Management's Discussion and Analysis

April 30, 2025

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), prepared as of June 11, 2025, should be read together with the Company's audited financial statements for the year ended April 30, 2025 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars ("CAD") unless otherwise indicated.

Amounts presented in comparative periods for certain items may have been allocated consistent with current year presentation.

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); changes in jurisdictions in which the Company operates (including changes in regulation); currency restrictions; the Company's dependence on key customers; efficient management of the Company's growth; the impact of operational changes; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disasters; the geographic distribution of the Company's operations; failure by counterparties to fulfill contractual obligations; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" herein. 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 in the metals and mining industry. The diverse needs of the Company's global clientele are met through field operations and registered offices that span across North America, South America, Australia, Asia, Africa, and Europe. Established in 1980, the Company has grown to become a global brand in the mining space, known for tackling many of the world's most challenging drilling projects. Supported by a highly skilled workforce, Major Drilling is led by an experienced senior management team who have steered the Company through various economic and mining cycles, supported by regional managers known for delivering decades of superior project management.

Major Drilling is regarded as an industry expert at delivering a wide range of drilling services, including reverse circulation, surface and underground coring, directional, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole, and surface drill and blast, along with the ongoing development and evolution of its suite of data and technology-driven innovation services.

The Company has two categories of customers: junior exploration companies and a diversified portfolio of senior/intermediate companies, for which the Company provides greenfield exploration drilling and/or drilling at operating mines.

At Major Drilling, safety is a core value. The Company promotes a proactive approach to health and safety as keeping people safe is of the utmost importance. The Company's safety standards lead the industry with well-trained, dedicated crews who know safety excellence occurs when every employee understands their right and responsibility to work safely every day. These crews quickly assess and manage risk, leading to better results for the Company's clients. The Company has partnered with industry leaders to develop a safety system that meets or exceeds all applicable government and client standards.

In today's world of rapidly changing technology, Major Drilling is dedicated to finding new and innovative solutions to 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 (marked by a top-tier safety record), diligent fiscal management, and long-standing relationships with the world's largest mining companies.

As the world accelerates its efforts toward decarbonization and artificial intelligence, leading to a more sustainable future, the growing global demand for electrification continues to increase the need for copper and other critical 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 top condition, and maintain optimal 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. Given that significant deposits are increasingly challenging to find, with more recent discoveries located in remote regions, the Company anticipates that specialized drilling services will continue to fuel future growth and that demand for these skills will further increase 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 primary focus.

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 2024 Sustainability Report is slated for publication on the Company's website in June 2025.

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. While the trend continues to move in the right direction, the 2024 estimate for exploration spending represents approximately 60% of what was spent in the 2012 peak, on a non-inflation adjusted basis. The mineral industry (and in turn mineral drilling industry), continue to move 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 anticipates that growing global demand for electrification, along with more substantial government investment in projects recently, will lead to further increases in demand for critical metals including copper, uranium, and various battery metals. These factors are expected to lead to substantial additional investments in 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, as deposits of both precious and base metals are becoming increasingly challenging to find, with recent discoveries having been made in more remote regions, the Company believes that it remains very well positioned to take on these new challenges given its strong focus and expertise with respect to specialized drilling.

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 and Dominican Republic. The acquisition included Explomin's fleet of 92 well-maintained drills and strong customer relationships and reputation. Explomin offers 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 three years from the effective date of November 5, 2024, 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 Consolidated Statements of Operations from November 5, 2024. Since the date of acquisition, revenue attributable to the Explomin operations was $71 million, with $2 million in 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

Fiscal 2025 was a successful year for the Company, with the completion of the largest acquisition in Company history in the third quarter. The addition of the Explomin group of companies provided a wide array of specialized services and growth opportunities in new jurisdictions. With an industry leading balance sheet, the Company was able to fund the US$63 million cash payment from its cash and existing credit facilities, ending the year with net debt (see "Non-IFRS financial measures") of $3.9 million.

In the first quarter of the year, the Company purchased a 39.8% equity interest in DGI Geoscience Inc. for $15 million in cash consideration. DGI and its subsidiaries focus on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples. During the second quarter of the year, the final contingent payment of $9 million was made on the fiscal 2022 McKay Drilling PTY Limited ("McKay") acquisition as they successfully met all of their EBITDA milestones in their earn-out period.

Strong commodity prices drove elevated levels of activity in certain regions, but juniors continued to have issues accessing capital. With the addition of Explomin, revenue was $727.6 million, up 3% from revenue of $706.7 million recorded in the previous year.

The Company continued to modernize and innovate the fleet, spending $72.5 million on capital expenditures for the year. The Company bought 23 drills and support equipment to meet the rigorous standards of its growing senior mining customer base, as well as adding 92 well-maintained rigs through the Explomin acquisition.

The competitive market in Canada-U.S., combined with the lack of junior financing, resulted in EBITDA (see "Non-IFRS financial measures") for fiscal 2025 of $101.3 million compared to $120.5 million the previous year. The Company recorded net earnings of $26.0 million or $0.32 per share for the year, compared to $53.1 million or $0.64 per share for the prior year.

