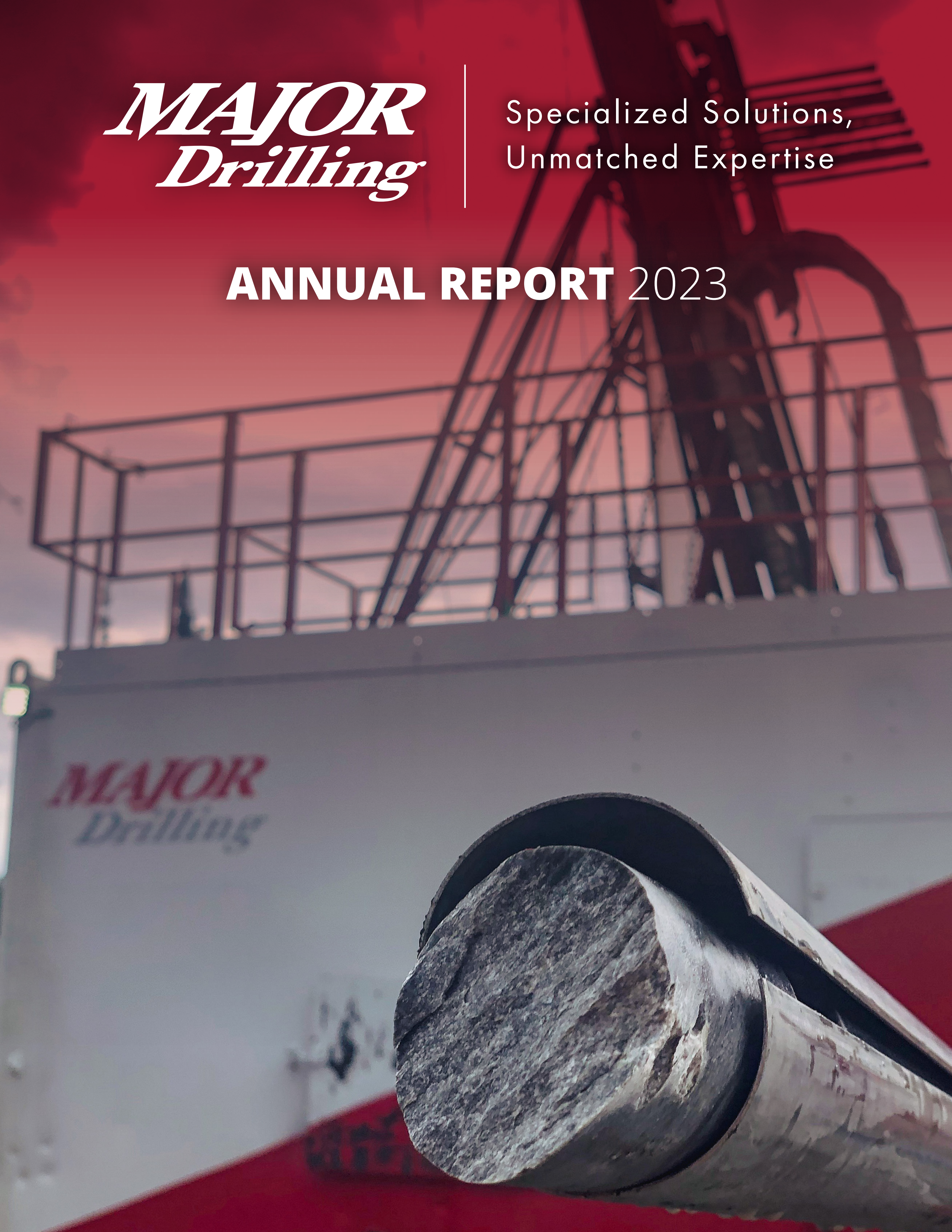
MAJOR Drilling

Specialized Solutions,
Unmatched Expertise

ANNUAL REPORT 2023



CORPORATE PROFILE

Major Drilling Group International Inc. ("the Company") 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.

Major Drilling 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.

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. This positioning is strengthened by the Company's senior management having experienced several economic and mining industry cycles.

