

mining industry, including the Corporation's operations, and the global economy as a whole, were impacted. At the time, the Corporation formally implemented its business continuity plan, which is focused on ensuring that: (i) employees who can work remotely do so; and (ii) employees in the field and workshops, who are not able to work remotely, are able to work safely and in a manner that complies with applicable governmental orders and guidelines. This plan includes, among other things, health screening, enhanced cleaning arrangements, travel bans, revised work schedules and the reorganization of processes and procedures to limit contact with other employees, customers and contractors on site. The Corporation also reduced forward inventory purchases, minimized discretionary expenditures and significantly reduced capital spend, while closely following developments in each of the regions in which it operates in order to take actions, if warranted. Through conservative and prudent fiscal management, the Corporation demonstrated its strong position to weather the economic and operational impacts of the initial stages of the pandemic.

Fiscal 2021 saw continued challenges posed by the ongoing COVID-19 pandemic across the Corporation's global operations. While fiscal 2021 began with much uncertainty and suspension of operations in several key jurisdictions as a result of the pandemic, over the course of the year, certain regions fared better than others in forging ahead while implementing additional safety protocols. In the first quarter of fiscal 2021, as the Corporation worked with its customers to encompass their safety protocols, the Corporation cautiously implemented a plan to have employees return to their place of work with strict enforcement of all safety protocols to ensure they remain safe and healthy. This plan included, among other things, health screening, enhanced cleaning arrangements, travel bans, revised work schedules and the reorganization of processes and procedures to limit contact with other employees, customers, and contractors on site. In the latter half of the year, activity levels increased and returned to pre-pandemic levels in most regions.

In fiscal 2022, it was evident that the global mining industry had entered an upcycle following a prolonged cyclical downturn, as activity levels increased across most mining jurisdictions in efforts to address rising demand driven by significant reserve depletion given the lack of exploration in recent years. Critical mineral commodity prices climbed through this period. On June 1, 2021, the Corporation re-entered the Australian market through the completion of the purchase of the issued and outstanding shares of McKay Drilling PTY Limited ("McKay"), a leading specialty drilling contractor based in Perth. This acquisition provides the Corporation with a strong established presence in an important growth market.

During the year, the Corporation made notable progress with innovation towards increased productivity, safety, and meeting customers' demands. By incorporating impactful technologies, paired with a commitment to environmental and social responsibility, Major Drilling is positioned to remain a leader in the drilling services field as mine discovery and development evolve. Notably, eight of the Company's divisions now have worked more than one year and 1,000,000 hours without a lost time injury.

DESCRIPTION OF THE BUSINESS

The Corporation is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. The Corporation provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

- **Mineral exploration drilling:** Mineral exploration drilling is a technique used in the mineral mining sector to explore for new mineral prospects, to evaluate land for economic mining, and augment additional ore reserves and resources in the mine. For example, exploration drilling enables possible discovery by extracting a core of rock or chips that can be analyzed by a professional. Mining companies typically progress through several drilling phases to bring a discovery into production, from exploratory drilling, to definition drilling, which better defines an ore body, and blast drilling that allows miners to extract the rock for transport to a processing facility.
- **Core drilling:** Core drilling is the most accurate form of drilling used by the mining and exploration industry. It is the predominant drilling method in North America, although it is also used fairly extensively

by region and intensifying over the fiscal year. This created numerous logistical and financial challenges, project delays, and in some cases, cancellations. Argentina and Chile were impacted first, with governments taking immediate action by placing restrictions on their citizens and international visitors. The Guiana Shield was next to follow with similar measures, which directly affected operations and travel. Brazil faced similar challenges with local government restrictions. In response, each branch created and implemented a pandemic response plan as the Company continued to work with clients and local governments to ensure the safety of its employees and the communities the Company works in. In Mexico, the branch was all but shut down at one point but managed to recover slowly during the end of fiscal 2021. During the latter part of the second quarter of fiscal 2022, some countries began removing specific pandemic restrictions, which allowed for regional and international travel. As a result, business levels began to normalize to pre-pandemic levels throughout the third and fourth quarters and in some areas, the Company saw an increase in business. Although most states and provinces within these countries maintained most restrictions, the Company was able to adapt by modifying work and safety practices.

