Management's Discussion and Analysis

Third Quarter Fiscal 2021

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") relates to the results of operations, financial condition and cash flows of Major Drilling Group International Inc. ("Major Drilling" or the "Company") as at and for the three and nine-month periods ended January 31, 2021. All amounts in this MD&A are in Canadian dollars, except where otherwise noted.

This MD&A is a review of activities and results for the three and nine months ended January 31, 2021 as compared to the corresponding periods in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited Interim Condensed Consolidated Financial Statements as at and for the three and nine months ended January 31, 2021, prepared in accordance with IAS 34 Interim Financial Reporting, and also in conjunction with the audited Consolidated Financial Statements and Management's Discussion and Analysis contained in the Company's Annual Report for the fiscal year ended April 30, 2020.

This MD&A is dated March 4, 2021. Disclosure contained in this document is current to that date, unless otherwise stated.

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; the Canadian and international economic environments; the Company's dependence on key customers; the level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2020, available on the SEDAR website at www.sedar.com. 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.

COVID-19

Due to the cyclical nature of the business, Major Drilling is a company well versed in managing successfully during typical cyclical industry downturns, which also enables the Company to manage successfully during the COVID-19 pandemic. The Company has a global, diversified, and durable business model that serves well during these times. The Company's experienced management team has been proactive from the onset of the COVID-19 pandemic, and will continue to react quickly to any changes in this environment, as necessary.

In the fourth quarter of the previous year, the Company formally implemented its business continuity plan, which focused on having employees who can work remotely do so. In the first quarter of the current year, the Company cautiously implemented a plan to have employees return to their place of work with strict enforcement of safety protocols to ensure they remain safe and healthy. 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.

While activity levels during the current quarter have increased, the Company is closely monitoring developments in each of the regions in which it operates in order to react quickly and take actions if warranted. While the longer-term impacts of COVID-19 continue to evolve, management continues to assess any possible impact on the Company's business. As clients, suppliers and employees have adapted well to the enhanced safety measures and protocols, which have become a normal part of operations, management continues to believe the impact on its business will be temporary.

CORPORATE OVERVIEW

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience and expertise within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, and Africa. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

In terms of customer base, the Company has two categories of customers: senior/intermediate companies, for which the Company provides greenfield exploration drilling and/or drilling at operating mines, and junior exploration companies.

At Major Drilling, safety is a core value. Keeping people safe is of the utmost importance. The Company's safety standards lead the industry with well-trained crews who can quickly assess and manage risk, leading to better results for the Company's clients. The Company's safety system has been developed to meet or exceed all applicable government and client standards.

Innovation continues to be at the forefront at Major Drilling. The Company leverages its collective experience to continuously improve its equipment and processes to meet current and future industry 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.

BUSINESS STRATEGY

Major Drilling continues to base its business premise on the following: mining companies continue to deplete the more easily accessible mineral reserves around the world and attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. For this reason, Major Drilling's strategy is to focus its services on these "specialized drilling" projects, and remain the world's leading provider of specialized drilling services. Over the years, the Company has positioned itself as one of the largest specialized drilling operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, robust safety systems, long-standing relationships with the world's largest mining companies and access to capital.

Diversification within the drilling field continues to be an integral part of the Company's business strategy. Major Drilling provides services complementary to its existing skill set, with a wide variety of equipment available to meet its clients' needs for all phases of their projects, including directional drilling, definition or infield drilling, mine development, dewatering, grade control, and percussive drilling for producing mines. Of the 17 rigs acquired during the year, 14 were underground rigs.

The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas, while maintaining a strong balance sheet and remaining best in class in safety and human resources.

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 would include, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to continue to fuel future growth and the Company believes these skills will be in greater and greater demand over the next two decades.

Conventional drilling tends to be more affected by the industry cycle, as the barriers to entry are not as significant as with specialized drilling. This part of the industry is highly fragmented and has numerous competitors. Because the Company offers only limited differentiation in this sector, it is not its priority for investment.

The Company's underground services include both underground exploration drilling and underground percussive/longhole drilling. Underground exploration drilling takes on greater importance in the latter stages of the mining cycle as clients develop underground mines. Underground percussive/longhole drilling, which relates more to the production function of a mine, provides relatively more stable work during the mining cycles. By offering both underground production drilling and underground exploration drilling, the Company provides a wide range of complementary services to its clients.

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 diversified drilling fleet, the Company partners with its customers and local communities for outstanding results.