SELECTED ANNUAL INFORMATION

Years ended April 30
(in millions of Canadian dollars, except per share information)

	2025	2024	2023
Revenue by region			
Canada - U.S.	$ **275**	$ 345	$ 405
South and Central America	**262**	188	167
Australasia and Africa	**191**	174	164
	728	707	736
Gross profit	**131**	153	177
as a percentage of revenue	**17.9%**	21.6%	24.0%
Adjusted gross profit *	**187**	201	221
as a percentage of revenue	**25.6%**	28.4%	30.0%
Net earnings	**26**	53	75
per share (basic and diluted)	$ **0.32**	$ 0.64	$ 0.90
Total assets	**719**	612	612
Total cash	**46**	96	94
Total long-term financial liabilities	**50**	9	35

** see "Non-IFRS financial measures"*

RESULTS OF OPERATIONS

FISCAL 2025 COMPARED TO FISCAL 2024

Total revenue for the year was $727.6 million, up 3% from revenue of $706.7 million recorded in the previous year. Excluding Explomin, revenue for the year would have been $657.0 million, down 7% from the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately $10 million on revenue, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Canada - U.S.

Revenue for the year from Canada – U.S. decreased by 20% to $274.4 million, compared to the previous year. The lack of junior financing continues to impact this region year-over-year, and project delays resulted in a slow start to calendar 2025.

South and Central America

South and Central American revenue increased by 40% to $262.3 million for the year, compared to the previous year. While some countries in the region are experiencing slowdowns and project delays, growth was generated by the additional revenue from the Explomin acquisition, and continued growth in Chile, driven by copper exploration.

Australasia and Africa

Australasian and African revenue increased by 9% to $190.9 million, compared to the previous year, as demand for specialized services in Australia and Mongolia continues to drive growth in this region.

Gross Margin

Gross margin percentage for the year was 17.9%, compared to 21.6% for the previous year. Depreciation expense totaling $56.0 million is included in direct costs for the current year, versus $47.8 million in the prior year. Adjusted gross margin (see "Non-IFRS financial measures"), which excludes depreciation expense, was 25.6% for the year, compared to 28.4% for the prior year. While the Company remains disciplined on pricing, margins were reduced year-over-year as the competitive environment in Canada - U.S. remains, and the Company retained labour throughout project delays.

Operating expenses

General and administrative costs were $78.8 million, an increase of $11.0 million, compared to the previous year. The increase from the prior year was driven by the addition of the Explomin group of companies and annual wage adjustments implemented at the start of the fiscal year.

Amortization of the intangible assets was $3.7 million, an increase of $2.6 million compared to the previous year, due to the addition of intangibles recognized as part of the Explomin acquisition.

Other expenses were $9.0 million, down from $10.3 million in the prior year, due primarily to lower incentive compensation expenses throughout the Company, given the decreased profitability.

Foreign exchange loss was $1.9 million, compared to $5.5 million for the prior year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. Throughout fiscal 2025, various currencies lost strength against the CAD, while in the prior fiscal year the loss was mainly driven by Argentina as they experienced a significant devaluation of the Peso as part of economic reforms implemented by the Argentinian government.

The income tax provision for the year was an expense of $11.3 million, compared to an expense of $17.9 million for the prior year. The decrease was driven by an overall decrease in profitability compared to the prior year.

Net earnings were $26.0 million or $0.32 per share ($0.32 per share diluted) for the year, compared to $53.1 million or $0.64 per share ($0.64 per share diluted) for the prior year.

SUMMARY ANALYSIS FISCAL 2024 COMPARED TO FISCAL 2023

Total revenue for fiscal 2024 was $706.7 million, down 4% from revenue of $735.7 million recorded in fiscal 2023. The favourable foreign exchange translation impact for fiscal 2024, as compared to the effective rates for the previous year, was approximately $6 million on revenue, while net earnings were less impacted at approximately $1 million, as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for fiscal 2024 from Canada – U.S. decreased by 15% to $344.9 million, compared to the previous year. This region continued to be negatively impacted by financing constraints for the junior and intermediate miners, causing a decrease in activity from the prior year.

South and Central American revenue increased by 12% to $187.4 million for fiscal 2024, compared to the previous year. This increase was driven by busy markets in Chile as the demand for battery metals had a positive impact, and the Guiana Shield region, which was benefiting from historically high gold prices throughout fiscal 2024. The growth in these regions more than offset reduced activity levels in Mexico and Argentina due to a subdued investment sentiment for mining.

Australasian and African revenue increased by 6% to $174.4 million for fiscal 2024, compared to the previous year. Strong demand for the Company's specialized services in Australia and energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for fiscal 2024 was 21.6%, compared to 24.0% for the previous year. Depreciation expense totaling $47.8 million was included in direct costs for the year, versus $43.7 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 28.4% for the year, compared to 30.0% for the prior year. The decrease in margins from the prior year was mainly attributable to reduced activity levels and a competitive environment in the Company's North American markets.

General and administrative costs were $67.8 million for fiscal 2024, an increase of $4.1 million, compared to the previous year. The majority of this increase was due to inflationary wage adjustments.

Other expenses were $10.3 million for fiscal 2024, down from $13.4 million in the prior year, due primarily to lower incentive compensation expenses throughout the Company, given the decreased profitability.

Foreign exchange loss was $5.5 million for fiscal 2024, compared to $2.8 million for the prior year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. Despite the Company's best efforts to minimize exposure, the loss from Argentina was $4.1 million as they experienced a significant devaluation of the Peso as part of economic reforms implemented by the Argentinian government.