Australasia and Africa

The Corporation's Australasian and African operations are currently located in Indonesia, Mongolia, the Philippines, Mozambique, South Africa and Australia. In the late 1990s, the Corporation expanded into the Australian, Asian and African regions, with new operations in Australia, Indonesia and Tanzania. This expansion continued with operations commencing in Mongolia in fiscal 2003 and an acquisition in fiscal 2007 that provided operations in Southern Africa. In fiscal 2011, the Corporation expanded its operations in Africa through the purchase of Resource Drilling in Mozambique. In fiscal 2012, the Corporation further expanded its operations in Asia with the acquisition of Bradley Group Ltd., through its Philippines operation, and commenced operations in West Africa with a branch in Burkina Faso. In fiscal 2014, the Corporation decided to close its Australian and Tanzanian operations. In fiscal 2015, the Corporation finalized the closure of its branches in Australia and the Democratic Republic of Congo, and in fiscal 2016, the Corporation undertook the closure of its operations in South Africa and Namibia (although the Corporation continued to maintain its corporate registration in these countries, along with Botswana and Australia, in order to facilitate potential re-entry if market conditions and contracts supported such a decision in the future). In fiscal 2018, the Corporation resumed its operations in South Africa. In fiscal 2018, the Secretary of the Department of Environment and Natural Resources in the Philippines placed a ban on certain open pit mining that was subsequently removed in fiscal 2021 with a view to increasing investment in the mining sector. In fiscal 2019, the Corporation closed its operations in Burkina Faso as this branch required significant additional investment to reach an acceptable return on investment, at a time when political and security risks were increasing in that country.

In fiscal 2020, the Corporation's Asian and African operations generated revenue of \$100 million as activity levels increased in Indonesia, Southern Africa and Mongolia. In fiscal 2021, revenue decreased by 11% to \$89 million due to COVID-19 related shutdowns in the early part of the fiscal year. In fiscal 2022, Australasian and African revenue increased by 49% to \$132. The McKay acquisition is the main driver of the growth in the region.

The pandemic affected the Company's Asian and African operations starting in the first quarter of fiscal 2021, with the impact varying by region and intensifying over the fiscal year. Mongolia was able to largely limit the total number of cases until March 2021, at which time the total numbers began to increase. Indonesia and the Philippines were very similar with total cases increasing from June 2020 onwards. Southern Africa was very effective at controlling the total number of cases throughout fiscal 2021. Governments and clients implemented differing control measures, having varied impacts across operations. Southern Africa saw the biggest impact, while most projects in Asia were minimally impacted until late in the fourth quarter of fiscal 2021 when Mongolia was heavily impacted with an increase in positive cases and shipping delays through China. Western Australia was one of the last regions to open domestic and international travel in the third quarter of fiscal 2022, resulting in only minor impacts to operations in the fourth quarter of fiscal 2022.

season. Drilling companies in the mining segment in this region compete mainly on the basis of price and reputation. In international locations, competition in metals and minerals drilling involves many of the same factors as in the Canadian and U.S. markets, but drill rig availability, quality of service and pricing are the major considerations. Again, higher prices and margins are available for more complex drilling contracts. In South America, projects requiring combination reverse circulation and diamond core drilling, and projects at higher elevations in the Andes, have attracted these types of premiums. Some markets in South America, particularly Chile and Argentina, exhibit some seasonal variations, with the summer and fall months being the peak seasons, as warmer weather facilitates drilling in the Andes.

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.

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.

The uncertainty and volatility surrounding global economic conditions could have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access the capital markets to fund their existing or new projects. These conditions could make it difficult for clients to accurately forecast and plan future business trends and activities, 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 revenue, cash flow and profitability.

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 work sites. The Company's activities may involve hazards that increase risks to health and safety and may result in personal injury, loss of life and/or damage to property. While the Company has implemented extensive health and safety initiatives at work sites 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 or incidents, 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 work site 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.

of inflation; changes in laws, policies and regulations; changes in duties, 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 not under 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. 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. 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 benefits, or such acquisitions are not realized, it could adversely affect the Company's revenue, cash flow and profitability. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

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 regulations relating to gas emission levels. Legislation, regulation, or other restrictions imposed by governmental authorities on carbon emissions could result in increased cost for the Company. Such policy changes could increase the costs of projects for clients or, in some cases, prevent a project from going forward, thereby potentially reducing 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.

In addition, climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, 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.

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.

Pandemics, Force Majeure and Natural Disasters

The Company may be impacted by pandemics and public health emergencies (including those related to the COVID-19 coronavirus), force majeure events and natural disasters. The likelihood and magnitude of such events are inherently difficult to predict, and the full extent of the impact of a pandemic, public health emergency, force majeure event or natural disaster is 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, including the ongoing COVID-19 outbreak, 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 customers.

In regard to the ongoing COVID-19 outbreak, the Company continues to work closely with operational management across the organization, ensuring that policies, procedures and plans are in place to help minimize the negative impact that the outbreak has on its business and workforce.

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.

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, 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 hazard 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.

DIVIDEND POLICY

There are no restrictions in the Corporation's constituting documents, or in any amendments thereto, that would restrict or prevent it from paying dividends. Dividends may be approved by a resolution of the Board of Directors of the Corporation (the "Board of Directors"). With a view to maintaining a strong balance sheet, the Corporation has not paid any dividend in the three most recently completed financial years.

