 2012 to a trough of $6.9 billion in 2016 (not inflation adjusted).

More recently, exploration budgets have shown signs of improvement, with S&P Global Market Intelligence estimating that global non-ferrous exploration spending reached a total of $12.5 billion in 2024, an 81% increase from the 2016 low. Additionally, the mineral industry (and in turn mineral drilling industry), appear to be moving increasingly into the spotlight as not only is there a pressing need to replenish mineral reserves for a variety of commodities, including gold and copper, but also due to a growing focus on critical metals. Consequently, the mining industry is expected to move through an intense multi-year drilling period in order to develop new mines and fill the projected supply gap in various commodities, with reserve growth becoming a top priority given that, on average, it takes 10 to 15 years to bring a mine into production.

The Company continues to see the growing global demand for electrification increasing the need for various base metals. This will require an enormous volume of copper, battery metals, and likely uranium, 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 which, along with sustained demand for gold exploration, are expected to result in increasing levels of demand for drilling services. Additionally, future deposits are expected to be delineated in regions that are increasingly more difficult to access, all of which are opportunities that the Company remains well positioned to capitalize on.

INVESTMENT

On July 22, 2024, the Company purchased shares in DGI Geoscience Inc. for $15 million in cash consideration, a 39.8% equity interest (that provides the Company with 42.3% of the voting rights). DGI and its subsidiaries are privately held entities, headquartered in Canada, focused on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples.

This new partnership with premier downhole technology company DGI, and its affiliate company, artificial intelligence-powered core logging tech innovator, KORE GeoSystems Inc., positions Major Drilling at the forefront of AI advancements in the drilling industry. This investment supports the Company's efforts to position itself as the contractor of choice to the drilling industry by providing a unique service offering with solutions to help accelerate its customers' projects with timely and quality data, contributing to their geological model.

BUSINESS ACQUISITION

On November 5, 2024, the Company completed the purchase of all of the issued and outstanding shares of Explomin Perforaciones and subsidiaries ("Explomin"), a leading specialty drilling contractor based in Lima, Peru. This acquisition provides Major Drilling with increased exposure to the copper market as Explomin is one of the largest South American drilling contractors.

The majority of Explomin operations are in Peru, while they also service markets in Colombia, Dominican Republic, and Spain. Explomin has a fleet of 92 well-maintained drills and strong customer relationships and reputation, offering a wide array of specialized services, including deep hole, directional, and high-altitude drilling, supplemented by a stable base of underground drilling operations with over 90% of revenue derived from senior mining companies.

The purchase price for the acquisition is valued at an amount up to US$85 million, consisting of: (i) a cash payment of US$63 million (funded from Major Drilling's cash and existing debt facilities), subject to working capital adjustments; and (ii) an earnout of up to US$22 million payable in cash over the next three years, contingent upon Explomin reaching average annual EBITDA (see "Non-IFRS financial measures") of approximately US$21 million over the earnout period.

The results of operations of Explomin are included in the Interim Condensed Consolidated Statements of Operations from November 5, 2024. Since the date of acquisition, revenue attributable to the Explomin operations was $33 million, with minimal net earnings. Explomin experiences the same seasonality in operations as the remainder of the Company, with November to January being the weakest season due to holiday slowdowns.

Due to the complexities of restating results using harmonized accounting policies, it is impracticable to reliably estimate the revenue and net earnings of the combined entities for the year as if the acquisition date had been May 1, 2024.

OVERALL PERFORMANCE

As mining and exploration companies pause operations, often for extended periods over the holiday season, the third quarter is traditionally the weakest quarter of the Company's fiscal year. With the additional revenue generated through the recent Explomin acquisition, the Company showed a 21.0% increase in revenue compared to the same quarter last year. Lack of junior funding continues to impact the Canada-U.S. region, while Chile continues to show revenue growth. Driven by demand for the Company's specialized services, revenue continued to increase in Australia and Mongolia.

As a result of these reduced activity levels, along with the typical preventative maintenance costs during this slower period, adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was reduced to 19.5% for the quarter, compared to 23.4% for the same period last year.

The Company closed the largest acquisition in its history during the quarter, with a cash payment of $84 million, funded from cash and existing debt facilities, and recognition of $21 million in contingent consideration for the acquisition. As a result, net cash position (see "Non-IFRS financial measures") at January 31, 2025 decreased from the $100.4 million reported as at October 31, 2024, however remained solid at $11.4 million.