The income tax provision for fiscal 2024 was an expense of $17.9 million, compared to an expense of $22.7 million for the prior year. The decrease was driven by an overall decrease in profitability compared to the prior year.

Net earnings for fiscal 2024 were $53.1 million or $0.64 per share ($0.64 per share diluted), compared to $74.9 million or $0.90 per share ($0.90 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	***Fiscal 2025***				*Fiscal 2024*			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 187,546**	$ 160,731	$ 189,260	$ 190,042	$ 168,035	$ 132,824	$ 206,951	$ 198,884
Gross profit	**27,747**	16,541	44,275	41,980	32,468	18,886	52,361	49,009
Gross margin	**14.8%**	10.3%	23.4%	22.1%	19.3%	14.2%	25.3%	24.6%
Adjusted gross margin	**22.8%**	19.5%	30.5%	28.9%	26.9%	23.4%	31.0%	30.1%
Net earnings (loss)	**1,020**	(9,101)	18,165	15,871	9,930	(2,312)	23,694	21,773
Per share - basic	**0.01**	(0.11)	0.22	0.19	0.12	(0.03)	0.29	0.26
Per share - diluted	**0.01**	(0.11)	0.22	0.19	0.12	(0.03)	0.29	0.26

The third quarter (November to January) is normally the Company’s weakest quarter due to the pause of mining and exploration activities, often for extended periods over the holiday season.

SUMMARY ANALYSIS FOURTH QUARTER ENDED APRIL 30, 2025

Total revenue for the quarter was $187.5 million, up 11.6% from revenue of $168.0 million recorded in the same quarter last year. Excluding Explomin, revenue for the quarter would have been $149.9 million, down 11% from the same quarter last year. The favourable foreign exchange translation impact on revenue for the quarter, when compared to the effective rates for the same period last year, was approximately $5 million, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 21.1% to $58.8 million, compared to the same period last year due to a slow start to the quarter as many projects were delayed entering the new calendar year. As well, the junior market remained negatively impacted by a lack of access to capital.

South and Central American revenue increased by 78.5% to $88.0 million for the quarter, compared to the same quarter last year. The Explomin acquisition was the main driver of growth in the region, however, the Chilean market also contributed positively to the quarter, which helped offset reduced activity in Argentina.

Australasian and African revenue decreased by 7.7% to $40.8 million, compared to the same period last year. Project delays at the start of the calendar year negatively impacted revenue in the quarter.

Gross margin percentage for the quarter was 14.8%, compared to 19.3% for the same period last year. Depreciation expense, totaling $15.0 million, is included in direct costs for the current quarter, versus $12.8 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 22.8% for the quarter, compared to 26.9% for the same period last year. The decrease in margins relates to startup costs for projects that were delayed, as well as ramp-up costs for multiple projects in April.

General and administrative costs were $20.9 million, an increase of $3.5 million compared to the same quarter last year. The increase was driven by the addition of the Explomin group of companies and annual inflationary wage adjustments.

Amortization of the intangible assets was $2.0 million, an increase of $1.7 million compared to the same quarter last year, due to the addition of intangibles recognized as part of the Explomin acquisition.

Other expenses were $2.2 million, down from $3.0 million in the prior year quarter, due to lower incentive compensation expenses given the decreased profitability as compared to the prior year quarter.

The income tax provision for the quarter was an expense of $0.7 million, compared to an expense of $2.4 million for the prior year period. The decrease in the income tax provision was related to the overall reduction in profitability.

Net earnings were $1.0 million or $0.01 per share ($0.01 per share diluted) for the quarter, compared to net earnings of $9.9 million or $0.12 per share ($0.12 per share diluted) for the prior year quarter.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

The change in non-cash operating working capital items was an inflow of $19.0 million for the year, compared to an inflow of $4.7 million for the prior year. The inflow of non-cash operating working capital was primarily comprised of:

- a decrease in accounts receivable of $18.0 million;
- a decrease in accounts payable of $4.6 million;
- a decrease in prepaids of $2.6 million; and
- a decrease in inventory of $3.0 million.

Cash flow from operating activities for the year ended April 30, 2025 was an inflow of $100.9 million, compared to an inflow of $112.0 million in the previous year.

Investing activities
Capital expenditures were $72.5 million for the year ended April 30, 2025, compared to $73.5 million for the prior year.

The drill rig count was 708 at April 30, 2025, as the Company added 23 new rigs to its fleet through capital expenditures, and 92 well-maintained rigs through the Explomin acquisition, while disposing of 13 older and inefficient rigs.

During the year, as all EBITDA milestones were met, the Company made the final $9.1 million payment on the contingent consideration arising out of the fiscal 2022 McKay acquisition.

Financing activities
During the year, the Company drew US$20 million (CAD$27.7 million) on its existing revolving-term facility to partially fund the Explomin acquisition.

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 prior year, the Company made use of its Normal Course Issuer Bid, repurchasing and retiring 1,337,968 common shares at a cost of $11.2 million and an average price of $8.41 per share.

Operating credit facilities
The credit facilities related to operations total $50.5 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 $20.5 million is from various other chartered banks, utilized for the purposes of securing stand-by letters of credit, bearing interest at 7%. At April 30, 2025, the Company had utilized $21.1 million of these facilities for outstanding stand-by letters of credit.