The Corporation may declare dividends subject to profitability, liquidity requirements, the general financial health of the Corporation and other factors determined by its Board of Directors.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of common shares. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Corporation. Each

common share carries the right to one vote at all meetings of the shareholders of the Corporation. The holders of common shares are entitled to receive dividends as, and when, they are declared by the Board of Directors and are entitled to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation.

MARKET FOR SECURITIES

The common shares of MDGI are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol MDI. The Corporation is a reporting issuer, or equivalent, in each of the provinces and territories of Canada.

TRADING PRICE AND VOLUME

The Corporation’s monthly trading history, based on the prices for the Corporation’s common shares on the TSX for the Corporation’s fiscal year ended April 30, 2022, are as set out below:

Toronto Stock Exchange				
Month	High (\$)	Low (\$)	Average Daily Volume	Total Volume
2021				
May	11.34	6.99	488,941	9,778,824
June	10.99	8.39	291,992	6,423,831
July	8.80	7.79	323,241	6,788,054
August	9.11	7.19	185,521	3,895,939
September	9.91	7.75	254,553	5,345,619
October	9.83	7.95	143,052	2,861,041
November	9.79	8.33	106,520	2,343,442
December	9.23	7.53	137,789	2,893,559
2022				
January	9.23	7.73	108,083	2,161,654
February	9.73	8.22	92,594	1,759,284
March	12.38	9.25	283,252	6,514,801
April	12.86	10.77	175,981	3,519,624

DIRECTORS AND OFFICERS

NAME, OCCUPATION AND SECURITY HOLDING

As at April 30, 2022, the following are the Directors of MDGI:

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation for Preceding Five Years
Louis-Pierre Gignac Québec, Canada	Director; Chair, Environment, Health and Safety Committee; Member, Audit Committee	2018	Mr. Gignac has been the President and Chief Executive Officer of G Mining Ventures Corp. since 2021 and prior to that was Co-President of G Mining Services Inc., a mining consultancy firm based in Quebec. He has over 20 years of experience in the mining industry in various engineering and management roles. Mr. Gignac holds a Bachelor of Engineering from McGill University, a Master of Applied Sciences from École Polytechnique de Montréal and is a CFA® charterholder.
Kim Keating Newfoundland and Labrador, Canada	Director; Chair, Human Resources and Compensation Committee; Member, Environment, Health and Safety Committee	2019	Ms. Keating is a Professional Engineer with 25 years of broad international experience in the oil and gas, nuclear, hydropower, and mining sectors. Most recently, Kim was the Chief Operating Officer of the Cahill Group, one of Canada's largest multi-disciplinary construction companies. She joined the Cahill Group in 2013 as Director of Projects and oversaw the construction and delivery of one of the largest topside modules ever built for a major offshore oil and gas development. Prior to joining the Cahill Group, Ms. Keating held a variety of progressive leadership roles from engineering design through to construction, commissioning, production operations and field development with Petro Canada (now Suncor Energy Inc.). She holds a Bachelor of Civil (Structural) Engineering degree, a Master of Business Administration, is a registered member of the Professional Engineering & Geoscientists NL (PEGNL) and holds the Canadian Registered Safety Professional (CRSP) designation. She also graduated from the Rotman-ICD Directors Education Program in March 2020 and was awarded her ICD.D designation. In June 2016, she was named a Fellow of the Canadian Academy of Engineers. Ms. Keating is a director on the board of Yamana Gold Inc., a reporting issuer, and is a member of its compensation and sustainability committees, and is also on the board of the Drax Group plc., also a reporting issuer, and is a member of the Re-numeration and Nomination committees. As announced on June 27th, Ms. Keating is the incoming Board Chair, replacing Mr. David Tennant, effective at the Meeting assuming the re-election of Ms. Keating at such meeting.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation for Preceding Five Years
Juliana L. Lam Ontario, Canada	Director; Member, Audit Committee; Member, Environment, Health and Safety Committee	2020	Ms. Lam has extensive executive level financial management and international business experience in diverse industries including mining, manufacturing, services and distribution. Ms. Lam’s principal occupation is a corporate director. She is currently a director on the board of Lundin Mining Corporation, and previously served on the boards of Toronto Hydro Corporation and Gibson Energy Inc., all of which are reporting issuers, and was also on the board of Toronto Hydro Energy Services Inc. She formerly served as Executive Vice-President and Chief Operating Officer of Chartered Professional Accountants of Ontario, the qualifying and regulatory body of Ontario’s over 90,000 CPAs and over 20,000 CPA students. Prior to that, Ms. Lam was the Executive Vice-President and Chief Financial Officer of Uranium One Inc., one of the world’s largest uranium producers and a former publicly traded company. Previously, Ms. Lam served as Senior Vice-President, Finance at Kinross Gold Corporation, a publicly traded senior gold mining company operating in the Americas, West Africa and Russia. Prior to that, Ms. Lam held executive and senior finance positions within other publicly traded and private companies, including having served as the Chief Financial Officer at Nexans Canada Inc. Ms. Lam holds a Bachelor of Arts from the University of Toronto, an MBA from the University of Western Ontario, is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), and holds the ICD.D designation from the Institute of Corporate Directors.
Denis Larocque New Brunswick, Canada	Director; President and Chief Executive Officer	2015	Mr. Larocque has been the President and Chief Executive Officer of the Corporation since September 2015. Prior to that, he was the Corporation’s Chief Financial Officer for nine years, having progressed through a number of roles, including VP Finance and Corporate Controller, since joining the Corporation in 1994. Throughout his roles, Mr. Larocque has consistently had direct involvement in operations, acquisitions and branch set ups. Mr. Larocque is a graduate of the Université Laval (BComm.) and a Chartered Accountant and was made a Fellow of the Institute of Chartered Professional Accountants in 2018.
Janice G. Rennie Alberta, Canada	Director; Chair, Audit Committee; Member, Corporate Governance and Nominating Committee	2010	Ms. Rennie’s principal occupation is a corporate director. She is currently Chair of EPCOR Utilities Inc., and a director of West Fraser Timber Co. Ltd., and she previously served on the boards of Methanex Corporation and Teck Resources Ltd., all of which are reporting issuers. She also served as a director of WestJet Airlines Ltd., which was a reporting issuer during her tenure. In 1998, Ms. Rennie was made a Fellow of the Institute of Chartered Accountants and in 2012, she was made a Fellow of the Institute of Corporate Directors. In 2022, Ms. Rennie was recognized by CPA Alberta with a Lifetime Achievement Award.