A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees, to maintain its equipment in good condition and maintain sufficient inventory to meet increased customer demands. The Company's financial strength allows it to manage effectively through challenging environments such as the COVID-19 pandemic the world continues to deal with.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Major Drilling believes its long-term sustainability depends on the Company serving as: stewards of the environment where we work; valued contributors to the communities where it operates; and responsible corporate citizens in the eyes of the Company's workforce, clients, shareholders and other external stakeholders. While the Board of Directors and management have long had responsibility and oversight over ESG practices of the Company, in fiscal 2020, it began the process of consolidating its ESG efforts under an ESG Framework in order to formalize its risk management structure and mitigation strategies. The Company's ESG Policy was adopted in fiscal 2021, complementing other pre-existing corporate policies such as its Code of Ethics and Business Conduct, Diversity Policy, and Anti-Corruption Policy; its critical governance mechanisms such as the global Whistleblower Program; and its industry-leading workforce health and safety program.

Major Drilling remains committed to delivering impactful contributions to the communities where it operates around the world, such as through its longstanding First Nations and Inuit partnerships in Canada, and frequent community initiatives by its teams worldwide, including multiple donations to aid in the fight against COVID-19.

INDUSTRY OVERVIEW

The metals and minerals drilling industry is reliant primarily on demand from two metal groups: gold and base metals. Each commodity group is influenced by distinct market forces.

Gold has historically been a significant driver in the mining industry, accounting for 40 to 50% of the global exploration spend. Exploration activity generally varies up or down with the trend in gold prices. The coronavirus outbreak has created economic uncertainty, and as gold is a safe-haven asset, prices reached historic highs in the first half of the fiscal year, rising above US$2,000 per ounce, while copper prices have recently increased, which should translate into more exploration in the near future as mining companies need to replenish depleting reserves.

The demand for base metals is dependent on economic activity. In the longer-term, the fundamental drivers of base metals remain positive, with worldwide supply of most metals expected to tighten and higher demand coming from the emerging markets. As these markets continue to urbanize, the requirement for base metals will continue to increase at the same time as easily accessible reserves are being depleted. As well, new infrastructure budgets announced around the world will require more copper and other metals, which should accelerate the depletion of those reserves. Also, the growing demand for electric vehicles should increase demand for metals such as copper, lithium and cobalt.

Mineral reserves for gold and base metals continue to be depleted. As resources in some areas are also becoming depleted, future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. Along with the recent improvement in the financing environment for juniors, this should improve demand for specialized services in the future as stability returns to the industry.

OVERALL PERFORMANCE

Revenue for the quarter ended January 31, 2021 was $100.4 million, up 23% from revenue of $81.7 million recorded for the same quarter last year. This is the highest third-quarter revenue the Company has recorded since the third quarter of 2013.

Gross margin percentage for the quarter was 11.0% compared to 6.3% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was 20.3% for the quarter compared to 17.6% for the same quarter last year.

The Company generated $8.7 million of EBITDA (earnings before interest, taxes, depreciation, amortization and restructuring charge - see "Non-IFRS financial measures"), compared to $2.7 million for the same quarter last year.

Net loss was $1.5 million or $0.02 per share compared to $9.9 million or $0.12 per share for the same quarter last year.

Net cash position (net of debt, excluding lease liabilities reported under IFRS 16 Leases) was up by $6.6 million to $14.2 million, compared to net cash of $7.6 million in the second quarter of the current year.

RESULTS OF OPERATIONS - THIRD QUARTER RESULTS ENDED JANUARY 31, 2021

Total revenue for the quarter was $100.4 million, up 23% from revenue of $81.7 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $2.5 million, with a 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 increased by 48.7% to $56.8 million, compared to the same period last year. This region saw an influx in junior activity as well as extended programs from seniors/intermediates in December and early start-ups in January.

South and Central American revenue increased by 13.0% to $21.8 million for the quarter, compared to the same quarter last year. This region continued its slow recovery from COVID-19 and was also assisted by early start-ups in January.

Asian and African revenue decreased by 9.9% to $21.8 million, compared to the same period last year. Despite a strong performance in Mongolia in the quarter, Southern Africa faced continued challenges from COVID-19 that negatively impacted the region.

Gross margin percentage for the quarter was 11.0%, compared to 6.3% for the same period last year. Depreciation expense totaling $9.3 million is included in direct costs for the current quarter, versus $9.2 million in the same quarter last year. Adjusted gross margin (see "Non-IFRS financial measures"), which excludes depreciation expense, was 20.3% for the quarter, compared to 17.6% for the same period last year. Margins were impacted by increased training costs, seasonal maintenance and ramp-up costs due to quick start-ups in January.

