Management's Discussion and Analysis

Third Quarter Fiscal 2022

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, 2022. 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-month periods ended January 31, 2022 as compared to the corresponding period 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-month periods ended January 31, 2022, 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, 2021.

This MD&A is dated March 3, 2022. Disclosure contained in this document is current to that date, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this MD&A is qualified by this cautionary note.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management related to the factors set forth below. While these factors and assumptions are considered reasonable by the Company as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; the level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; global political and economic environments; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the Company's dependence on key customers; 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 most recently completed fiscal year, 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

Activity levels have now returned to pre-pandemic levels in most regions the Company operates in. As the long-term impacts of the COVID-19 pandemic evolve, the Company closely monitors any developments in each of the regions in which it operates, in order to continue assessing any possible impact on the Company's business, with a focus on the appropriate action to take, if warranted.

Due to the cyclical nature of the business, Major Drilling is well versed in managing successfully during typical cyclical industry downturns, which has also enabled 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 strictly enforces enhanced safety protocols, while working with its customers to encompass their safety protocols, to make every effort to ensure all employees remain safe and healthy. The Company's experienced management team has been proactive from the onset of the COVID-19 pandemic and will continue to act quickly to appropriately accommodate any changes in this environment, as necessary.

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, Africa, and Australia. 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.

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

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

In today's world of rapidly changing technology, Major Drilling is dedicated to finding new and innovative solutions to problems. The Company has invested in a fleet of digitized mobile underground drills that allow less dependence on client resources, as well as increased ability for automation and versatility. Major Drilling is also working towards modernizing its surface rigs through digitization and rod handling to create a safer, more productive work environment, while reducing maintenance costs and preventing downtime.

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

Over the years, Major Drilling 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.

As gold reserves decline due to minimal exploration during the recent industry downturn, and the push for a green economy increases demand for copper and other minerals, mining companies continue to deplete the more easily accessible mineral reserves around the world. Attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. 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 by providing quality, safety and results every day, with expert crews that use specialty equipment and techniques in areas that are difficult to access.

Diversification within the drilling field, while maintaining high safety standards that are unparalleled in the drilling industry, continues to be an integral part of the Company's business strategy. Major Drilling has globally diversified operations with a wide variety of equipment available to meet its clients' needs for all phases of their projects. The Company intends to continue modernizing and innovating its fleet and expanding its footprint in strategic areas.

The recent McKay Drilling PTY Limited ("McKay") acquisition provides the Company with a strong established presence in the important Australian growth market, with a state-of-the-art specialized drilling fleet, which incorporates the most advanced hands-free remote operation and monitoring technology.

Major Drilling delivers quality, high safety standards and results on even the toughest sites through the Company's extensive knowledge and experience, focus on safety, and commitment to meeting the local needs of every customer. With the best people on the ground and a well-maintained fleet, the Company partners with its customers and local communities for outstanding results.

A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees, to invest in training and innovation, to maintain its equipment in good condition and maintain sufficient inventory to meet increased customer demands. The Company has the liquidity required for the current industry ramp-up and its financial strength allows it to adapt and manage effectively through challenging periods, such as the COVID-19 pandemic.

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 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.

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 we operate; 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 for the purpose of formalizing its risk management structure and mitigation strategies. The Company's ESG Policy was adopted in fiscal 2021, complementing other corporate policies such as its Code of Ethics and Business Conduct, Diversity Policy, Anti-Corruption Policy, and Human Rights 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 Indigenous 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. The latest market downturn was marked by a lack of exploration and depleting reserves.

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, now at high levels as reserves remain low and mining companies continue to struggle to replace resource depletion.

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 continue to be depleted.

The growing demand for electric vehicles should increase demand for metals such as copper, lithium, nickel and cobalt. Copper prices have more than doubled over the last two years and have recently reached all-time highs, at a time when the world is accelerating its efforts toward decarbonization, requiring enormous amounts of copper, which will exacerbate the projected supply deficit.

As resources in some areas are becoming depleted, future mineral deposits will have to come from areas difficult to access, either in remote or politically challenging areas, deeper in the ground or at higher altitudes, and it takes 10 to 15 years to bring a mine into production. This should improve demand for specialized services in the future as stability returns to the industry.

BUSINESS ACQUISITION

On June 1, 2021, the Company completed the purchase of the issued and outstanding shares of McKay Drilling, a leading specialty drilling contractor based in Perth, Australia, providing Major Drilling with a strong established presence in an important growth market.

Founded in 1990, McKay is a leader in reverse circulation drilling and operates a state-of-the-art fleet of 15 high-capacity reverse circulation rigs and 5 deep-hole diamond rigs, with the most advanced hands-free remote operation and monitoring technology. McKay’s fleet is at the very high end of specialized drilling equipment and includes support equipment and inventories necessary for its operation. The company is widely regarded as an innovator in the Australian mining industry and has long-standing relationships with Australia’s largest mining companies.