Name and Location of Residence	Position with MDGI	Director Since	Principal Occupation for Preceding Five Years
David B. Tennant Ontario, Canada	Director; Chair, Board of Directors	1995	Mr. Tennant practices corporate law, advising clients on acquisitions and divestitures, securities laws and general corporate and commercial matters. From 1990 to 2019, Mr. Tennant was a partner at McCarthy Tétrault LLP, one of Canada's largest law firms and has been a board member of many corporations and charitable organizations. Mr. Tennant is Chair of the Board of Directors. As announced on June 27th, Mr. Tennant will be retiring from the Board of Directors at the meeting.
Sybil Veenman Ontario, Canada	Director; Chair, Corporate Governance and Nominating Committee; Member, Human Resources and Compensation Committee	2019	Ms. Veenman has over 25 years of mining industry experience, both as a public company director and as a senior executive. Ms. Veenman's principal occupation is a corporate director. She currently serves as a director of Royal Gold Inc. and NexGen Energy Ltd., both of which are reporting issuers. She is also Chair of the Boost Child and Youth Advocacy Centre, a non-profit organization dedicated to providing support and services to victims of child abuse. Prior to September 2014, she was Senior Vice-President and General Counsel and member of the executive leadership team at Barrick Gold Corporation. In that capacity, she was responsible for overall management of legal affairs, extensively engaged in that company's significant mergers and acquisitions and financing transactions, and was involved in a wide range of operational, regulatory, political and social aspects of the mining business. Ms. Veenman holds a law degree from the University of Toronto and has obtained the ICD.D designation from the Institute of Corporate Directors.
Jo Mark Zurel Newfoundland and Labrador, Canada	Director; Member, Human Resources and Compensation Committee; Member, Corporate Governance and Nominating Committee	2007	Mr. Zurel is a Corporate Director. From 1998 to 2006, he was Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation, helping build it into the world's largest helicopter operating company. Mr. Zurel serves on the boards of Fortis Inc, Sustainable Development Technology Canada, the ICD and Highland Copper, where he is board chair. Mr. Zurel previously served on the boards of the CPP Investment Board, Fronteer Gold, until its sale to Newmont, and Newfoundland Power, where he was board chair. Mr. Zurel has a B. Comm from Dalhousie University, is a Fellow of the CPA Institute of Newfoundland and Labrador and has been granted the ICD.D designation by the Institute of Corporate Directors.

MDGI does not have an Executive Committee. Each MDGI Director is elected to hold office until the next Annual Meeting of Shareholders of the Corporation or until a successor is elected or appointed.