Our corporate strategy remains to:

- be the world leader in specialized drilling;
- diversify our services within the drilling field;
- maintain a strong balance sheet;
- be the best in class in safety and human resources;
- modernize our fleet with innovation and expand our footprint in strategic areas; and
- ensure that ESG (Environmental, Social and Governance) commitments are embedded in our culture and core business practices.

Major Drilling's common shares trade on the Toronto Stock Exchange under the symbol MDI.

Note: The statements in this annual report relating to matters that are not historical fact are forward-looking statements. Forward-looking statements are necessarily based upon various estimates and assumptions including, but not limited to, the level of activity in the mining industry and the demand for the Company's services, competitive pressures, global and local political and economic environments and conditions and other factors beyond the control of the Company that could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with the Company's business can be found in the Management's Discussion & Analysis section of this Annual Report and the Annual Information Form for the fiscal year ended April 30, 2023, both of which will be filed with the Canadian Securities Administrators and available on www.sedar.com.

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MESSAGE TO SHAREHOLDERS

Fiscal 2023 has been an incredible year of growth and resilience for Major Drilling. Despite the hurdles we faced, from supply chain disruptions to market volatility, we persevered and achieved remarkable results. Our revenue grew by 13%, reaching $736 million, our second highest in the Company's history, showcasing the unwavering strength of our team. The expertise and dedication of our management team have propelled us to become the preferred operator and employer in the industry. We have successfully maintained this position while navigating through challenges, demonstrating our commitment to excellence.

With a robust balance sheet boasting $59 million in net cash and $180 million in available liquidity, we are poised to continue executing our growth strategy. We have made substantial investments, including the acquisition of 35 new rigs, as part of our ongoing commitment to enhance our fleet and expand our capabilities.

We remain steadfast in our dedication to safety, continuous improvement, employee development, innovation, and equipment maintenance. By prioritizing these areas, we have reinforced our position as a leader in the specialized drilling market, meeting the increasing demands of our valued customers.

Although junior mining activity experienced a slowdown, the urgent need of senior customers to grow their reserves in precious and base metals has fueled demand for our specialized drilling services. Major Drilling has emerged as a trusted partner in executing their challenging drill programs, solidifying our position as the key player in the industry.

Furthermore, the global transition towards renewable energy sources and the growing demand for electric vehicles have positively impacted our operations. As a result, Major Drilling has played a pivotal role in meeting the rising demand for metals like copper, nickel, and lithium. Our expertise in specialized drilling has positioned us at the forefront of this energy transition, further strengthening our presence in the market.

At Major Drilling, we value our partnerships with customers and stakeholders worldwide. We actively engage with the communities we operate in, striving to be a responsible corporate citizen. Our commitment to environmental sustainability and industry-leading governance practices are outlined in our recently published 2022 Sustainability Report.

Looking ahead, the future is promising for our Company. We firmly believe that we are still in the early stages of the exploration upcycle. As the demand for various commodities continues to outpace supply, we anticipate an intense period of infill drilling and the development of new mines.

We express our deepest gratitude to our hard-working employees who consistently deliver outstanding results under challenging conditions. Their expertise and dedication are unmatched, and our success depends on their unwavering commitment to overcoming obstacles and providing exceptional customer service. We also extend our heartfelt appreciation to our loyal customers, and we eagerly anticipate further strengthening these relationships during this upcycle. Lastly, we would like to thank our valued investors for their continued support. With our solid financial standing, we are well-positioned to capitalize on the exciting opportunities that lie ahead in fiscal 2024.

Kim Keating Chair of the Board	Denis Larocque President & Chief Executive Officer

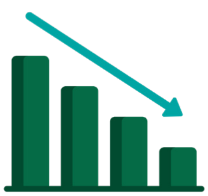
ENVIRONMENTAL, SOCIAL & GOVERNANCE

Major Drilling is well positioned, as a leader in specialized drilling, to help discover the resources required to drive the green energy transition for building a better future. Our long-term sustainability depends on us 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 our workforce, clients, local communities, shareholders and other external stakeholders. The Company's ESG framework for our global operations is underpinned by an ESG policy that reflects the organization's core values and ESG commitments.