While McKay’s historical performance should not be viewed as guidance for future performance, for the twelve-month period ending March 31, 2021, McKay generated revenue of approximately AUD$60 million and EBITDA of approximately AUD$17 million.

The purchase price for the acquisition is valued at an amount up to AUD$80 million, or approximately CAD$75 million, consisting of: (i) a cash payment (funded from Major Drilling’s cash and existing debt facilities) of AUD$40 million; (ii) AUD$15 million paid through the issuance of 1,318,101 common shares of Major Drilling, valued based on the volume weighted average price of the common shares prior to closing; and (iii) an earn-out of up to AUD$25 million with a payout period extending over three years from the effective date of June 1, 2021, based on the achievement of certain milestones.

The results of the McKay operations are included in the Interim Condensed Consolidated Statements of Operations from June 1, 2021. Since the date of acquisition, revenue attributable to the McKay operations for the three and nine months ended January 31, 2022 was approximately $12 million and $43 million, respectively and (loss) earnings were approximately $(1) million and $4 million, respectively. Had the business combination been effective as of May 1, 2021, pro-forma revenue and net earnings of the combined entity for the nine months ended January 31, 2022 would have been approximately $465 million and $32 million, respectively.

OVERALL PERFORMANCE

While the third quarter is typically the Company's weakest quarter due to the shutdown of mining and exploration activities over the holiday season, activity levels were high in November and continued well into December until the usual reduction in operational activity. Also, January start-ups were much earlier than previous years.

The Company's net cash position (cash net of debt, excluding lease liabilities reported under IFRS 16 Leases - see "Non-IFRS financial measures") improved by $36.1 million, to end the quarter at $6.1 million compared to net debt of $30.0 million in the second quarter of the current year.

Revenue for the quarter ended January 31, 2022 was $138.8 million, up from revenue of $100.4 million recorded for the same quarter last year.

Gross margin percentage for the quarter was 16.9% compared to 11.0% for the same quarter last year. Adjusted gross margin, which excludes depreciation expense (see "Non-IFRS financial measures"), was 24.2% for the quarter compared to 20.3% the prior year quarter.

The Company generated $18.4 million of EBITDA (earnings before interest, taxes, depreciation, and amortization - see "Non-IFRS financial measures"), compared to $8.7 million for the same quarter last year. The significant increase in EBITDA was attributed to the Company's operational leverage as revenue levels increase.

Net earnings were $5.7 million or $0.07 per share compared to a loss of $1.5 million or $0.02 per share for the same quarter last year.

RESULTS OF OPERATIONS - THIRD QUARTER RESULTS ENDED JANUARY 31, 2022

Total revenue for the quarter was $138.8 million up 38% from revenue of $100.4 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 $3 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 37.9% to $78.3 million, compared to the same period last year. Projects ran deeper into December and started up quicker in January, which helped offset the typical seasonal slowdown.

South and Central American revenue increased by 46.8% to $32.0 million for the quarter, compared to the same quarter last year. With COVID-19 restrictions easing in most jurisdictions, activity levels ramped up, boosting revenue from the prior period.

Australasian and African revenue increased by 30.7% to $28.5 million, compared to the same period last year. The McKay acquisition was the main driver in the quarter-over-quarter growth for this region.

Gross margin percentage for the quarter was 16.9%, compared to 11.0% for the same period last year. Depreciation expense, totaling $10.1 million, is included in direct costs for the current quarter, versus $9.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 24.2% for the quarter, compared to 20.3% in the prior year quarter. Margins are typically lower in the third quarter due to seasonal slowdowns and significant scheduled maintenance, however this year, there was less impact in North America as many drill programs minimized their holiday shutdown plans. Australasia encountered the typical seasonal slowdown while the South and Central American region was negatively impacted by seasonality as well as ramp-up costs in certain jurisdictions as activity levels began to recover from the impacts of COVID-19.

General and administrative costs were $14.1 million, an increase of $2.4 million compared to the same quarter last year. The increase was driven by the addition of the Australian operations, inflationary wage adjustments, and the resumption of some travel as COVID-19 restrictions loosened in most jurisdictions.

The income tax provision for the quarter was an expense of $1.3 million compared to nil for the prior year period. The increase from the prior year period was due to increased profitability.

Net earnings were $5.7 million or $0.07 per share ($0.07 per share diluted) for the quarter, compared to a loss of $1.5 million or $0.02 per share ($0.02 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS – YEAR TO DATE ENDED JANUARY 31, 2022

Total revenue for the year was $460.4 million, up 51% from revenue of $304.0 million recorded in the previous year, which was impacted by COVID-19. The unfavourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the previous year, was approximately $17 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 48% to $257.5 million, compared to the previous year. The demand for drilling services remains robust in this region, driven by increased exploration budgets from senior and intermediate customers. Combined with the resurgence of junior financings, this has led to increased activity levels from the prior year.