General and administrative costs were $11.7 million, a decrease of $1.0 million compared to the same quarter last year. Reduced travel continues to drive the decrease in general and administrative costs, as compared to the previous year, as well as favorable foreign exchange impacts in certain jurisdictions. Travel restrictions will remain in place until a time when it can be resumed in a safe and responsible manner.

The income tax provision for the quarter was nil compared to an expense of $0.3 million for the prior year period. The income tax for the quarter was impacted by non-deductible expenses and non-tax affected losses in certain regions, while incurring taxes in profitable branches.

Net loss was $1.5 million or $0.02 per share ($0.02 per share diluted) for the quarter, compared to a net loss of $9.9 million or $0.12 per share ($0.12 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS – YEAR-TO-DATE ENDED JANUARY 31, 2021

Total revenue for the year was $304.0 million, down from revenue of $320.4 million recorded last year. The unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the same period last year, was approximately $5 million, with a minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the year from Canada - U.S. drilling operations increased by 5% to $173.5 million, compared to the same period last year. Despite COVID-19 related challenges to start the year, this region has performed well with junior activity picking up and seniors/intermediates expanding programs.

South and Central American revenue decreased by 23% to $62.9 million for the year, compared to the previous year. COVID-19 restrictions, predominantly in Argentina, Chile and Mexico, have negatively impacted the performance of this region during the fiscal year,

Asian and African revenue decreased by 9% to $67.6 million compared to the same period last year. COVID-19 related shutdowns in the early part of the year have been the main cause of the decrease in revenue compared to prior year.

Gross margin percentage for the year was 16.1%, compared to 16.0% for the previous year. Depreciation expense totaling $28.5 million is included in direct costs for the current year, versus $27.9 million in the previous year. Adjusted gross margin, which excludes depreciation expense, was 25.5% for the year, compared to 24.7% for the previous year.

General and administrative costs were $34.5 million, down $2.5 million compared to the previous year. The decrease is mainly related to various temporary government assistance programs for employee costs during the first half of the year, and reduced travel related to COVID-19 restrictions.

The income tax provision for the year was an expense of $3.3 million compared to an expense of $5.3 million for the prior year.

Net earnings were $7.7 million or $0.10 per share ($0.10 per share diluted) for the year, compared to net earnings of $3.3 million or $0.04 per share ($0.04 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	*Fiscal 2019*	*Fiscal 2020*				***Fiscal 2021***		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	$100,397	$117,459	$121,182	$81,719	$ 88,784	$ 89,420	$114,152	$100,387
Gross profit	13,381	21,369	24,707	5,166	9,401	15,125	22,852	11,058
Gross margin	13.3%	18.2%	20.4%	6.3%	10.6%	16.9%	20.0%	11.0%
Adjusted gross margin	23.0%	26.1%	28.1%	17.6%	21.5%	27.8%	28.3%	20.3%
Net earnings (loss)	(2,957)	6,033	7,259	(9,947)	(74,307)	2,148	7,009	(1,467)
Per share - basic	(0.04)	0.08	0.09	(0.12)	(0.92)	0.03	0.09	(0.02)
Per share - diluted	(0.04)	0.08	0.09	(0.12)	(0.92)	0.03	0.09	(0.02)

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

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Cash flow from operating activities for the quarter was an inflow of $12.9 million compared to an inflow of $10.9 million in the same quarter last year.

The change in non-cash operating working capital items was an inflow of $5.7 million for the quarter, compared to an inflow of $10.7 million for the same quarter last year. The inflow of non-cash operating working capital was primarily comprised of:

- a decrease in accounts receivable of $14.8 million;
- a decrease in accounts payable of $5.8 million;
- an increase in prepaids of $1.9 million; and
- an increase in inventory of $1.6 million.

Financing activities

Under the terms of certain of the Company's debt agreements, the Company must satisfy specific financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions or make dividend and other payments. During the period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

<u>Operating credit facilities</u>

The credit facilities related to operations total $31.3 million ($30.0 million from a Canadian chartered bank and $1.3 million from an American chartered bank) and are primarily secured by corporate guarantees of companies within the group, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's LIBOR plus 2.0% for U.S. dollar draws. At January 31, 2021, the Company had utilized $3.4 million of these facilities for stand-by letters of credit.

The Company also has a credit facility of $2.6 million for credit cards for which interest rate and repayment are as per cardholder agreements.

<u>Long-term debt</u>

Total long-term debt decreased by $0.3 million during the quarter to $15.7 million at January 31, 2021. The decrease is due to regular debt repayments.