As at April 30, 2022, the following are the Executive Officers of MDGI:

Name and Location of Residence	Position with MDGI	Officer Since	Principal Occupation for Preceding Five Years
Denis Larocque New Brunswick, Canada	Director; President and Chief Executive Officer	2005	Mr. Larocque previously served as Chief Financial Officer of MDGI.
Ian Ross New Brunswick, Canada	Chief Financial Officer	2019	Mr. Ross previously served as Corporate Controller, and Director of Tax, of MDGI.
Kelly Johnson New Brunswick, Canada	Senior Vice President Operations - North America and Africa	2010	Mr. Johnson previously served as VP Operations - Latin America & Africa of MDGI.
Ben Graham Utah, U.S.A	Vice President HR & Safety	2015	Mr. Graham previously held the position of Global Human Resources & Environmental Health and Safety Director of MDGI.
Marc Landry New Brunswick, Canada	Vice President Technology & Logistics	2015	Mr. Landry held the position of Corporate Controller of MDGI prior to his current role.
John Ross Davies Ulaanbaatar, Mongolia	Vice President Operations - Australasia	2017	Mr. Davies held the role of Regional General Manager - Asia for MDGI prior to his current role.
Ashley Martin New Brunswick, Canada	Vice President Operations - South America	2018	Mr. Martin previously held the role of Regional Manager – South America, and prior to that, General Manager of Canadian Operations of MDGI.
Andrew McLaughlin New Brunswick, Canada	Vice President Legal Affairs, General Counsel and Secretary	2015	Mr. McLaughlin joined the Corporation in 2015 after nine years with Canada’s Department of Foreign Affairs. He served as a diplomat in the Canadian Embassies in Mexico and Cuba, and as a lawyer in the International Law Branch.

As at July 14, 2022, the Directors and Executive Officers of the Corporation as a group, in the aggregate, beneficially owned, directly or indirectly, or exercised control over, or directed, 640,675 common shares of the Corporation, representing 0.77% of all issued and outstanding common shares of the Corporation, as reported by such individuals.

TRANSFER AGENTS, REGISTRARS AND AUDITORS

TSX Trust Company is the transfer agent and registrar for the common shares of the Corporation at its principal transfer office in Toronto, Ontario.

The independent auditors of the Corporation are Deloitte LLP. The following chart summarizes the aggregate fees billed by Deloitte LLP for professional services rendered to the Corporation and its subsidiary entities during the

last two fiscal years for audit and non-audit related services:

Type of Work	Year ended April 30, 2022 (in thousands of dollars)		Year ended April 30, 2021 (in thousands of dollars)	
	Fees	Percentage	Fees	Percentage
Audit fees ⁽¹⁾	\$720	85%	\$523	80%
Audit-related fees ⁽¹⁾	\$36	4%	\$39	6%
Tax fees ⁽²⁾	\$91	11%	\$90	14%
Total	\$847	100%	\$652	100%

- (1) Aggregate fees billed for the Corporation’s annual financial statements and services normally provided by the auditor in connection with the Corporation’s statutory and regulatory filings. Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements, including employee benefits plan audits, accounting consultations and audits in connection with acquisitions, internal control reviews, assistance with aspects of tax accounting, attest services not required by statute or regulation and consultation regarding financial accounting and reporting standards.
- (2) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

AUDITOR SERVICES POLICY

The Board of Directors has approved a “Policy on the Scope of Services of the Auditor”, which is attached hereto as Appendix 1, and which can also be found on the Corporation’s website at www.majordrilling.com. Under this policy, the Audit Committee approves the general engagement terms for all audit and non-audit services to be provided by the Corporation’s auditors before such services are provided to the Corporation or any of its subsidiaries.

The Audit Committee has the mandate to approve the scope of all professional services provided to the Corporation and its subsidiaries described in the previous table.

MATERIAL AGREEMENTS

Other than contracts entered into in the ordinary course of business that are not required to be disclosed under applicable securities laws, there were no material contracts entered into during the 2022 fiscal year.

ADDITIONAL INFORMATION

AUDIT COMMITTEE INFORMATION

The Board of Directors has approved an Audit Committee Charter, which is attached as Appendix 2. It can also be found on the Corporation’s website at www.majordrilling.com.

The Audit Committee assists the Board of Directors in its oversight of the integrity of the financial statements of the Corporation, managing and maintaining the effectiveness of the financial aspects of the governance structure of the Corporation, adhering to requisite legal and regulatory requirements and overseeing the performance of the Corporation’s internal and external audit function.

In order for members of the Board of Directors to be appointed to the Corporation’s Audit Committee, they must demonstrate: (i) that they have an understanding of the accounting principles used by the Corporation in terms of preparing its financial statements; (ii) that they have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) that they have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be

expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and (iv) that they have an understanding of internal controls and procedures for financial reporting.