South and Central American revenue increased by 65% to $104.0 million for the year, compared to the previous year. The growth in the region from the prior year was mainly attributed to operations in most countries recovering from the impacts of COVID-19.

Australasian and African revenue increased by 46% to $98.9 million, compared to the previous year, driven mainly by the McKay acquisition early in the current fiscal year.

Gross margin percentage for the year was 19.8%, compared to 16.1% for the previous year. Depreciation expense totaling $30.2 million is included in direct costs for the current quarter, versus $28.5 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 26.4% for the year, compared to 25.5% for the prior year. Margins were impacted by increased labour and supply costs, however the stronger pricing environment established late in the first quarter has offset this cost inflation.

General and administrative costs were $41.8 million, an increase of $7.3 million, compared to the previous year. The increase is driven by the addition of the Australian operations and inflationary wage adjustments to start the new fiscal year. Also, certain cost cutting measures and government assistance programs used to navigate the pandemic in the prior year are no longer in place, and travel has resumed in some jurisdictions as COVID-19 restrictions loosened somewhat.

The income tax provision for the year was an expense of $8.6 million, compared to an expense of $3.3 million for the prior year. The increase in the tax expense was related to an increase in overall profitability from the prior year.

Net earnings were $31.0 million or $0.38 per share ($0.38 per share diluted) for the year, compared to $7.7 million or $0.10 per share ($0.10 per share diluted) for the prior year.

SUMMARY OF QUARTERLY RESULTS

(in $000s CAD, except per share)	*Fiscal 2022*			*Fiscal 2021*				*Fiscal 2020*
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$138,752**	$170,693	$150,995	$128,117	$100,387	$114,152	$89,420	$ 88,784
Gross profit	**23,427**	37,538	30,360	15,053	11,058	22,852	15,125	9,401
Gross margin	**16.9%**	22.0%	20.1%	11.7%	11.0%	20.0%	16.9%	10.6%
Adjusted gross margin	**24.2%**	28.3%	26.3%	18.4%	20.3%	28.3%	27.8%	21.5%
Net earnings (loss)	**5,676**	14,290	11,060	2,344	(1,467)	7,009	2,148	(74,307)
Per share - basic	**0.07**	0.17	0.14	0.03	(0.02)	0.09	0.03	(0.92)
Per share - diluted	**0.07**	0.17	0.13	0.03	(0.02)	0.09	0.03	(0.92)

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
The change in non-cash operating working capital items was an inflow of $31.0 million for the quarter, compared to an inflow of $5.7 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 $50.2 million;
- a decrease in accounts payable of $16.4 million;
- an increase in prepaids of $2.1 million; and
- an increase in inventory of $1.0 million.

Cash flow from operating activities for the quarter was an inflow of $47.9 million, compared to an inflow of $12.9 million in the same quarter last year.

Investing activities
Capital expenditures were $12.2 million for the quarter ended January 31, 2022, compared to $5.1 million for the same quarter last year.

The drill rig count was 600 at January 31, 2022, as the Company added 5 rigs to its fleet, while disposing of 8 older less efficient rigs.

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 $31.4 million ($30.0 million from a Canadian chartered bank and $1.4 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 London Inter Bank Offer Rate (“LIBOR”) plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank’s LIBOR plus 2.25%. At January 31, 2022, the Company had utilized $1.3 million of these facilities for stand-by letters of credit.

The Company also has a credit facility of $2.3 million for credit cards for which interest rate and repayment are as per cardholder agreements.

<u>Long-term debt</u>
Total long-term debt was unchanged during the quarter at $50.0 million as of January 31, 2022.

As of January 31, 2022, the Company had the following long-term debt facility:

- $75.0 million revolving term facility for financing the cost of equipment purchases or acquisition costs of related businesses. At January 31, 2022, $50.0 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.

As at, January 31, 2022 there are no scheduled debt repayments for the remainder of fiscal 2022, however the Company may choose to make discretionary payments on the revolving term facility, depending on available funds.

As at January 31, 2022, the Company had unused borrowing capacity under its credit facilities of $55.1 million and cash of $78.3 million, for a total of $133.4 million in available funds. The Company believes its existing cash balance, available credit facility, and expected operating cash flows, will be sufficient to fund operations, capital expenditures, contingent considerations, debt and lease obligations, currently estimated for the next twelve months.

OUTLOOK

The third quarter was very successful with high activity levels in November continuing into December, until the normal reduction in operational activity due to holiday shutdowns, and January start-ups began much earlier than previous years. These factors provide a strong indication of increased activity in calendar 2022 and reinforces the fact that the industry is in a mining upcycle.