As of January 31, 2021, the Company had the following long-term debt facilities:

- $50.0 million revolving facility for financing the cost of equipment purchases or acquisition costs of related businesses. At January 31, 2021, $15.0 million had been drawn on this facility, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.5% or the bank's LIBOR plus 2.0% for U.S. dollar draws (depending on timing of draw), interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in October 2023.

- $0.6 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure and debt obligations. As at January 31, 2021, the Company had unused borrowing capacity under its credit facilities of $62.9 million and cash of $30.0 million, for a total of $92.9 million in available funds.

Investing activities
Capital expenditures were $5.1 million for the quarter ended January 31, 2021, compared to $8.8 million for the same quarter last year.

The drill rig count was 590 at January 31, 2021, as the Company added 3 rigs to its fleet, in line with its diversification strategy, while disposing of 14 older and inefficient rigs.

OUTLOOK

While the Company experienced the typical holiday shutdowns in the latter part of the current quarter, the momentum in activity experienced in the second quarter has continued into the early part of the third quarter. With January start-ups taking place earlier than in previous years, these are strong indicators that the industry is in the early stages of a mining cycle upturn.

Gold exploration was the main driver of the initial pickup in activity for the current quarter. Copper prices have recently increased, which should lead to more exploration in the near future, as mining companies need to replenish depleting reserves.

As this pickup in activity brings labour issues back to the forefront, particularly in North America, the Company has increased training efforts around the world to meet this labour availability challenge. Many of the initiatives that were successful in the last industry upturn have been re-instated.

The Company’s financial strength allows it to continue to deploy technologies that will aid in the ongoing development of safe, competent employees and maintain its fleet to meet customers’ demands, improve rig reliability, productivity and utilization, as well as to invest in its continuous improvement initiatives.

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 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, amortization and restructuring charge:

(in $000s CAD)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Net earnings (loss)	**$ (1,467)**	$ (9,947)	**$ 7,690**	$ 3,345
Finance costs	**337**	293	**961**	716
Income tax provision	**26**	280	**3,263**	5,294
Depreciation and amortization	**9,853**	9,940	**30,048**	29,629
Restructuring charge	**-**	2,116	**-**	2,116
EBITDA	**$ 8,749**	$ 2,682	**$ 41,962**	$ 41,100

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Total revenue	**$ 100,387**	$ 81,719	**$ 303,959**	$ 320,360
Direct costs	**89,329**	76,552	**254,924**	269,118
Less: depreciation	**(9,306)**	(9,243)	**(28,481)**	(27,876)
Adjusted gross profit	**20,364**	14,410	**77,516**	79,118
Adjusted gross margin	**20.3%**	17.6%	**25.5%**	24.7%

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 relative strength of the Canadian dollar against the U.S. dollar as well as these other currencies.

During the quarter, approximately 33% of revenue generated was in Canadian 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 unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same quarter last year, was approximately $2.5 million. The foreign exchange impact on net earnings for the quarter was negligible as net earnings tend to remain less impacted by currency fluctuations as a large proportion of costs are typically incurred in the same currency as revenue.

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

As at January 31, 2021, the most significant carrying amounts of net monetary assets 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:

	Rate variance	**IDR/USD**	**MNT/USD**	**USD/AUD**	**USD/BRL**	**USD/CLP**	**USD/CAD**	**Other**
Net exposure on monetary assets		7,686	5,034	4,568	3,214	4,202	7,094	124
EBIT impact	+/-10%	854	559	508	357	467	788	14

Argentina currency status
During the previous quarter, in an effort to bring inflation down and stabilize markets as the financial crisis continues in Argentina, the Argentine government imposed tighter currency controls. As the Argentine peso continues to devalue, the Company continues to be vigilant in managing assets held in Argentine pesos and currently has limited exposure to the Argentine peso.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes a $9.4 million unrealized loss on translating the financial statements of the Company's foreign operations compared to a loss of $0.5 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.

GENERAL RISKS AND UNCERTAINTIES

A complete discussion of general risks and uncertainties may be found in the Company's Annual Information Form for the fiscal year ended April 30, 2020, which can be found on the SEDAR website at www.sedar.com. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

OFF BALANCE SHEET ARRANGEMENTS

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, the Company does not have any off balance sheet arrangements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's CEO and CFO are responsible for designing disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's DC&P and ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

There have been no changes in the Company's ICFR for the three and nine-month periods ended on January 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

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

OUTSTANDING SHARE DATA

As of March 4, 2021, there were 80,640,753 common shares issued and outstanding in the Company. This is the same number as reported in the Company's second quarter MD&A (reported as of December 10, 2020).