The Audit Committee is currently composed of Janice G. Rennie, Chair, Louis-Pierre Gignac and Juliana L. Lam, all independent Directors. Ms. Rennie is a Chartered Professional Accountant, Chartered Accountant (CPA, CA), and is currently the Chair of a reporting issuer (and ex-officio member of that reporting issuer's audit committee, and formerly a regular member of that committee), a member of the audit committee of one other publicly traded reporting issuer, and she has also previously chaired several other audit committees. Ms. Rennie previously served as the Chair of the audit committee of the Province of Alberta. Mr. Gignac is a CFA® charterholder. He has been the Co-President of a privately-held mining consultancy firm located in Québec, Canada, since October 2015. Ms. Lam is a Chartered Professional Accountant, Chartered Accountant, with extensive executive level financial management and international business experience within publicly traded and private companies in diverse industries including mining, manufacturing, services and distribution. She is currently a member of the audit committee with one other reporting issuer, and previously served on the audit committee of other reporting issuers. Each member of the Audit Committee is "independent" and "financially literate" within the meaning of National Instrument 52-110 *Audit Committees*.

The Audit Committee reviews all unaudited quarterly and audited annual financial statements and accompanying reports to the Corporation's shareholders, Management's Discussion and Analysis, related annual and interim earnings news releases, earnings guidance disclosure or any other disclosure based on the Corporation's financial statements prior to the release of those statements. The Audit Committee also makes a number of recommendations to the Board of Directors for approval with respect to the annual audited financial statements.

The Audit Committee oversees the internal audit function including reviewing the annual audit plan. The internal audit plan includes risk assessment, the location and activities selected to provide reasonable assurance of appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure. As well, the Audit Committee reviews internal audit progress, findings, recommendations, responses, and follow up actions, if any, as required.

The Audit Committee annually oversees the external audit process, including: (i) the selection and appointment of an auditing firm to conduct the annual audit of the Corporation's annual financial statements and review of the Corporation's quarterly financial statements (and related notes and Management's Discussion and Analysis in each case); (ii) assessing the independence of the appointed auditing firm; (iii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk and co-ordination with internal audit functions; (iv) reviewing of audit reports and reviews and findings, including corresponding management responses; (v) approving the audit fee; (vi) establishing, from time to time, pre-approval arrangements for specific categories of permitted audit-related and non-audit related services; (vii) private discussions regarding the quality of financial personnel, the level of co-operation received, unresolved material differences of opinion or disputes and the effectiveness of the work of internal audit functions; and (viii) conducting a formal review and assessment of the quality of the audit. A comprehensive review of the Corporation's auditing firm is undertaken every five years and an annual assessment is undertaken every fiscal year.

CORPORATE GOVERNANCE INFORMATION

The Corporation is dedicated to enhancing its corporate governance practices on an ongoing basis in order to respond to the evolution of best practices. Reference is made to the relevant sections of the Corporation's Management Information Circular, dated July 14, 2022, for the Annual Meeting of Shareholders of the Corporation to be held on September 8, 2022. This document can be found on the SEDAR website at www.sedar.com.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As at the date hereof, there are no material legal proceedings or regulatory actions involving the Corporation or

any of its property and the Corporation is not aware of any material legal proceedings threatened against the Corporation or any of its property.

INTERESTS OF EXPERTS

Deloitte LLP, Chartered Professional Accountants, have audited the Corporation's consolidated financial statements for the financial year ended April 30, 2022.

As at April 30, 2022, Deloitte LLP have advised that Deloitte LLP is independent of Major Drilling Group International Inc. in accordance with the rules of professional conduct in the province of New Brunswick.

FOR MORE INFORMATION

Additional information relating to the Corporation can be found on the SEDAR website at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the relevant sections of the Corporation's Management Information Circular, dated July 14, 2022, in connection with the Annual Meeting of Shareholders of the Corporation to be held on September 8, 2022.

Additional financial information is provided in the Corporation's audited consolidated financial statements and Management's Discussion and Analysis for the Corporation's most recently completed financial year, which are included in the Corporation's Annual Report. These documents can be found on the SEDAR website at www.sedar.com.

Appendix 1

POLICY ON THE SCOPE OF SERVICES OF THE AUDITOR

I. Purpose, Scope and Interpretation

1. The purpose of this Policy is to set parameters for the engagement of the auditor by Major Drilling Group International Inc. (the “Corporation” or “Major Drilling”) consistent with the Corporation’s corporate governance standards, which are in accordance with applicable regulatory and stock exchange requirements.
2. This Policy covers all work that might be performed by the auditor through engagements with Major Drilling or its subsidiaries.
3. The term auditor refers to the firm of accountants that is appointed to perform the audit of the consolidated financial statements of Major Drilling.
4. The Audit Committee of the Board of Directors of Major Drilling is accountable for the management of this Policy and providing interpretations on its application.