The Company's customers are turning to more challenging drill programs as the upcycle progresses. The Company's proactive approach to training and retention efforts have allowed it to support the early start to the year and deliver value to customers. The strategy of holding rigs and inventory ready for immediate deployment to customers continues to deliver results, as the industry deals with supply chain disruptions.

As a means to respond to current market demand and stay ahead of supply chain challenges, the Company has added five new drill rigs and necessary support equipment during the quarter and expects to take possession of at least eight drills in the coming quarter for immediate deployment to the field.

Going forward, new contracts and contract renewals with incrementally favourable terms, negotiated throughout the third quarter, should help offset cost inflation of supply and labour as competition for skilled drilling crews continues to be a challenge the industry is facing in the most operationally intense markets.

With the following positive drivers firmly in place, the outlook for the Company and the pricing environment remain extremely encouraging through the coming quarter and beyond:

- Gold prices are at high levels as reserves remain low and mining companies continue to struggle to replace resource depletion;
- Copper prices have more than doubled over the last two years and have recently reached all-time highs, at a time when the world is accelerating its efforts toward decarbonization, requiring enormous amounts of copper, which will exacerbate the projected supply deficit;
- Nickel prices are up more than 40% over the last year, as the world races to secure supplies for electric vehicle batteries as inventories dwindle;
- Lack of exploration throughout the recent industry downturn has led to depleting reserves;
- It takes 10 to 15 years to bring a mine into production; and
- New mineral deposits will come from areas more difficult to access, requiring more specialized drilling.

NON-IFRS FINANCIAL MEASURES

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

EBITDA - earnings before interest, taxes, depreciation and amortization:

(in $000s CAD)	**Q3 2022**	Q3 2021	**YTD 2022**	YTD 2021
Net earnings (loss)	**$ 5,676**	$ (1,467)	**$ 31,026**	$ 7,690
Finance costs	**373**	337	**1,244**	961
Income tax provision	**1,338**	26	**8,554**	3,263
Depreciation and amortization	**11,013**	9,853	**32,541**	30,048
EBITDA	**$ 18,400**	$ 8,749	**$ 73,365**	$ 41,962

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q3 2022**	Q3 2021	**YTD 2022**	YTD 2021
Total revenue	**$ 138,752**	$ 100,387	**$ 460,440**	$ 303,959
Less: direct costs	**115,325**	89,329	**369,115**	254,924
Gross profit	**23,427**	11,058	**91,325**	49,035
Add: depreciation	**10,145**	9,306	**30,163**	28,481
Adjusted gross profit	**33,572**	20,364	**121,488**	77,516
Adjusted gross margin	**24.2%**	20.3%	**26.4%**	25.5%

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

(in $000s CAD)	**January 31, 2022**	April 30, 2021
Cash	**$ 78,306**	$ 22,359
Contingent consideration	**(22,176)**	(1,907)
Long-term debt	**(50,016)**	(15,462)
Net cash (debt)	**$ 6,114**	$ 4,990

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 26% of revenue generated was in Canadian dollars, 59% in U.S. dollars, and the balance in other currencies. 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 $3 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, 2022, the most significant carrying amounts of net monetary assets and/or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows (in 000s CAD):

	Rate variance	**IDR/USD**	**MNT/USD**	**USD/AUD**	**MZN/USD**	**USD/CLP**	**USD/BRL**	**Other**
Net exposure on monetary assets (liabilities)		11,269	4,267	4,026	1,079	(5,707)	(2,786)	(1,043)
EBIT impact	+/-10%	1,252	474	447	120	634	310	116

Argentina currency status

During the current fiscal year, in an effort to bring inflation down and stabilize markets as the financial crisis continues in Argentina, the Argentine government imposed tighter currency controls. In an effort to prevent the flow of U.S. dollars ("USD") out of Argentina's struggling economy, earlier in the year the Argentine Central Bank ("ACB") made it more difficult for investors to buy USD and tightened controls to prevent investors from buying assets in Argentine pesos ("ARS") and then selling abroad in USD to obtain foreign currency. While the International Monetary Fund has recommended the country gradually loosen all restrictions on foreign currency exchange, the ACB continues to impose limitations on transactions in USD denominated securities. The ARS has continued to devalue, therefore the Company continues to be vigilant in managing assets held in ARS.

Indonesia currency status
Early in the previous calendar year, the Bank of Indonesia implemented several policies to maintain exchange rate stability, including intensive monitoring of foreign exchange market transactions, moral suasion, foreign currency intervention in the domestic foreign exchange markets, and direct controls through relevant regulations. Early in the first quarter of the current fiscal year, the Bank of Indonesia strengthened the monitoring of foreign exchange transactions against the rupiah. While the Bank of Indonesia has announced that global economic recovery is expected to be lower than previously forecasted, policies remain unchanged. As these policies could delay and eventually restrict the ability to exchange the rupiah to U.S. dollars, the Company is monitoring this situation closely.