ADDITIONAL INFORMATION

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

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Operations

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

	Three months ended January 31		Nine months ended January 31	
	2021	2020	**2021**	2020
TOTAL REVENUE	**$ 100,387**	$ 81,719	**$ 303,959**	$ 320,360
DIRECT COSTS (note 6)	**89,329**	76,552	**254,924**	269,118
GROSS PROFIT	**11,058**	5,167	**49,035**	51,242
OPERATING EXPENSES				
General and administrative	**11,742**	12,671	**34,536**	36,962
Other expenses	**862**	33	**3,341**	2,766
(Gain) loss on disposal of property, plant and equipment	**(462)**	(27)	**(451)**	(171)
Foreign exchange (gain) loss	**20**	(252)	**(305)**	214
Finance costs	**337**	293	**961**	716
Restructuring charge (note 11)	**-**	2,116	**-**	2,116
	12,499	14,834	**38,082**	42,603
EARNINGS (LOSS) BEFORE INCOME TAX	**(1,441)**	(9,667)	**10,953**	8,639
INCOME TAX PROVISION (RECOVERY) (note 7)				
Current	**896**	(588)	**4,760**	4,859
Deferred	**(870)**	868	**(1,497)**	435
	26	280	**3,263**	5,294
NET EARNINGS (LOSS)	**$ (1,467)**	$ (9,947)	**$ 7,690**	$ 3,345
EARNINGS (LOSS) PER SHARE (note 8)				
Basic	**$ (0.02)**	$ (0.12)	**$ 0.10**	$ 0.04
Diluted	**$ (0.02)**	$ (0.12)	**$ 0.10**	$ 0.04

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Comprehensive Earnings (Loss)

(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2021	2020	**2021**	2020
NET EARNINGS (LOSS)	**$ (1,467)**	$ (9,947)	**$ 7,690**	$ 3,345
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	**(9,405)**	(500)	**(20,210)**	(8,639)
Unrealized gain (loss) on derivatives (net of tax)	**122**	(60)	**1,835**	876
COMPREHENSIVE EARNINGS (LOSS)	**$ (10,750)**	$ (10,507)	**$ (10,685)**	$ (4,418)

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended January 31, 2021 and 2020
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2019*	$ 241,264	$ 29,020	$ (570)	$ 14,503	$ 78,783	$ 363,000
Share issue	1,925	-	-	-	-	1,925
Share-based compensation	-	-	-	194	-	194
Stock options expired	-	3,740	-	(3,740)	-	-
	243,189	32,760	(570)	10,957	78,783	365,119
Comprehensive earnings:						
Net earnings	-	3,345	-	-	-	3,345
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(8,639)	(8,639)
Unrealized gain (loss) on derivatives	-	-	876	-	-	876
Total comprehensive earnings (loss)	-	3,345	876	-	(8,639)	(4,418)
BALANCE AS AT JANUARY 31, 2020	$ 243,189	$ 36,105	$ 306	$ 10,957	$ 70,144	$ 360,701
BALANCE AS AT MAY 1, 2020	**$ 243,189**	**$ (35,691)**	**$ (611)**	**$ 8,519**	**$ 81,640**	**$297,046**
Exercise of stock options	**58**	**-**	**-**	**(17)**	**-**	**41**
Share-based compensation	**-**	**-**	**-**	**222**	**-**	**222**
Stock options expired	**-**	**3,525**	**-**	**(3,525)**	**-**	**-**
	243,247	**(32,166)**	**(611)**	**5,199**	**81,640**	**297,309**
Comprehensive earnings:						
Net earnings	**-**	**7,690**	**-**	**-**	**-**	**7,690**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**(20,210)**	**(20,210)**
Unrealized gain (loss) on derivatives	**-**	**-**	**1,835**	**-**	**-**	**1,835**
Total comprehensive earnings (loss)	**-**	**7,690**	**1,835**	**-**	**(20,210)**	**(10,685)**
BALANCE AS AT JANUARY 31, 2021	**$ 243,247**	**$ (24,476)**	**$ 1,224**	**$ 5,199**	**$ 61,430**	**$286,624**

**Opening balances have been allocated to include expired or forfeited stock options of $5,744, previously recorded in share-based payments reserve, in retained earnings (deficit), consistent with current year presentation.*