II. Statement of Policy

5. Scope of Work and Authorization Standards

- (a) All work performed by the auditor for Major Drilling or its subsidiaries will be pre-approved by the Audit Committee.
- (b) The Audit Committee may also establish pre-approval policies and procedures that are specific to a particular service. In order to meet this responsibility, for each fiscal quarter a pre-approved spending limit by category of allowable work is established and displayed in the Appendix. The Audit Committee will monitor and report to the Board of Directors of Major Drilling the quarterly cumulative use of the pre-approved limits.
- (c) In the event that a non-audit service is provided by the auditor that was not recognized at the time of the engagement to be a non-audit service, such service must be brought to the attention of the Audit Committee.
- (d) The auditor will only perform audit, audit-related, tax work and other permissible services. Definitions of “audit”, “audit-related”, “tax work” and “permissible non-audit services” in accordance with applicable securities and stock exchange requirements, along with examples, are included in the Appendix.
- (e) The Audit Committee may approve exceptions to this Part II-5 when it determines that such an exception is in the overriding best interests of Major Drilling and it is determined that such an exception does not impair the independence of the auditor. However, certain non-audit activities are generally prohibited and generally will not be considered for exception from this Policy. These non-audit activities are listed in the Appendix.

III. Measurement and Reporting Processes

6. On a quarterly basis, the Audit Committee will prepare a summary report of all engagements of the auditor that are currently underway or have been completed since the prior quarter’s report, including engagements entered into pursuant to pre-approved quarterly limits. The summary report will describe the nature of each engagement, confirm that each engagement is in compliance with this Policy and state the fees received by the auditor for each engagement.

7. The Audit Committee may delegate to one or more designated member(s) of the Audit Committee (a “Designated Member”) the authority to grant pre-approvals of permitted audit-related and other permitted services (collectively “permitted services”), to be provided by the auditor. The decisions of the Designated Member to pre-approve a permitted service shall be reported to the Audit Committee at each of its regularly scheduled meetings.
8. On a basis not to be less frequent than every six months, the auditor will certify to the Audit Committee that all engagements with Major Drilling have been in compliance with this Policy and will confirm that the auditor continues to be “independent” under applicable laws, rules and guidelines.
9. On at least an annual basis, the auditor will table for the Audit Committee a classification and continuity schedule of all partners and staff that must be tracked in order to ensure adherence to the ongoing relationship standards as stated herein.
10. The Corporation shall not, without prior approval of the Audit Committee, hire any employee of the auditor to serve in a financial reporting oversight role for the Corporation within one year from the date the statements were filed with the securities regulator if that person was a member of the audit engagement team for the Corporation for the relevant year. A person shall be deemed to be in a “financial reporting oversight role” if they would be in a position to exercise influence over the contents of the Corporation’s financial statements or anyone who prepares them.

APPENDIX

Categories of Work	Examples of Services	Quarterly Cumulative Pre-Approved Limit
Tax Work	All services performed by professional staff in the auditor's tax division, except for those services related to the audit. Tax fees typically include: <ul style="list-style-type: none">• Tax compliance;• Tax planning;• Assistance with tax for specific purposes; and• Tax advice.	\$45,000
Prohibited Non-Audit Activities	The auditor is prohibited from providing any of the following services: <ul style="list-style-type: none">• Bookkeeping or other services related to the accounting records or financial statements of Major Drilling;• Financial information systems design and implementation;• Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;• Actuarial services;• Internal audit outsourcing services;• Management functions or human resources, broker or dealer, investment advisor, or investment banking services;• Legal services;• Expert services unrelated to the audit; and• Any other services that by regulation are impermissible.	

AUDIT COMMITTEE CHARTER

I. Committee Purpose

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of Major Drilling Group International Inc. (the “Corporation”), appointed by and reporting to the Board, whose primary function is to assist the Board in discharging the Board’s oversight responsibilities relating to financial reporting and audit matters and to manage and maintain the effectiveness of the financial aspects of the governance and reporting structure of the Corporation.

II. Committee Composition, Appointment and Procedures

1. Composition of Committee

The Committee shall be comprised of not less than three directors of the Corporation, all of whom must at all times be independent in accordance with applicable regulatory and stock exchange requirements.

The Chair of the Board shall be an *ex officio* member of the Committee if not otherwise appointed as a member of the Committee.

2. Financial Literacy

All members of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.

3. Appointment of Committee Members

Members of the Committee shall be appointed annually and shall hold office at the pleasure of the Board.

4. Vacancies

a. Where a vacancy occurs at any time in the membership of the Committee, it may only be filled by the Board.

b. The Board shall fill any vacancy if the membership of the Committee is less than three members.

5. Committee Chair

The Board shall appoint a Chair for the Committee.

6. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside as chair at the meeting.

7. Secretary of Committee

The Corporate Secretary of the Corporation shall serve as the secretary at meetings of the Committee.

8. Meetings

(a) The Chair of the Committee or the Chair of the Board or any two members of the Committee may call a meeting of the Committee.