COMPREHENSIVE EARNINGS

The Interim Condensed Consolidated Statements of Comprehensive Earnings for the quarter includes a $4.4 million unrealized gain on translating the financial statements of the Company's foreign operations compared to a loss of $9.4 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 most recently completed fiscal year, 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.

Effective June 1, 2021, the Company completed the acquisition of McKay Drilling. The results of McKay's operations have been included in the Interim Condensed Consolidated Financial Statements since the date of acquisition, however, the Company has not had sufficient time to appropriately review the internal control used by McKay. The Company is in the process of integrating the McKay operation and will be expanding its DC&P and ICFR to include the McKay operation over the next year. As a result, the CEO and CFO have limited the scope of design of DC&P and testing of ICFR to exclude McKay controls, policies and procedures from the January 31, 2022 certification of internal control, in accordance with section 3.3(1)(b)of NI 52-109, which allows an issuer to limit the design of DC&P or ICFR to exclude a business that was acquired not more than 365 days before the end of the financial period to which the CEO's and CFO's certification of interim filings relates. The acquisition date financial information for McKay is included in the discussion regarding the acquisition contained in this MD&A and note 10 of the Interim Condensed Consolidated Financial Statements.

For the three and nine-month periods ended January 31, 2022, there have been no changes in the Company's DC&P or ICFR that have materially affected, or are reasonably likely to materially affect, the Company's DC&P or ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

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

OUTSTANDING SHARE DATA

As of March 3, 2022, there were 82,399,554 common shares issued and outstanding in the Company. This represents an increase of 12,000 issued and outstanding shares, due to the exercise of stock options, as compared to the number reported in the Company's second quarter MD&A (reported as of December 2, 2021).

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	
	2022	2021	**2022**	2021
TOTAL REVENUE	**$ 138,752**	$ 100,387	**$ 460,440**	$ 303,959
DIRECT COSTS (note 6)	**115,325**	89,329	**369,115**	254,924
GROSS PROFIT	**23,427**	11,058	**91,325**	49,035
OPERATING EXPENSES				
General and administrative (note 6)	**14,086**	11,742	**41,824**	34,536
Other expenses	**2,326**	862	**8,348**	3,341
(Gain) loss on disposal of property, plant and equipment	**(2)**	(462)	**(411)**	(451)
Foreign exchange (gain) loss	**(370)**	20	**740**	(305)
Finance costs	**373**	337	**1,244**	961
	16,413	12,499	**51,745**	38,082
EARNINGS (LOSS) BEFORE INCOME TAX	**7,014**	(1,441)	**39,580**	10,953
INCOME TAX EXPENSE (RECOVERY) (note7)				
Current	**2,108**	896	**7,452**	4,760
Deferred	**(770)**	(870)	**1,102**	(1,497)
	1,338	26	**8,554**	3,263
NET EARNINGS (LOSS)	**$ 5,676**	$ (1,467)	**$ 31,026**	$ 7,690
EARNINGS (LOSS) PER SHARE (note 8)				
Basic	**$ 0.07**	$ (0.02)	**$ 0.38**	$ 0.10
Diluted	**$ 0.07**	$ (0.02)	**$ 0.38**	$ 0.10

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

	Three months ended January 31		Nine months ended January 31	
	2022	2021	**2022**	2021
NET EARNINGS (LOSS)	**$ 5,676**	$ (1,467)	**$ 31,026**	$ 7,690
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	**4,397**	(9,405)	**3,884**	(20,210)
Unrealized gain (loss) on derivatives (net of tax)	**(567)**	122	**(385)**	1,835
COMPREHENSIVE EARNINGS (LOSS)	**$ 9,506**	$ (10,750)	**$ 34,525**	$ (10,685)

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended January 31, 2022 and 2021
(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, 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/forfeited	-	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 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
BALANCE AS AT MAY 1, 2021	**$ 243,379**	**$ (22,456)**	**$ 1,067**	**$ 5,559**	**$ 52,614**	**$280,163**
Share issue (note 10)	**12,911**	**-**	**-**	**-**	**-**	**12,911**
Exercise of stock options	**4,030**	**-**	**-**	**(1,129)**	**-**	**2,901**
Share-based compensation	**-**	**-**	**-**	**273**	**-**	**273**
Stock options expired/forfeited	**-**	**19**	**-**	**(19)**	**-**	**-**
	260,320	**(22,437)**	**1,067**	**4,684**	**52,614**	**296,248**
Comprehensive earnings:						
Net earnings	**-**	**31,026**	**-**	**-**	**-**	**31,026**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**3,884**	**3,884**
Unrealized gain (loss) on derivatives	**-**	**-**	**(385)**	**-**	**-**	**(385)**
Total comprehensive earnings	**-**	**31,026**	**(385)**	**-**	**3,884**	**34,525**
BALANCE AS AT JANUARY 31, 2022	**$ 260,320**	**$ 8,589**	**$ 682**	**$ 4,684**	**$ 56,498**	**$330,773**