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Three months ended January 31		Nine months ended January 31	
	2021	2020	**2021**	2020
OPERATING ACTIVITIES				
Earnings (loss) before income tax	**$ (1,441)**	$ (9,667)	**$ 10,953**	$ 8,639
Operating items not involving cash				
Depreciation and amortization (note 6)	**9,853**	9,940	**30,048**	29,629
(Gain) loss on disposal of property, plant and equipment	**(462)**	(27)	**(451)**	(171)
Share-based compensation	**73**	53	**222**	194
Restructuring charge (non-cash portion) (note 11)	**-**	1,503	**-**	1,503
Finance costs recognized in earnings before income tax	**337**	293	**961**	716
	8,360	2,095	**41,733**	40,510
Changes in non-cash operating working capital items	**5,739**	10,675	**(6,803)**	6,043
Finance costs paid	**(337)**	(293)	**(961)**	(716)
Income taxes paid	**(833)**	(1,581)	**(3,698)**	(6,185)
Cash flow from (used in) operating activities	**12,929**	10,896	**30,271**	39,652
FINANCING ACTIVITIES				
Repayment of lease liabilities	**(169)**	(446)	**(967)**	(1,290)
Repayment of long-term debt	**(251)**	(252)	**(35,752)**	(808)
Issuance of common shares due to exercise of stock options	**17**	-	**41**	-
Cash flow from (used in) financing activities	**(403)**	(698)	**(36,678)**	(2,098)
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 10)	**-**	(13,945)	**-**	(13,945)
Acquisition of property, plant and equipment (note 5)	**(5,069)**	(8,784)	**(20,613)**	(24,892)
Proceeds from disposal of property, plant and equipment	**541**	72	**1,033**	800
Cash flow from (used in) investing activities	**(4,528)**	(22,657)	**(19,580)**	(38,037)
Effect of exchange rate changes	**(1,612)**	(183)	**(2,495)**	(145)
INCREASE (DECREASE) IN CASH	**6,386**	(12,642)	**(28,482)**	(628)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**23,565**	39,380	**58,433**	27,366
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**$ 29,951**	$ 26,738	**$ 29,951**	$ 26,738

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at January 31, 2021 and April 30, 2020
(in thousands of Canadian dollars)
(unaudited)

	January 31, 2021	April 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 29,951	$ 58,433
Trade and other receivables	80,059	71,641
Income tax receivable	3,877	4,350
Inventories	90,016	99,823
Prepaid expenses	5,598	4,497
	209,501	238,744
PROPERTY, PLANT AND EQUIPMENT (note 5)	146,992	165,103
RIGHT-OF-USE ASSETS	3,982	3,803
DEFERRED INCOME TAX ASSETS	9,572	9,613
GOODWILL	7,708	7,708
INTANGIBLE ASSETS	663	946
	$ 378,418	$ 425,917
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ 56,315	$ 55,858
Income tax payable	1,721	926
Current portion of lease liabilities	1,168	1,121
Current portion of long-term debt	608	1,024
	59,812	58,929
LEASE LIABILITIES	2,860	2,701
CONTINGENT CONSIDERATION	1,807	1,807
LONG-TERM DEBT	15,131	50,333
DEFERRED INCOME TAX LIABILITIES	12,184	15,101
	91,794	128,871
SHAREHOLDERS' EQUITY		
Share capital	243,247	243,189
Retained earnings (deficit)	(24,476)	(35,691)
Other reserves	1,224	(611)
Share-based payments reserve	5,199	8,519
Foreign currency translation reserve	61,430	81,640
	286,624	297,046
	$ 378,418	$ 425,917

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. (the "Company") is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Suite 100, Moncton, NB, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia, and Africa.

2. BASIS OF PRESENTATION

Statement of compliance
These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2020.

On March 4, 2021, the Board of Directors authorized the financial statements for issue.

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

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

Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation
These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2020.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

Depending on the severity and duration of disruptions caused by the COVID-19 pandemic, results could be impacted in future periods. It is not possible at this time to estimate the magnitude of such potential future impacts.

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

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

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

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and nine months ended January 31, 2021 were $5,069 (2020 - $9,874) and $20,613 (2020 - $25,982), respectively. The unpaid portion of capital expenditures for the three and nine months ended January 31, 2020 was $1,090.

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

(in $000s CAD)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Depreciation	**$ 9,306**	$ 9,243	**$ 28,481**	$ 27,876
Employee benefit expenses	**39,032**	30,771	**110,738**	112,754
Cost of inventory	**15,870**	12,915	**47,322**	47,660
Other	**25,121**	23,623	**68,383**	80,828
Direct costs	**$ 89,329**	$ 76,552	**$ 254,924**	$ 269,118

Depreciation and amortization expense recorded in general and administrative expenses for the three and nine months ended January 31, 2021 was $547 (2020 - $697) and $1,567 (2020 - $1,753), respectively.