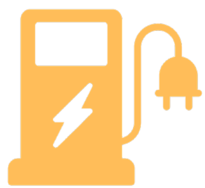
Our ESG approach includes:

- strong corporate governance practices;
- industry-leading health & safety efforts;
- impactful contributions to the local communities where we operate;
- pursuing our Diversity Policy objectives at all levels of the organization and seeking to increase female representation across our workforce; and
- company-wide environmental management initiatives, including ongoing annual public disclosure of our greenhouse gas "GHG" emissions, the development of a Decarbonization Roadmap to identify and exploit potential opportunities for GHG emission reductions, and exploring technologies and opportunities to reduce water use.

ESG Highlights (For Calendar Year 2022)



12% reduction in scopes 1 & 2 Greenhouse Gas Emission Intensity (calendar 2021 vs 2022).



Added first electric vehicle pickup truck to our fleet.

Deployment of Solid Removal Centrifuge systems, resulting in 90% water recycling rates.

Enhanced vendor onboarding through inclusion of human rights obligations.

Social Responsibility

Brandy Schirmer (right), Operations Assistant/IT, presented a check to the Primary Children's Hospital in Salt Lake City, Utah. The proceeds are from an annual golf tournament hosted by Major Drilling America with support from our vendors and suppliers.

Major Drilling Indonesia contributed educational supplies including playground-sized game mats, clothing and footwear to students at Tomawin Institute, a dormatory built by Freeport Indonesia where students from seven highlands tribal groups are educated and learn life skills.

McKay Drilling teams celebrated NAIDOC (National Aboriginals and Islanders Day Observance Committee) week to recognize the history, culture and achievements of First Nations peoples. The Wangara Workshop participated in a sensory and educational First Nations experience to build relationships and deepen understanding.

OUR SAFETY CULTURE

In 2023, our crews completed more than 200,000 inspections of equipment on hundreds of different sites, 125,000 critical risk checklists for higher risk tasks, 100,000 TAKE 5 simple risk assessments, and identified and corrected more than 4,300 hazards. All this proactive safety work resulted in our best-ever performance on total recordable injuries, lost time injuries ("LTI"), and near record low severity numbers. We celebrated the milestone of more than 12 months and over 9 million hours LTI free. This performance was the result of field crews, mechanics, warehouse, office staff, and others working together to ensure each employee knows their right and responsibility to work in a safe environment every day.

Many Major Drilling branches across our global operations celebrated LTI free milestones, including Argentina and Indonesia.

We continue to focus on risk reduction with the addition of hands-free rod handlers, core extraction tools, and revised corporate requirements. We formalized a list of tools and other items that are prohibited on sites as well as introduced a requirement for impact and cut resistant gloves for specific tasks. Our field safety system, Intelex, is now used on more sites than ever to streamline and improve field data collection and analysis. This program allows managers to quickly measure proactive efforts, as well as monitor compliance with client, government, or Company safety expectations in the field.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis ("MD&A"), prepared as of June 13, 2023, should be read together with the Company's audited financial statements for the year ended April 30, 2023 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

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

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

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company's growth; currency restrictions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" herein. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

Forward-looking statements made in this document are made as of the date of this document and the Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events, or for any other reasons, except as required by applicable securities laws.

Corporate Overview

Major Drilling Group International Inc. is 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. During the year, the Company achieved a new milestone of 9.4 million Lost Time Injury ("LTI") free hours and an LTI Rate of 0.05, a new low in the Company's history.

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 hands-free 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, and to offer value-added services to its customers. 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 continue to decline due to minimal exploration within the last decade, 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. While the average gold mine life has decreased, many of the new mineral deposits are located in areas challenging to access, requiring complex drilling solutions that heightens the demand for Major Drilling's specialized services. Major Drilling's core strategy is to focus its services on these specialized drilling projects and remain the world's leading provider of specialized drilling services by providing top quality service through safe and productive drill programs, with expert crews that use specialty equipment and techniques in areas that are difficult to access.

Diversification within the drilling field, while maintaining high safety standards that help lead the drilling industry, continues to be an integral part of the Company's business strategy. 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.

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.