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	
	2022	2021	**2022**	2021
OPERATING ACTIVITIES				
Earnings (loss) before income tax	**$ 7,014**	$ (1,441)	**$ 39,580**	$ 10,953
Operating items not involving cash				
Depreciation and amortization	**11,013**	9,853	**32,541**	30,048
(Gain) loss on disposal of property, plant and equipment	**(2)**	(462)	**(411)**	(451)
Share-based compensation	**98**	73	**273**	222
Finance costs recognized in earnings before income tax	**373**	337	**1,244**	961
	18,496	8,360	**73,227**	41,733
Changes in non-cash operating working capital items	**31,030**	5,739	**21,609**	(6,803)
Finance costs paid	**(373)**	(337)	**(1,244)**	(961)
Income taxes (paid) recovered	**(1,229)**	(833)	**(3,668)**	(3,698)
Cash flow from (used in) operating activities	**47,924**	12,929	**89,924**	30,271
FINANCING ACTIVITIES				
Repayment of lease liabilities	**(338)**	(169)	**(1,008)**	(967)
Repayment of long-term debt	**-**	(251)	**(355)**	(35,752)
Issuance of common shares due to exercise of stock options	**34**	17	**2,901**	41
Proceeds from draw on long-term debt (note 11)	**-**	-	**35,000**	-
Cash flow from (used in) financing activities	**(304)**	(403)	**36,538**	(36,678)
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 10)	**-**	-	**(38,050)**	-
Acquisition of property, plant and equipment (note 5)	**(12,203)**	(5,069)	**(34,981)**	(20,613)
Proceeds from disposal of property, plant and equipment	**121**	541	**1,902**	1,033
Cash flow from (used in) investing activities	**(12,082)**	(4,528)	**(71,129)**	(19,580)
Effect of exchange rate changes	**95**	(1,612)	**614**	(2,495)
INCREASE (DECREASE) IN CASH	**35,633**	6,386	**55,947**	(28,482)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**42,673**	23,565	**22,359**	58,433
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**$ 78,306**	$ 29,951	**$ 78,306**	$ 29,951

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at January 31, 2022 and April 30, 2021
(in thousands of Canadian dollars)
(unaudited)

	January 31, 2022	April 30, 2021
ASSETS		
CURRENT ASSETS		
Cash	$ **78,306**	$ 22,359
Trade and other receivables	**85,408**	102,571
Income tax receivable	**2,747**	5,973
Inventories	**92,254**	85,585
Prepaid expenses	**9,958**	6,710
	268,673	223,198
PROPERTY, PLANT AND EQUIPMENT (note 5 and note 10)	**192,554**	144,382
RIGHT-OF-USE ASSETS	**5,826**	3,773
DEFERRED INCOME TAX ASSETS	**4,283**	8,903
GOODWILL (note 10)	**22,573**	7,708
INTANGIBLE ASSETS (note 10)	**4,891**	568
	$ **498,800**	$ 388,532
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ **77,237**	$ 73,083
Income tax payable	**1,985**	1,639
Current portion of lease liabilities	**1,512**	803
Current portion of contingent consideration (note 10)	**8,289**	-
Current portion of long-term debt	**-**	356
	89,023	75,881
LEASE LIABILITIES	**4,279**	2,943
CONTINGENT CONSIDERATION (note 10)	**13,887**	1,907
LONG-TERM DEBT (note 11)	**50,016**	15,106
DEFERRED INCOME TAX LIABILITIES	**10,822**	12,532
	168,027	108,369
SHAREHOLDERS' EQUITY		
Share capital	**260,320**	243,379
Retained earnings (deficit)	**8,589**	(22,456)
Other reserves	**682**	1,067
Share-based payments reserve	**4,684**	5,559
Foreign currency translation reserve	**56,498**	52,614
	330,773	280,163
	$ **498,800**	$ 388,532

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, Africa and Australia.

2. BASIS OF PRESENTATION

Statement of compliance
These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2021 with the exception of intangible assets acquired (see note 10).

On March 3, 2022, 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, 2021.

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 fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration, allowance for impairment of trade receivables, and impairment testing of goodwill and intangible assets.

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

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, 2022 were $12,203 (2021 - $5,069) and $34,981 (2021 - $20,613), respectively. The company did not obtain direct financing for the three and nine months ended January 31, 2022 or 2021.