The Company also has credit facilities of $6.4 million for credit cards for which interest rates and repayments are as per cardholder agreements.

Long-term debt
As of April 30, 2025, total long-term debt increased by US$20 million, to partially fund the Explomin acquisition, ending the year at US$20 million (CAD$27.7 million).

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 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.

	Payments due by period (in $000s CAD)				
Contractual obligations	**Total**	**Less than 1 year**	**2 - 3 years**	**4 - 5 years**	**Thereafter**
Long-term debt (interest included)	$ 32,048	$ 1,747	$ 30,301	$ -	$ -
Purchasing commitments	13,861	13,861	-	-	-
Contingent consideration (undiscounted)	26,247	9,748	16,499	-	-
Lease liabilities (interest included)	11,294	2,815	3,919	1,938	2,622
Operating leases	708	640	68	-	-
Total contractual obligations	$ 84,158	$ 28,811	$ 50,787	$ 1,938	$ 2,622

As at April 30, 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 April 30, 2025, the Company had unused borrowing capacity under its credit facilities of $76.7 million and cash of $46.0 million, for a total of $122.7 million in available funds.

FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, trade and other receivables, demand credit facilities and trade and other payables approximate their fair values due to the relatively short period to maturity of the instruments. Contingent consideration is held at fair value.

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 Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the year ended April 30, 2025.

	April 30, 2025	April 30, 2024
Share-price forward contracts	**$ (1,582)**	$ (595)

RELATED PARTY TRANSACTIONS

	2025	2024
Salaries, bonuses and fees	**$ 4,491**	$ 4,434
Other long-term benefits	**152**	138
Share-based payments benefits	**2,200**	2,224
	$ 6,843	$ 6,796

OUTLOOK

The outlook for Major Drilling for fiscal 2026 and beyond remains promising. Moving into the first quarter of fiscal 2026, drilling activity is rebounding with the sharp increase in activity experienced late in fiscal 2025 expected to carry into the upcoming months. Gold prices have hit record highs and copper prices remain strong, while gold and copper continue to account for 65 to 75% of the Company's activity.

With these meaningful increases in commodity prices, there have been several positive indications with respect to exploration spending, most notably from the larger exploration budgets outlined by several of the Company's senior customers. This is expected to increase demand for drilling services moving forward. As well, while junior equity financings have not accelerated at the rate that had been anticipated given the steep rise in commodity prices, there has been increased interest from seniors participating in equity financings for junior companies as they use these juniors as exploration vehicles.

The Company is reaping the expected benefits from the Explomin acquisition earlier in fiscal 2025, with growth opportunities in new jurisdictions and increased exposure to the copper market. The Explomin group provides a diversified revenue source, 90% from senior customers, with a stable base of underground operations, albeit at a lower margin base.

Amidst prevailing market dynamics, the mining industry remains in the discovery phase and will need to undergo an intensive, multi-year exploration and infill drilling period to develop new mines and address the projected supply gaps in various commodities. Many of these new mineral deposits will be in challenging, hard-to-reach areas, necessitating complex drilling solutions and increasing the demand for Major Drilling's specialized services. The Company's position as the leader in specialized drilling continues to be a factor in attracting business from senior mining companies, and the Company is proud to maintain the industry's largest, most modern fleet. To strengthen its leadership position in the industry, the Company expects to spend approximately $70 million in capital expenditures in fiscal 2026.

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 $000s CAD)	**YTD 2025**	YTD 2024
Net earnings	**$ 25,955**	$ 53,085
Finance (revenues) costs	**484**	(2,204)
Income tax provision	**11,345**	17,928
Depreciation and amortization	**63,519**	51,718
EBITDA	**$ 101,303**	$ 120,527

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**YTD 2025**	YTD 2024
Total revenue	**$ 727,579**	$ 706,694
Less: direct costs	**597,036**	553,970
Gross profit	**130,543**	152,724
Add: depreciation	**56,008**	47,814
Adjusted gross profit	**186,551**	200,538
Adjusted gross margin	**25.6%**	28.4%

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

(in $000s CAD)	April 30, 2025	April 30, 2024
Cash and cash equivalents	$ **45,987**	$ 96,218
Contingent consideration	**(22,210)**	(8,863)
Long-term debt	**(27,682)**	-
Net cash (debt)	$ **(3,905)**	$ 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 year, approximately 14% of revenue generated was in Canadian dollars, and 12% in Australian dollars, with most of the balance being in 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 year, when comparing to the effective rates for the prior year, was approximately $10 million. 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 April 30, 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/ZAR	PEN/USD	USD/CLP	USD/CAD	Other
Net exposure on monetary assets (liabilities)		8,865	7,758	5,669	(4,895)	(1,943)	(19,107)	(3,481)	1,142
EBIT impact	+/-10%	985	862	630	544	216	2,123	387	127

Argentina currency status

April 2025 marked the lowest month-over-month inflation in Argentina since July 2020, with inflation easing to an annualized 47%. 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. In mid-April 2025, the government removed most of Argentina's strict capital and currency controls.