The Company generated $7.8 million of EBITDA, as compared to $11.4 million in the same quarter last year, and net loss was $9.1 million or $0.11 per share, compared to the same quarter last year with net loss of $2.3 million or $0.03 per share.

RESULTS OF OPERATIONS - THIRD QUARTER ENDED JANUARY 31, 2025

Total revenue for the quarter was $160.7 million, up 21.0% from revenue of $132.8 million recorded in the same quarter last year. Excluding Explomin, revenue for the quarter would have been $127.9 million, down 3.7% from the same quarter last year. The favourable foreign exchange translation impact on revenue, when compared to the effective rates for the previous year, was approximately $3 million, while the impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 31.0% to $43.0 million, compared to the same period last year. The decrease was mainly due to a seasonal shutdown of certain drill programs earlier than in previous years, with fewer program extensions, along with a more competitive environment due to a lack of junior financings.

South and Central American revenue increased by 121.5% to $75.3 million for the quarter, compared to the same quarter last year, driven by the addition of Explomin operations. Excluding Explomin, revenue increased by 25%, compared to the same period last year, driven by elevated levels of activity in Chile, which were partially offset by slowdowns in Argentina due to decreased activity levels.

Australasian and African revenue increased by 15.8% to $42.4 million, compared to the same period last year. Growth in the region was driven by continued strength in Australia where increased activity levels led to shorter holiday shutdowns at some projects when compared to last year, while activity levels in Mongolia also remain robust.

Gross margin percentage for the quarter was 10.3%, compared to 14.2% for the same period last year. Depreciation expense totaling $14.8 million is included in direct costs for the current quarter, versus $12.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 19.5% for the quarter, compared to 23.4% for the same period last year. The decrease in margins from the prior year was mainly attributable to reduced activity levels in certain regions, increased mobilization costs, retention of experienced crews, and annual preventative maintenance programs, which are completed during the seasonal slowdown while the drills are idle for the holiday season.

General and administrative costs were $22.8 million, an increase of $5.7 million compared to the same quarter last year. The increase from the prior year was driven by the addition of Explomin, annual inflationary wage adjustments and amortization of the intangible asset recognized as part of the Explomin acquisition.

Foreign exchange loss was $1.6 million, compared to a loss of $2.3 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 income tax provision for the quarter was a recovery of $0.8 million, compared to an expense of $0.9 million for the prior year period. The income tax provision was impacted by non-tax affected losses in certain regions.

Net loss was $9.1 million or $0.11 per share ($0.11 per share diluted) for the quarter, compared to net loss of $2.3 million or $0.03 per share ($0.03 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS - YEAR TO DATE ENDED JANUARY 31, 2025

Total revenue for the fiscal year was $540.0 million, up marginally from revenue of $538.7 million recorded last year. Excluding Explomin, revenue for the year would have been $507.2 million, down 5.8% from the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately $4 million on revenue, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the fiscal year from Canada - U.S. drilling operations decreased by 20% to $215.6 million, compared to the same period last year, as the lack of junior financing continues to impact this region year-over-year.

South and Central American revenue increased by 26% to $174.3 million for the fiscal year, compared to the same period last year. With some countries in the region experiencing slowdowns and project delays, growth is supplemented by the additional revenue from the Explomin acquisition, and growth in Chile continues, driven by copper exploration.

Australasian and African revenue increased by 15% to $150.1 million, compared to the same period last year, as demand for specialized services in Australia and Mongolia continues to drive growth in this region.

Gross margin percentage for the fiscal year was 19.0%, compared to 22.3% for the same period last year. Depreciation expense totaling $41.0 million is included in direct costs for the year, versus $35.0 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 26.6% for the fiscal year, compared to 28.8% for the same period last year. The Company remains disciplined on pricing, however, along with the typical third-quarter cost increases from repairs as the fleet is idle over the holiday season, the competitive environment in Canada - U.S. remains.

General and administrative costs were $59.6 million, an increase of $8.3 million compared to the same period last year. The increase from the prior year was driven by annual wage adjustments implemented at the start of the fiscal year and the addition of the Explomin group of companies.

Other expenses were $6.6 million, down from $7.4 million for the same period last year, due primarily to lower incentive compensation expenses given the decreased profitability.

Foreign exchange loss was $1.9 million, compared to a loss of $4.9 million for the same period 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 income tax provision for the fiscal year was an expense of $10.6 million, compared to an expense of $15.5 million for the prior fiscal year. The decrease from the prior year was driven by reduced profitability.