- (b) The Committee shall meet at least four times per year at such times as it deems appropriate.
- (c) The Committee will ordinarily meet in camera at the end of each of its formal meetings and may meet in camera at any other time as required.
- (d) There shall be three senior management personnel available for meetings of the Committee at the request of the Chair of the Committee. These three persons will be those persons holding the positions of Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation. The Chair of the Committee may request the attendance of other officers of the Corporation at any meeting of the Committee.
- (e) Representatives of the external auditors shall be available for Committee meetings at the request of the Chair of the Committee.
- (f) Committee meetings may be held in person, by video-conference, by telephone or by any combination of the foregoing.

9. Quorum

A majority of the members of the Committee present, in person, by video-conference, by telephone or by any combination of the foregoing, shall constitute a quorum.

10. Notice of Meetings

- (a) Notice of the time and place of every Committee meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.
- (b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Review of Charter

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

III. Responsibilities of the Committee

12. The Committee shall:

- (a) Review all of the Corporation's quarterly unaudited and annual audited financial statements (and related notes and management's discussion and analysis in each case) and accompanying reports to the shareholders, related annual and interim earnings press releases, and guidance disclosure prior to the release thereof, and make recommendations for approval thereof to the Board;
- (b) Review and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than that described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- (c) in the case of the annual audited financial statements, review:
 - (i) the appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

- (ii) the existence and substance of significant accruals, estimates, or accounting judgements, and the level of conservatism.
 - (iii) unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.
 - (iv) asset and liability carrying values.
 - (v) income tax status and related reserves.
 - (vi) qualifications contained in letters of representation.
 - (vii) assurances of compliance with covenants in trust deeds or loan agreements.
 - (viii) business risks, uncertainties, commitments, and contingent liabilities.
 - (ix) the adequacy of explanations for significant financial variances between years.
- (d) Make recommendations to the Board for approval with respect to:
- (i) the selection and appointment or reappointment of external auditors to conduct the annual audit of the Corporation's annual financial statements and review of the Corporation's quarterly financial statements (and related notes and management's discussion and analysis in each case).
 - (ii) the compensation of the external auditors.
- (e) Oversee the external audit process, including:
- (i) assessing the independence of external auditors.
 - (ii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with internal auditors.
 - (iii) reviewing of audit reports and reviews and findings, including corresponding management responses, and resolving any disagreements between management and the external auditor.
 - (iv) establishing, from time to time, pre-approval arrangements for specific categories of permitted audit related services.
 - (v) private discussions regarding the quality of financial personnel, the level of co- operation received, unresolved material differences of opinion or disputes, and the effectiveness of the work of the internal auditors;
 - (vi) conducting an annual review of the performance of the external auditor.
- (f) Oversee the external non-audit process, including:
- (i) pre-approving the nature of any non-audit services to be provided by the external auditors and any material mandates by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors provided that the external auditors are prohibited from providing appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions or human resources, bookkeeping or other services relating to accounting records or financial statements or financial information systems design or implementation.

- (ii) information as to the non-audit services provided by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors.
- (g) Oversee any existing internal audit function including:
 - (i) reviewing the annual audit plan including risk assessment, the location and activities selected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure.
 - (ii) reviewing audit progress, findings, recommendations, responses, and follow up actions.
 - (iii) private discussions as to internal audit independence, co-operation received from management, interaction with the external auditors, and any unresolved material disagreements with management.
 - (iv) annual approval of audit mandate.
 - (v) monitoring of compliance with the financial components of the Corporation's code of conduct.
- (h) Review the effectiveness of, and periodically assess the adequacy of, control and control systems utilized by the Corporation in connection with financial reporting and other identified business risks.
- (i) Review with senior management and the external auditors the audits of subsidiaries performed by different external auditors, including significant issues and recommendations.
- (j) Review incidents of fraud, illegal acts and conflicts of interest.
- (k) Review material valuation issues.
- (l) Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.
- (m) Review with senior management, the external auditors and legal counsel any litigation claim or other contingency that could have a material effect upon the financial position or operating results of the Corporation with a view to appropriate disclosure.
- (n) Review material matters that come before audit committees of subsidiaries.
- (o) Review cases where management has sought accounting advice on a specific issue from an accounting firm other than the external auditors.
- (p) Review policies and practices concerning officers' expenses and perquisites and, where appropriate, refer any issue to the Human Resources and Compensation Committee or to the Board.
- (q) Establish financial whistleblowing procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (r) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

13. The Committee may, at the request of the Board, consider such other matters as the Board considers appropriate in the circumstances.

IV. Resources and Reports

14. The Committee shall have adequate resources to discharge its duties and responsibilities. The Committee may, at the Corporation's sole expense, engage, and set and pay the compensation for, such independent counsel, consultants and other advisors as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities. The Committee shall have the authority to obtain advice and assistance from internal or external legal or other advisors
15. The Committee shall have the authority to communicate directly with the auditors of the Corporation. The external auditors of the Corporation and the internal auditor shall report directly to the Committee.
16. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.
17. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.
18. The members of the Committee shall have the right, for the purposes of discharging the duties and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.