While the Company's operating entity in Argentina has a USD functional currency, the lifting of restrictions has triggered exchange rate volatility, and the Company's ARS monetary net assets continue to be affected by this currency devaluation. With the lifting of capital restrictions, restrictions on converting ARS to USD are improving, but barriers still remain to freely convert ARS to USD. 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 Consolidated Statements of Comprehensive Earnings for the year include a $2.2 million unrealized gain on translating the financial statements of the Company's foreign operations, compared to a loss of $1.1 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 gain during the current year was generated primarily by a small gain of 1.2% in the USD against the Canadian dollar, offset somewhat by a 7.5% loss in the Brazilian Real against the CAD. During the previous year, the loss was generated primarily from the Chilean Peso losing close to 14% against the Canadian dollar as inflation reached a three-decade record high, offset slightly by a small gain in the USD against the Canadian dollar.

FUTURE ACCOUNTING CHANGES

The Company has not applied the following International Accounting Standards Board ("IASB") amendment and standard that have been issued, but are 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.
- IFRS 18 (as issued in 2024) - Presentation and Disclosure of Financial Statements - effective for periods beginning on or after January 1, 2027, with earlier application permitted. The standard replaces IAS 1, Presentation of Financial Statements, and includes requirements for the presentation and disclosure of information in financial statements, such as the presentation of subtotals within the statement of operations and the disclosure of management-defined performance measures within the financial statements.

The adoption of the amendment to IAS 21 is not expected to have a significant impact on the Consolidated Financial Statements. The Company is currently in the process of assessing the impact the adoption of IFRS 18 will have on the Consolidated Financial Statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the application of accounting policies; the reported amounts of assets and liabilities at the dates of the Consolidated Financial Statements; and the reported amounts of revenue and expenses during the reported periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

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 ("PP&E") for depreciation purposes, inventory valuation, determination of income and other taxes, recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in the business combination, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

Management determines the estimated useful lives of its PP&E based on historical experience and reviews these estimates at the end of each reporting period.

Management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when they are no longer suitable for use. Management's estimate of the net realizable value of such inventories is based primarily on sales prices and current market conditions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Compensation costs accrued for long-term share-based payment plans are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

Management made significant estimates in determining the fair values of identifiable assets acquired and liabilities assumed in the business combination that took place during the year. The fair value measurement of acquired intangible assets, particularly customer relationships, required the use of significant unobservable inputs such as estimated future cash flows, discount rates, and useful life. These estimates are inherently subjective and involve a high degree of judgment. Any changes in these estimates could affect the amounts recognized in the financial statements.

The amount recognized as provisions and contingent considerations, including legal, restructuring, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities, contingencies and contingent considerations based upon the best information available, relevant tax laws and other appropriate requirements.

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing, are subject to measurement uncertainty.

Judgments

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

PP&E and goodwill are aggregated into Cash Generating Units ("CGUs") based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

The Company has applied judgment in determining the degree of componentization of PP&E. Each part of an item of PP&E with a cost that is significant in relation to the total cost of the item and has a separate useful life has been identified as a separate component and is depreciated separately.

The Company has applied judgment in recognizing provisions, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event, whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and whether a reliable estimate can be made of the amount of the obligation.

Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings. This determination is subject to management judgment.

OFF BALANCE SHEET ARRANGEMENTS

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, detailed in note 22 "Commitments" of the Notes to Consolidated Financial Statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any off balance sheet arrangements.

GENERAL RISKS AND UNCERTAINTIES

The Company is subject to a variety of risk factors and uncertainties in carrying out its activities. The Company's revenue, cash flow and profitability may be adversely affected by the risks and uncertainties discussed below. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair its revenue, cash flow and profitability.

General economic conditions

Uncertainty and volatility surrounding global or regional political and economic conditions could impact demand for the Company's services or have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access equity or debt financing on terms that are acceptable to fund their existing or new projects. These conditions could influence the level of activity in the mining industry, thereby causing clients to slow spending on the Company's services or seek contract terms more favourable to them. Any of these disruptions could adversely affect the Company's business, revenue, results of operations, cash flow and profitability.

In addition, general inflationary pressures, interest rate fluctuation and changes in trade, tariff and other controls on imports and exports may result in higher costs for raw materials, components and equipment required for its operations, including fuel and energy. The Company's operating costs can materially increase in an inflationary environment, which may erode operating margins and adversely affect the Company's business, revenue, results of operations, capital expenditures, cash flow and profitability.

Cyclical downturn

A significant operating risk affecting the Company is a downturn in demand for its services, which can be due to, among other things, a decrease in activity in the mining industry. In attempting to mitigate this risk, the Company is exploiting its competitive advantage in specialized drilling and continues to explore opportunities to diversify and to rationalize its regional infrastructures. A prolonged downturn in the mining industry could result in a decrease in demand for the Company's services, which could adversely affect the Company's revenue, cash flow and profitability.

Moreover, levels of inventory typically increase as a result of increased activity levels. In addition to direct volume-related increases however, inventory levels also increase due to an expansion of activity in remote locations at the end of long supply chains, where it is necessary to increase inventory to ensure an acceptable level of continuing service, which is part of the Company's competitive advantage. In the event of a sudden downturn of activities related either to a specific project or to the sector as a whole, it is more difficult and costly to redeploy this remote inventory to other regions where it can be consumed, which could adversely affect the Company's revenue, cash flow and profitability.