Net earnings were $24.9 million or $0.30 per share ($0.30 per share diluted) for the fiscal year, compared to net earnings of $43.2 million or $0.52 per share ($0.52 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	*Fiscal 2025*			*Fiscal 2024*				*Fiscal 2023*
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$ 160,731**	$ 189,260	$ 190,042	$ 168,035	$ 132,824	$ 206,951	$ 198,884	$ 184,966
Gross profit	**16,541**	44,275	41,980	32,468	18,886	52,361	49,009	46,286
Gross margin	**10.3%**	23.4%	22.1%	19.3%	14.2%	25.3%	24.6%	25.0%
Adjusted gross margin	**19.5%**	30.5%	28.9%	26.9%	23.4%	31.0%	30.1%	30.8%
Net earnings (loss)	**(9,101)**	18,165	15,871	9,930	(2,312)	23,694	21,773	20,790
Per share - basic	**(0.11)**	0.22	0.19	0.12	(0.03)	0.29	0.26	0.25
Per share - diluted	**(0.11)**	0.22	0.19	0.12	(0.03)	0.29	0.26	0.25

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was a net inflow of $25.9 million for the quarter, compared to a net inflow of $27.7 million for the same quarter last year. The net inflow of non-cash operating working capital was comprised of:

- a decrease in accounts payable of $25.3 million;
- a decrease in accounts receivable of $51.9 million;
- an increase in prepaids of $1.0 million; and
- a decrease in inventory of $0.3 million.

Cash flow from operating activities for the quarter ended January 31, 2025 was an inflow of $29.0 million, compared to an inflow of $38.8 million in the previous year.

Investing activities

During the previous quarter, as all EBITDA milestones were met, the Company made the final $9.1 million payment on the contingent consideration arising out of the McKay Drilling PTY Limited acquisition.

Capital expenditures were $12.6 million for the quarter ended January 31, 2025, compared to $21.4 million for the prior year quarter.

The drill rig count was 705 at January 31, 2025, as the Company added 96 additional rigs (including the 92 rigs acquired through the Explomin acquisition) and essential support equipment to its fleet, enabling the Company to field more rigs into the busiest markets, while disposing of 1 older and less efficient rig.

Financing activities

During the quarter, the Company drew US$20 million (CAD$29.0 million) on its existing revolving-term facility to partially fund the Explomin acquisition.

Under the terms of certain of the Company's credit facility 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.

<u>Operating credit facility</u>

The credit facility related to operations totals $51.4 million. $30 million is from a Canadian chartered bank, primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bank's Canadian Overnight Repo Rate Average ("CORRA") 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 remaining $21 million is from various other chartered banks, utilized for the purposes of securing stand-by letters of credit, bearing interest at 7%. At January 31, 2025, the Company had utilized $21.5 million of these facilities for outstanding stand-by letters of credit.

The Company also has a credit facility of $6.5 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-term debt
As of January 31, 2025, total long-term debt increased by US$20 million, to partially fund the Explomin acquisition, ending the quarter at US$20 million (CAD$29.0 million).

The Company has 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 bank's CORRA 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.

As at January 31, 2025, the Company has no scheduled debt repayments, however may choose to make discretionary payments on the revolving term facility, depending on available funds. 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 January 31, 2025, the Company had unused borrowing capacity under its credit facilities of $75.9 million and cash of $63.0 million, for a total of $138.9 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, comprised of share-price forward contracts with a combined notional amount of $8.7 million, maturing at varying dates through June 2027.

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 and recorded in trade and other receivables (payables) in the Interim Condensed 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, 2025.

	January 31, 2025	April 30, 2024
Share-price forward contracts	**$ (1,743)**	$ (595)

OUTLOOK

Key indicators related to global exploration spending point to a more optimistic outlook for calendar 2025. With the gold price increasing through 2024, and continuing to hit record highs in early 2025, senior mining companies are generating growing levels of cash flow, which are expected to support increases in exploration budgets, and therefore increases in demand for drilling services. Similarly, the copper price also increased through 2024 and into early 2025, with several other metals following a similar upward trajectory. Although preliminary in nature, many of the 2025 exploration budgets that have been released by senior mining companies, in conjunction with year-end results, have pointed to higher levels of exploration spending by varying orders of magnitude. These increased preliminary budgets, combined with an increase in the number of junior financings completed early in the calendar year, support management's expectation that the ramp-up will continue, matching last year's activity levels in the latter part of March and into April.