7. INCOME TAXES

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

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
Earnings (loss) before income tax	**$ (1,441)**	$ (9,667)	**$ 10,953**	$ 8,639
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax provision based on statutory rate	**(389)**	(2,610)	**2,957**	2,332
Non-recognition of tax benefits related to losses	**485**	949	**1,847**	1,321
Utilization of previously unrecognized losses	**(62)**	303	**(1,615)**	(280)
Other foreign taxes paid	**173**	43	**412**	365
Rate variances in foreign jurisdictions	**74**	(316)	**(158)**	(477)
De-recognition of previously recognized losses	**-**	1,505	**-**	1,505
Permanent differences and other	**(255)**	406	**(180)**	528
Income tax provision recognized in net earnings (loss)	**$ 26**	$ 280	**$ 3,263**	$ 5,294

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

8. EARNINGS PER SHARE

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

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
Net earnings (loss)	**$ (1,467)**	$ (9,947)	**$ 7,690**	$ 3,345
Weighted average number of shares:				
Basic (000s)	**80,641**	80,631	**80,638**	80,410
Diluted (000s)	**80,829**	80,659	**80,743**	80,422
Earnings (loss) per share				
Basic	**$ (0.02)**	$ (0.12)	**$ 0.10**	$ 0.04
Diluted	**$ (0.02)**	$ (0.12)	**$ 0.10**	$ 0.04

The calculation of diluted earnings per share for the three and nine months ended January 31, 2021 excludes the effect of 988,037 and 1,388,131 options, respectively (2020 - 2,513,791 and 2,845,241, respectively) as they were anti-dilutive.

The total number of shares outstanding on January 31, 2021 was 80,640,753 (2020 - 80,634,153).

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

9. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Asia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2020. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
Revenue				
Canada - U.S.*	**$ 56,802**	$ 38,199	**$ 173,464**	$ 164,493
South and Central America	**21,820**	19,322	**62,928**	81,793
Asia and Africa	**21,765**	24,198	**67,567**	74,074
	$ 100,387	$ 81,719	**$ 303,959**	$ 320,360

*Canada - U.S. includes revenue of $33,371 and $20,963 for Canadian operations for the three months ended January 31, 2021 and 2020, respectively and $85,090 and $74,830 for the nine months ended January 31, 2021 and 2020, respectively.

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
Earnings (loss) from operations				
Canada - U.S.	**$ (1,864)**	$ (5,262)	**$ 9,546**	$ 7,154
South and Central America	**(1,003)**	(5,886)	**(2,774)**	(2,900)
Asia and Africa	**3,578**	3,864	**9,855**	12,761
	711	(7,284)	**16,627**	17,015
Finance costs	**337**	293	**961**	716
General corporate expenses**	**1,815**	2,090	**4,713**	7,660
Income tax	**26**	280	**3,263**	5,294
	2,178	2,663	**8,937**	13,670
Net earnings (loss)	**$ (1,467)**	$ (9,947)	**$ 7,690**	$ 3,345

**General corporate expenses include expenses for corporate offices and stock options.

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
Capital expenditures				
Canada - U.S.	**$ 3,598**	$ 5,474	**$ 16,184**	$ 17,397
South and Central America	**255**	1,729	**1,039**	3,302
Asia and Africa	**710**	2,433	**2,821**	4,013
Unallocated and corporate assets	**506**	238	**569**	1,270
Total capital expenditures	**$ 5,069**	$ 9,874	**$ 20,613**	$ 25,982

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

9. SEGMENTED INFORMATION (Continued)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Depreciation and amortization				
Canada - U.S.	**$ 4,915**	$ 4,612	**$ 15,037**	$ 13,597
South and Central America	**2,965**	3,486	**9,365**	10,925
Asia and Africa	**1,589**	1,707	**5,155**	4,911
Unallocated and corporate assets	**384**	135	**491**	196
Total depreciation and amortization	**$ 9,853**	$ 9,940	**$ 30,048**	$ 29,629

	January 31, 2021	April 30, 2020
Identifiable assets		
Canada - U.S.*	**$ 180,219**	$ 180,925
South and Central America	**94,982**	129,748
Asia and Africa	**119,082**	121,954
Unallocated and corporate assets (liabilities)	**(15,865)**	(6,710)
Total identifiable assets	**$ 378,418**	$ 425,917

*Canada - U.S. includes property, plant and equipment as at January 31, 2021 of $42,003 (April 30, 2020 - $44,146) for Canadian operations.