Safety

The Company's health, safety and wellbeing systems, processes and policies are focused on reducing risks to employees at worksites. The Company's activities and services may involve hazards that increase risks to health and safety and may result in accidents, personal injury, loss of life and/or damage to property (including environmental damage). While the Company has implemented extensive health and safety initiatives and procedures at worksites to protect the health and safety of its employees and contractors, and continues to invest in training to improve skills, abilities, and safety awareness, there can be no assurance that such measures will eliminate the occurrence of such accidents, personal injuries, loss of life and/or damage to property, which could give rise to regulatory fines and/or civil liability. The Company may be held liable if it is proven to be at fault and to have caused a worksite accident. In such circumstances, the Company's operations at the affected site may be impacted and the Company's inability to effectively deal with these consequences in a timely fashion, along with any potential negative publicity related to the event, could adversely affect the Company's revenue, cash flow and profitability. Failure to maintain a record of safety performance may have an adverse impact on the Company's ability to attract and retain customers and personnel and therefore on the Company's revenue, cash flow and profitability.

Managing growth effectively
The current industry upturn has resulted in the Company experiencing rapid growth, placing additional demands on the Company's operational, safety and financial processes, measures and systems. The Company must effectively address and manage demands resulting from the growth of the Company's business. The Company may not be able to do so effectively and in a timely fashion, which may have an adverse impact on the Company's revenue, cash flow and profitability.

Competitive pressures
The Company competes with many small regional or local companies as well as larger companies, and the intensity of competition may vary significantly from region to region at any particular time. Increased demand in a region where the Company operates may attract new competitors and impact the degree of work in such region. Pressure from competitors in a region may also result in an oversupply of drilling services in such region, which in turn may result in decreased contract prices and adversely affect the Company's revenues. Furthermore, the Company may lose business to its competitors if it is unable to demonstrate competence, competitive pricing, adequate equipment, or reliable performance to its customers. There can be no assurance that the Company's competitors will not be successful in capturing a share of the Company's present or potential customer base, which could adversely affect the Company's revenue, cash flow and profitability.

In light of the recent market upturn, the Company is experiencing an increase in demand for its services, which in turn increases the need for expenditures on maintenance, refurbishment and replacement of equipment. In the midst of rapid technological development, the Company must continue to anticipate changes in its clients' needs and to adapt its equipment to maintain its competitive advantage. If the Company does not continue to innovate and leverage technology advancements through equipment modernization, its ability to retain existing clients and attract new clients may be adversely affected, which could adversely affect the Company's revenue, cash flow and profitability. The Company must also effectively manage cost increases that increase margin pressure, or delays in service that may reduce the Company's ability to win bids for future projects, resulting in loss of revenue, profitability and market share, all of which could adversely affect the Company's revenue, cash flow and profitability.

Specialized skills and cost of labour increases
Generally speaking, drilling activity related to metals and minerals is broadly linked to price trends in the metals and minerals sector. During periods of increased activity, a limiting factor in this industry can be a shortage of qualified drillers. The Company addresses this issue by attempting to become the "employer of choice" for drillers in the industry, as well as hiring and training more locally based drillers. The development of local drillers has had a positive impact on the Company's global operations and is expected to continue to play an important role.

The Company also relies on an experienced management team across the Company to carry on its business. A departure of several members of the management team at one time could have an adverse financial impact on operations.

A material increase in the cost of labour and the inability to attract and retain qualified drillers could result in, among other things, loss of opportunities, cost overruns, failure to perform on projects, breach of contract, and materially affect gross margins, and therefore the Company's financial performance and reputation. The Company may also experience intense competition for personnel and may not be able to retain key employees or successfully attract and retain personnel in the future.

Country risk
The Company currently operates in many foreign countries and is committed to using its expertise and technology in exploring other areas around the world. The Company's foreign operations are subject to a variety of risks and uncertainties, including, but not limited to: social, political and economic instability, including recession, political changes or disruptions and other economic crises (locally or globally); geopolitical risks; military repression, acts of war, civil unrest, force majeure and terrorism; fluctuations in currency exchange rates; currency controls and restrictions; high rates of inflation; changes in laws, policies and regulations; changes in trade, tariff and other controls on imports and exports, taxes and governmental royalties; trade barriers; nationalization/expropriation of projects or assets; corruption; delays in obtaining or inability to obtain necessary permits; nullification of existing mining claims or interests therein; hostage takings; labour unrest; opposition to mining from environmental organizations; and deterioration of Canada's inter-governmental relationships or other non-governmental organizations or shifts in political attitude that may adversely affect the business, results of operations, financial conditions and liquidity. Also, there has been an emergence of a trend by some governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions, which in turn may result in reductions of the Company's revenue and additional transition costs as equipment is shifted to other locations.

While the Company works to mitigate its exposures to potential country risk events, the impact of any such event is largely outside the control of the Company, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, the Company can give no assurance that it will not be subject to any country risk event, directly or indirectly, in the jurisdictions in which it operates. Any of the foregoing events may have a material negative impact on the Company's operations and assets.

Repatriation of funds or property
There is no assurance that any of the countries in which the Company operates, or may operate in the future, will not impose restrictions on the repatriation of funds or property to other jurisdictions or between the Company and its subsidiaries. Any such limitations could have an adverse impact on the Company.

Taxes
The Company is subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, property tax, income tax, withholding tax, commodity tax, social security and other payroll-related taxes, which may lead to disagreements with tax authorities regarding the application of tax law.