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 $000s CAD)	**Q3 2025**	Q3 2024	**YTD 2025**	YTD 2024
Net earnings (loss)	**$ (9,101)**	$ (2,312)	**$ 24,935**	$ 43,155
Finance (revenues) costs	**922**	(359)	**(233)**	(1,316)
Income tax provision	**(848)**	924	**10,604**	15,534
Depreciation and amortization	**16,858**	13,097	**45,480**	37,866
EBITDA	**$ 7,831**	$ 11,350	**$ 80,786**	$ 95,239

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q3 2025**	Q3 2024	**YTD 2025**	YTD 2024
Total revenue	**$ 160,731**	$ 132,824	**$ 540,033**	$ 538,659
Less: direct costs	**144,190**	113,938	**437,237**	418,403
Gross profit	**16,541**	18,886	**102,796**	120,256
Add: depreciation	**14,754**	12,251	**41,047**	35,042
Adjusted gross profit	**31,295**	31,137	**143,843**	155,298
Adjusted gross margin	**19.5%**	23.4%	**26.6%**	28.8%

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

(in $000s CAD)	**January 31, 2025**	April 30, 2024
Cash	**$ 62,951**	$ 96,218
Contingent consideration	**(22,608)**	(8,863)
Long-term debt	**(28,954)**	-
Net cash	**$ 11,389**	$ 87,355

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 11% of revenue generated was in Canadian dollars and 10% was in Australian dollars, with most of the balance generated in U.S. dollars. The favourable foreign exchange translation impact on revenue, when compared to the effective rates for the previous year, was approximately $3 million, while the impact on net earnings was minimal 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 January 31, 2025, 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):

	Rate variance	MNT/USD	ARS/USD	IDR/USD	USD/CLP	USD/ZAR	USD/CAD	PEN/USD	Other
Net exposure on monetary assets (liabilities)		11,442	10,443	7,167	(19,898)	(4,916)	(14,194)	(5,230)	(266)
EBIT impact	+/-10%	1,271	1,160	796	2,211	546	1,577	581	30

Argentina currency status

January 2025 marked the lowest month-over-month inflation in Argentina since July 2020, with inflation easing to an annualized 84.5%, however Argentina continues to experience hyper-inflation 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 continued in Argentina, the Argentine government imposed tighter currency controls. In order 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. Following the November 2023 election, while trying to address one of Argentina's worst economic crises, the new government implemented a more aggressive fiscal policy, which included a devaluation of the ARS by over 50% to 801 ARS per USD on December 13, 2023, with the goal of eventually lifting currency restrictions.

While the Company's operating entity in Argentina has a USD functional currency, with the conversion restrictions imposed by the ACB, the Company's ARS financial net assets continue to be affected by the currency devaluation. The Company continues to monitor and leverage all available options in managing the ARS exposure.

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, the Bank of Indonesia has relaxed these policies and allowed the IDR to remain freely convertible, subject to submission of evidence of underlying transactions to support the purchase of a foreign currency. With the rapid development of global dynamics, the Bank of Indonesia remains focused on their monetary policies directed at strengthening IDR stability. Therefore, the Company continues to monitor this situation closely as these policies could still delay, and eventually restrict, the ability to exchange the IDR to USD.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes a $13.8 million unrealized gain on translating the financial statements of the Company's foreign operations, compared to a loss of $10.0 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 gain during the current quarter was generated primarily by the U.S. dollar gaining 4% against the Canadian dollar. During the same quarter last year, the loss was generated primarily by the U.S. dollar losing over 3% against the Canadian dollar.

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.

Effective November 5, 2024, the Company completed the acquisition of Explomin. The results of Explomin 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 controls used by Explomin. The Company is in the process of integrating the Explomin operation and will be expanding its DC&P and ICFR to include the Explomin operation over the next year. As a result, the CEO and CFO have limited the scope of design of DC&P and ICFR to exclude Explomin controls, policies and procedures from the January 31, 2025 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 Explomin is included in the discussion regarding the acquisition contained in this MD&A and note 15 of the Interim Condensed Consolidated Financial Statements.

For the three and nine-month periods ended January 31, 2025, 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 and 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 March 6, 2025, there were 81,844,586 common shares issued and outstanding in the Company. This represents an increase of 1,500 issued and outstanding shares, due to the exercise of stock options, as compared to the number reported in the Company's second quarter MD&A (reported as of December 5, 2024).

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.