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Depreciation	**$ 10,145**	$ 9,306	**$ 30,163**	$ 28,481
Employee salaries and benefit expenses	**51,893**	39,032	**169,548**	110,738
Cost of material	**20,576**	15,870	**67,200**	47,322
Other	**32,711**	25,121	**102,204**	68,383
	$ 115,325	$ 89,329	**$ 369,115**	$ 254,924

General and administrative expenses by nature are as follows:

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Amortization of intangible assets	**$ 366**	$ 95	**$ 1,014**	$ 284
Depreciation	**502**	452	**1,364**	1,283
Employee salaries and benefit expenses	**7,584**	6,830	**23,052**	19,879
Other general and administrative expenses	**5,634**	4,365	**16,394**	13,090
	$ 14,086	$ 11,742	**$ 41,824**	$ 34,536

7. INCOME TAXES

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

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Earnings (loss) before income tax	**$ 7,014**	$ (1,441)	**$ 39,580**	$ 10,953
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax provision based on statutory rate	**1,894**	(389)	**10,687**	2,957
Non-recognition of tax benefits related to losses	**247**	485	**894**	1,847
Utilization of previously unrecognized losses	**(1,244)**	(62)	**(5,487)**	(1,615)
Other foreign taxes paid	**165**	173	**689**	412
Rate variances in foreign jurisdictions	**(156)**	74	**95**	(158)
Derecognition of previously recognized losses	**-**	-	**861**	-
Permanent differences and other	**432**	(255)	**815**	(180)
Income tax provision recognized in net earnings	**$ 1,338**	$ 26	**$ 8,554**	$ 3,263

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 are used in determining earnings per share.

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Net earnings (loss)	**$ 5,676**	$ (1,467)	**$ 31,026**	$ 7,690
Weighted average number of shares:				
Basic (000s)	**82,389**	80,641	**82,156**	80,638
Diluted (000s)	**82,793**	80,829	**82,587**	80,743
Earnings (loss) per share				
Basic	**$ 0.07**	$ (0.02)	**$ 0.38**	$ 0.10
Diluted	**$ 0.07**	$ (0.02)	**$ 0.38**	$ 0.10

The calculation of diluted earnings per share for the three and nine months ended January 31, 2022 excludes the effect of 52,500 and 42,799 options, respectively (2021 - 988,037 and 1,388,131, respectively) as they were anti-dilutive.

The total number of shares outstanding on January 31, 2022 was 82,392,054 (2021 - 80,640,753).

(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 Australasia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2021. 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 2022	Q3 2021	**YTD 2022**	YTD 2021
Revenue				
Canada - U.S.*	**$ 78,298**	$ 56,802	**$ 257,547**	$ 173,464
South and Central America	**31,976**	21,820	**103,950**	62,928
Australasia and Africa	**28,478**	21,765	**98,943**	67,567
	$ 138,752	$ 100,387	**$ 460,440**	$ 303,959

*Canada - U.S. includes revenue of $36,284 and $33,371 for Canadian operations for the three months ended January 31, 2022 and 2021, respectively and $134,821 and $85,090 for the nine months ended January 31, 2022 and 2021, respectively.

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Earnings (loss) from operations				
Canada - U.S.	**$ 9,177**	$ (1,864)	**$ 34,915**	$ 9,546
South and Central America	**(1,610)**	(1,003)	**(1,030)**	(2,774)
Australasia and Africa	**2,154**	3,578	**16,007**	9,855
	9,721	711	**49,892**	16,627
Finance costs	**373**	337	**1,244**	961
General corporate expenses**	**2,334**	1,815	**9,068**	4,713
Income tax	**1,338**	26	**8,554**	3,263
	4,045	2,178	**18,866**	8,937
Net earnings (loss)	**$ 5,676**	$ (1,467)	**$ 31,026**	$ 7,690

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

	Q3 2022	Q3 2021	**YTD 2022**	YTD 2021
Capital expenditures				
Canada - U.S.	**$ 7,533**	$ 3,598	**$ 21,900**	$ 16,184
South and Central America	**2,288**	255	**6,298**	1,039
Australasia and Africa	**1,110**	710	**5,511**	2,821
Unallocated and corporate assets	**1,272**	506	**1,272**	569
Total capital expenditures	**$ 12,203**	$ 5,069	**$ 34,981**	$ 20,613

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

9. SEGMENTED INFORMATION (Continued)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Depreciation and amortization				
Canada - U.S.	$ 4,990	$ 4,915	$ 15,011	$ 15,037
South and Central America	2,422	2,965	7,446	9,365
Australasia and Africa	2,843	1,589	9,150	5,155
Unallocated and corporate assets	758	384	934	491
Total depreciation and amortization	$ 11,013	$ 9,853	$ 32,541	$ 30,048

	January 31, 2022	April 30, 2021
Identifiable assets		
Canada - U.S.*	$ 195,984	$ 191,320
South and Central America	107,485	99,435
Australasia and Africa	199,715	111,504
Unallocated and corporate liabilities	(4,384)	(13,727)
Total identifiable assets	$ 498,800	$ 388,532

*Canada - U.S. includes property, plant and equipment as at January 31, 2022 of $50,162 (April 30, 2021 - $43,409) for Canadian operations.