10. BUSINESS ACQUISITION

Norex Drilling Limited

Effective November 1, 2019, the Company acquired all of the issued and outstanding shares of Norex Drilling Limited ("Norex").

The acquisition has been accounted for using the acquisition method. Through this purchase, which allowed the Company to gain a strong position to service its customers in both surface and underground exploration drilling services in Northern Ontario, the Company acquired 22 drill rigs, support equipment and inventory, existing contracts and receivables, the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $18.7 million, consisting of $14.0 million in cash (net of cash acquired), $1.9 million in Major Drilling shares, a holdback of $1.0 million and an additional payout of $1.8 million (discounted) tied to performance. The maximum amount of the contingent consideration is $2.5 million, with a payout date three years from the effective date of November 1, 2019. Payment is contingent on achieving EBITDA (earnings before interest, taxes, depreciation and amortization) run rates above levels at the time of acquisition.

Goodwill arising from this acquisition was equal to the excess of the total consideration paid over the fair market value of the net assets acquired and represents the benefit of expected synergies, revenue growth, and future market development.

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

10. BUSINESS ACQUISITION (Continued)

The net assets acquired at fair value at acquisition were as follows:

Net assets acquired		
Trade and other receivables	$	4,865
Inventories		1,762
Property, plant and equipment		8,217
Goodwill (not tax deductible)		7,708
Intangible assets		1,135
Trade and other payables		(3,385)
Deferred income tax liabilities		(1,625)
Total assets	**$**	**18,677**

Consideration		
Cash	$	14,241
Holdback		1,000
Contingent consideration		1,807
Shares of Major Drilling		1,925
Less: cash acquired		(296)
Total consideration	**$**	**18,677**

Subsequent to the date of acquisition, the trade and other receivables included in the above net assets acquired have been fully collected.

The above consideration includes non-cash investing activities, which are not reflected in the Interim Condensed Consolidated Statements of Cash Flows, including the issuance of 334,169 shares of Major Drilling at $5.76 for a total of $1,925, contingent consideration of $1,807 (discounted) and a holdback of $1,000.

The Company incurred acquisition-related costs of $182 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Interim Condensed Consolidated Statements of Operations.

The results of operations of Norex are included in the Interim Condensed Consolidated Statements of Operations from November 1, 2019.

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

11. RESTRUCTURING CHARGE

During the previous year, the Company made the decision to close its operations in Colombia.

These restructuring initiatives generated impairment losses calculated based on the determination of the fair value of assets less cost of disposal. Fair value was determined through the use of industry knowledge.

The costs related to these initiatives, and recorded as part of the restructuring charge, total $2,116 for the three and nine months ended January 31, 2020. This amount consists of non-cash charges totalling $1,503, including an impairment charge of $500 relating to property, plant and equipment and a write-down of $1,003 to reduce inventory to net realizable value. Cash charges include employee severance costs of $375 incurred to rationalize the workforce, and $238 relating to the cost of winding down operations.

12. FINANCIAL INSTRUMENTS

Fair value

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

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

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

The Company's derivatives are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended January 31, 2021.

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.

Credit risk

As at January 31, 2021, 83.5% (April 30, 2020 - 81.6%) of the Company's trade receivables were aged as current and 2.2% (April 30, 2020 - 2.0%) of the trade receivables were impaired.

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

	January 31, 2021	April 30, 2020
Opening balance	**$ 1,226**	$ 863
Increase in impairment allowance	**469**	442
Recovery of amounts previously impaired	**(115)**	-
Write-off charged against allowance	**-**	(37)
Foreign exchange translation differences	**(54)**	(42)
Ending balance	**$ 1,526**	$ 1,226

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

12. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk
As at January 31, 2021, the most significant carrying amounts of net monetary assets 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:

	Rate variance	IDR/USD	MNT/USD	USD/AUD	USD/BRL	USD/CLP	USD/CAD	Other
Net exposure on								
monetary assets		7,686	5,034	4,568	3,214	4,202	7,094	124
EBIT impact	+/-10%	854	559	508	357	467	788	14

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

	1 year	2-3 years	4-5 years	Total
Trade and other payables	$ 56,315	$ -	$ -	$ 56,315
Lease liabilities (interest included)	1,528	2,331	993	4,852
Contingent consideration (undiscounted)	-	2,500	-	2,500
Long-term debt (interest included)	1,096	16,301	-	17,397
	$ 58,939	**$ 21,132**	**$ 993**	**$ 81,064**