Tax law and administration is extremely complex and requires the Company to make certain assumptions about various tax laws and regulations. The computation of income, payroll and other taxes involves many factors, including the interpretation of tax legislation in various jurisdictions in which the Company is subject to ongoing tax assessments. The Company's estimate of tax-related assets, liabilities, recoveries, and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the effect of tax treaties between jurisdictions and taxable income projections. While the Company believes that such assumptions are correct, there can be no assurance that foreign taxation or other authorities will reach the same conclusion. If such assumptions differ from actual results, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may have to record additional tax expenses and liabilities, including interest and penalties, which may be material.

Foreign currency
The Company conducts a significant proportion of its business outside of Canada and consequently has exposure to currency movements, principally in U.S. dollars. In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a substantial proportion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

Foreign exchange translations can have a significant impact on year-to-year comparisons because of the geographic distribution of the Company's activities, which could adversely affect the value of assets and liabilities denominated in foreign currencies, financial results and could also increase the Company's costs of operations. Year-over-year revenue comparisons have been affected by the fluctuation in the Canadian dollar against the U.S. dollar. Margin performance, however, is less affected by currency fluctuations as a large proportion of costs are typically in the same currency as revenue. In future periods, year-to-year comparisons of revenue could be significantly affected by changes in foreign exchange rates.

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems (including, among other things, IT systems) or from external events. Operational risk is present in all aspects of the Company's activities, and incorporates exposure relating to fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, technology and cybersecurity failures, processing errors, business integration, theft and fraud, damage to physical assets, employee safety, and insurance coverage.

Dependence on key customers
From time to time, the Company may be dependent on a small number of customers for a significant portion of overall revenue and net income. Should one or more such customers terminate contracts with the Company, there can be no guarantee that the Company will obtain sufficient replacement contracts to maintain the existing revenue and income levels. Consequently, the Company continues to work to expand its client base and geographic field of operations to mitigate its exposure to any single client, commodity, or mining region.

Expansion and acquisition strategy
The Company intends to remain vigilant with regards to potential strategic future acquisitions and internal expansion. In addition to potential new or increased geographic, political, operating, financial, legal and currency-related risks that may

arise from potential acquisitions, mergers or expansions, the attention of management and other employees could also be diverted from the daily operations of the Company.

The Company may raise capital debt or issue further equity and convertible securities to finance future acquisitions or expansions, which may result in increased leverage for the Company or dilution for existing shareholders. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue future acquisitions or internal expansion.

Furthermore, it is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations and culture. In the future, if the Company's acquisitions do not yield the expected returns or the intended synergies (including operational, financial, technological and administrative benefits), or such acquisitions are not realized, it could adversely affect the Company's business, revenue, results of operations, capital expenditures, cash flow, profitability and competitiveness.

Climate change risk

The Company operates in various regions and jurisdictions where environmental laws are evolving and are not necessarily consistent. As the world is becoming increasingly aware of the impact of climate change, a number of governments or governmental bodies in jurisdictions where the Company operates have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as policies and regulations relating to greenhouse gas emission levels, energy efficiency and reporting of climate-change related risks, which in turn may result in increased costs for the Company or for clients in respect of their project or, in some cases, prevent a project from going forward. Such increased costs may in turn reduce the need for the Company's services, which in turn could have a material adverse impact on the Company's revenue, cash flow and profitability.

A failure to meet climate strategy commitments and/or societal or investor expectations could also result in damage to the Company's reputation, decreased investor confidence and challenges in maintaining strong community relations, which can pose additional obstacles to the Company's ability to conduct its operations and develop its projects, which may result in a material adverse impact on its business, financial position, results of operations and future growth prospects.

In addition, climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels, changing temperatures, extreme weather events, storm-related flooding or extended drought, or other acute or chronic changes to the climate, represents a physical and financial risk and could affect the Company's operations, including the disruption or delays in the transportation of equipment and employees to its operations, which in turn could have an adverse financial impact on the Company's revenue, cash flow and profitability. Extreme weather events could also hinder the ability of the Company's field employees to perform their work, which may result in delays or loss of revenues.

Regulatory and legal risks

The drilling industry is highly regulated by laws and regulations, including environmental laws and regulations, which are not necessarily consistent across the jurisdictions in which the Company operates. The Company is unable to predict what legislation, revisions or regulatory directives may be proposed that might affect its operations or when such proposals may be effective. While the Company's policies mandate full compliance with all applicable laws and regulations, the Company can provide no assurance that it will be in full compliance at all times with such laws and regulations. To the extent that the Company fails to comply, or is alleged to fail to comply, with applicable legislation, regulatory directives and permits, it could be subject to monetary fines, suspension of operations or other penalties.

Corruption, bribery and fraud

The Company is required to comply with *the Canadian Corruption of Foreign Public Officials Act* ("CFPOA") as well as similar applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. The Company's policies mandate full compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that the Company has implemented in relation to its compliance with these laws will be effective or that Company employees, agents, suppliers, or other industry partners have not engaged or will not engage in such illegal conduct for which the Company may be held responsible. Violations of these laws could disrupt the Company's business and result in a material adverse effect on its business, operations, and reputation.