10. BUSINESS ACQUISITION

McKay Drilling PTY Limited

Effective June 1, 2021, the Company acquired all of the issued and outstanding shares of McKay Drilling PTY Limited ("McKay"), a leading specialty drilling contractor based in Western Australia.

The acquisition was accounted for using the acquisition method. The Company acquired 20 drill rigs, support equipment and inventory, existing contracts and receivables, as well as retaining the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $71,073, consisting of $38,050 in cash (net of cash acquired), $12,911 in Major Drilling shares and an additional payout of $20,112 (discounted) tied to performance. The maximum amount of the contingent consideration is $25,000 AUD, with a payout period extending over three years from the effective date of June 1, 2021, contingent upon achievement of certain milestones.

As the acquisition occurred early in the first quarter, the Company is in the process of finalizing the valuation of assets and purchase price allocation. As at January 31, 2022, the values allocated to net tangible and intangible assets are preliminary and are subject to adjustments as additional information is obtained.

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

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

10. BUSINESS ACQUISITION (Continued)

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

Net assets acquired		
Trade and other receivables	$	10,475
Inventories		1,595
Prepaid expenses		1,773
Property, plant and equipment		44,466
Goodwill (not tax deductible)		15,543
Intangible assets		5,558
Trade and other payables		(7,379)
Deferred income tax liabilities		(958)
Total assets	**$**	**71,073**
Consideration		
Cash	$	39,031
Less: cash acquired		(981)
Contingent consideration		20,112
Shares of Major Drilling		12,911
Total consideration	**$**	**71,073**

Subsequent to the date of acquisition, the trade and other receivables included in the above net assets acquired have been fully collected. Intangible assets acquired are amortized over five years.

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 1,318,101 shares of Major Drilling for a total of $12,911, and contingent consideration of $20,112 (discounted).

The Company incurred acquisition-related costs of $454 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 the McKay operations are included in the Interim Condensed Consolidated Statements of Operations from June 1, 2021. Since the date of acquisition, revenue attributable to the McKay operations for the three and nine months ended January 31, 2022 was approximately $12 million and $43 million, respectively and (loss) earnings were approximately $(1) million and $4 million, respectively. Had the business combination been effective as of May 1, 2021, pro-forma revenue and net earnings of the combined entity for the nine months ended January 31, 2022, would have been approximately $465 million and $32 million, respectively.

11. FINANCIAL INSTRUMENTS

Fair value

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

11. FINANCIAL INSTRUMENTS (Continued)

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 has entered into certain derivative financial instruments to manage its exposure to interest rate and market risks, including an interest rate swap, with a notional value of $15,000 maturing in May of 2022, and share-price forward contracts with a combined notional amount of $6,216, maturing at varying dates through June 2024.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's derivatives, with fair values as follows, are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended January 31, 2022.

	January 31, 2022	April 30, 2021
Interest rate swap	**$ (16)**	$ (106)
Share-price forward contracts	**$ 3,313**	$ 2,167

Credit risk

As at January 31, 2022, 87.0% (April 30, 2021 - 93.7%) of the Company's trade receivables were aged as current and 2.1% (April 30, 2021 - 1.8%) 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, 2022	April 30, 2021
Opening balance	**$ 1,638**	$ 1,226
Increase in impairment allowance	**539**	588
Recovery of amounts previously impaired	**(225)**	(115)
Write-off charged against allowance	**(418)**	-
Foreign exchange translation differences	**(23)**	(61)
Ending balance	**$ 1,511**	$ 1,638

Foreign currency risk

As at January 31, 2022, the most significant carrying amounts of net monetary assets and/or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows (in 000s CAD):

	Rate variance	**IDR/USD**	**MNT/USD**	**USD/AUD**	**MZN/USD**	**USD/CLP**	**USD/BRL**	**Other**
Net exposure on monetary assets (liabilities)		11,269	4,267	4,026	1,079	(5,707)	(2,786)	(1,043)
EBIT impact	+/-10%	1,252	474	447	120	634	310	116

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

11. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Early in the current fiscal year, the Company negotiated an expansion of its existing revolving term facility to an aggregate $75,000 to provide liquidity to fund operations as it made a $35,000 draw from this facility to fund the cash portion of the McKay acquisition. As of January 31, 2022, the Company has unused capacity of $25,000 under this facility.

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

	1 year	2-3 years	4-5 years	Thereafter	Total
Trade and other payables	$ 77,237	$ -	$ -	$ -	$ 77,237
Lease liabilities (interest included)	1,854	2,534	1,189	354	5,931
Contingent consideration (undiscounted)	8,754	16,081	-	-	24,835
Long-term debt (interest included)	1,576	51,170	-	-	52,746
	$ 89,421	**$ 69,785**	**$ 1,189**	**$ 354**	**$ 160,749**