Disease outbreak

The Company may be impacted by disease outbreaks, including epidemics, pandemics or similar widespread public health emergencies. These public health concerns pose the risk that the Company's employees, clients, consultants and other partners may be prevented from, or restricted in, conducting business activities for an indefinite period, due to the transmission of the disease or to emergency measures or restrictions that may be requested or mandated by governmental authorities. The likelihood, magnitude and the full extent of the impact of such events are inherently difficult to predict, are highly uncertain and may depend on factors beyond the Company's knowledge and control. Prolonged economic disruption, as a result of such event or disaster, may have a material and adverse impact on the Company's revenue, cash flow and profitability, including without limitation, through compromised employee health and workplace productivity, disruption to supply chains, and threats to the business continuity of the Company's clients.

Equipment modernization and parts availability
The Company's ability to provide reliable service is dependent upon timely delivery of equipment and replacement parts from fabricators and suppliers. Any factor that substantially increases the order time on equipment and increases uncertainty surrounding final delivery dates may constrain future growth, existing operations, and the financial performance of the Company.

The meeting of clients' demands relating to performance and cost in the provision of the Company's services will depend on the ability of the Company to continuously improve the efficiency of its operations and to adopt or invest in new equipment and technologies such as artificial intelligence and robotics. Failure by the Company to do so could result in a loss of market share and a decrease in earnings for the Company due to a potential lack of competitiveness with competitors. Furthermore, potential investments in new technologies may reduce the availability of liquidity for the Company and may not yield significant improvements, efficiency gains or an increased productivity in the delivery of services to clients. There is also no certainty that such investments would prevent competitors to achieve technological advantages over the Company.

Reputational risk
Negative publicity, whether true or not, regarding practices, actions, or inactions, could adversely affect the Company's value, liquidity, or customer base.

Cybersecurity risk
While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cybersecurity risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorized access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients, or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, the loss of personal identifiable information, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition, and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerabilities including periodic third-party vulnerability assessments, testing user knowledge of cybersecurity best practices, and audits of security processes and procedures. In addition, the Company continues to increase its employees' awareness of security policies through ongoing communications.

Market price and dilution of common shares
Securities of mining companies, and consequently, drilling companies, have experienced volatility in the past, at times unrelated to the financial performance of the companies involved. These factors include macroeconomic developments in North America and internationally and market perceptions of the attractiveness of particular industries. As a result of this volatility, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. In the event that the Company increases the number of common shares issued, this may have a dilutive effect on the price of the common shares.

Environmental, health and safety regulations and considerations
The Company's operations involving contract drilling, exploration, and development activities require permits and other approvals from various federal, provincial, state, and local governmental authorities. Such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them

could result in fines, regulatory scrutiny, or have a significant effect on the Company's reputation and financial results. While the Company's policies mandate full compliance with all of its required permits and approvals and all applicable laws and regulations, there can be no assurance that it will obtain and/or maintain full compliance at all times. Failure to obtain and/or maintain full compliance with such permits, approvals and/or regulations could have adverse effects on the Company's revenue, cash flow and profitability.

Insurance

The Company maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits as well as exclusions for certain matters. Additionally, the Company's customer contracts generally separate the responsibilities of the Company and the customer, and the Company tries to obtain indemnification from its customers by contract for some of these risks even though the Company also has insurance coverage. The Company cannot assure, however, that its liability insurance or indemnification agreements will adequately protect the Company against all liabilities or losses that may arise from the hazards of the Company's operations. The occurrence of a significant event that has not been fully insured or indemnified against, or the failure of a customer to meet its indemnification obligations to the Company, if any, could materially and adversely affect the Company's business and financial results. Moreover, the Company cannot assure that insurance will continue to be available on commercially reasonable terms, that the possible types of liabilities that may be incurred will be covered by insurance, or that the dollar amount of the liabilities will not exceed policy limits. A successful claim resulting from a hazard for which it is not fully insured could adversely affect the Company's revenue, cash flow and profitability.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Effective November 5, 2024, the Company completed the acquisition of Explomin. The results of Explomin operations have been included in the 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 disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") to include the Explomin operation. As a result, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have limited the scope of design of DC&P and ICFR to exclude Explomin controls, policies and procedures from the April 30, 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 and ICFR to exclude a business that was acquired not more than 365 days before the end of the financial year end 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 20 of the Consolidated Financial Statements.

DC&P are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized, and reported on a timely basis, and is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Company's CEO and CFO have evaluated the effectiveness of the Company's DC&P and concluded that, subject to the inherent limitations and restrictions noted below, those DC&Ps were effective for the year ended April 30, 2025.

The Company's CEO and CFO are responsible for designing 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.

During fiscal 2025, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its DC&P and its ICFR, and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2025, an evaluation of the effectiveness of the Company's DC&P and ICFR, as defined in NI 52-109, was carried out under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.

Limitations of control and procedures

Management, including the CEO and the CFO, does not expect that the Company's DC&P and ICFR will prevent or detect all errors and all fraud. 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

The authorized capital of the Company consists of an unlimited number of common shares, currently the only class of voting equity securities. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Company. Each common share carries the right to one vote in person or by proxy at all meetings of the shareholders of the Company.

The Company's share data was composed of the following:

(amounts in thousands)	**As at June 11, 2025**	As at June 11, 2024
Common shares	**81,845**	81,804
Stock options outstanding	**715**	756