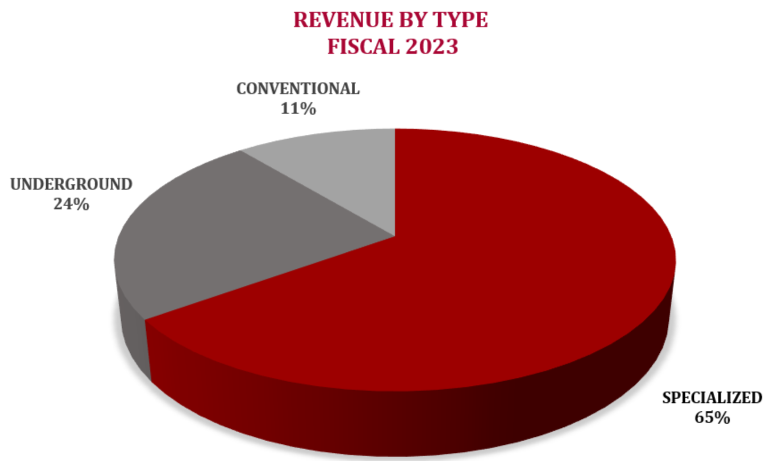
A key part of the Company's strategy is to maintain a strong balance sheet. Its financial strength allows the Company to invest in safety and continuous improvement initiatives, to retain key employees, to invest in training and innovation, to maintain its equipment in good condition, and maintain sufficient inventory to meet increased customer demands. The Company's liquidity and financial strength allow it to adapt and manage effectively through challenging periods, such as the current global supply chain issues, and to respond to rapid increases in demand as the need arises.

Major Drilling categorizes its mineral drilling services into three types: specialized drilling, conventional drilling, and underground drilling.

Specialized drilling can be defined as any drilling project that, by virtue of its scope, technical complexity, or location, creates significant barriers to entry for smaller drilling companies. This includes, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to progressively fuel future growth and the Company believes these skills will be in greater demand over time.

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

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



Environmental, Social and Governance ("ESG")

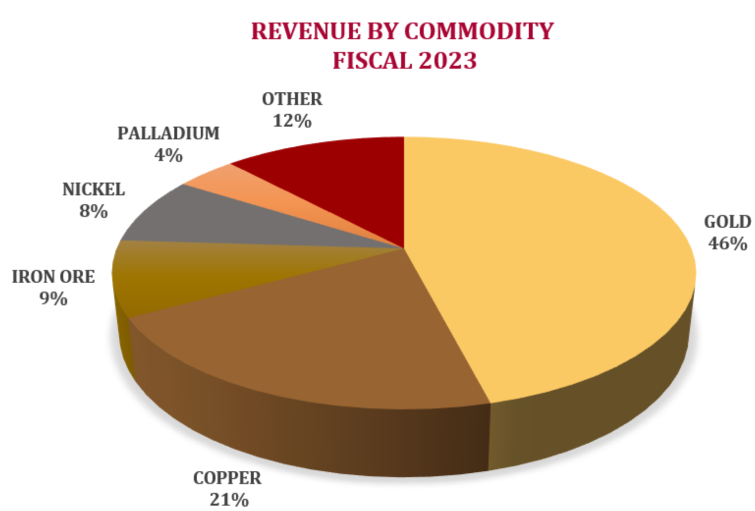
Major Drilling believes its long-term sustainability depends on the Company serving as: stewards of the environment where we work; valued contributors to the communities where we operate; and responsible corporate citizens in the eyes of the Company's workforce, clients, local communities, shareholders, 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 is slated to publish its 2022 Sustainability Report in June 2023.

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 numerous community initiatives led by its teams worldwide.

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 (fiscal 2013 to fiscal 2021) was marked by a lack of exploration and depleting reserves, with mineral exploration expenditure levels currently at 60% of the amount spent at the peak in 2012.

Despite the urgent need to replenish mineral reserves, both for gold and base metals, the industry is still very early in the exploration cycle. According to S&P Global Market Intelligence, global non-ferrous exploration budgets increased to $13 billion in 2022, which falls short of the $21.5 billion spent in 2012 at the peak of the cycle. The mining industry is still in the discovery phase and will have to go through an intense multi-year infill drilling period to develop new mines in order to fill the projected supply gap in the different commodities.



Gold has historically been a significant driver in the mining industry and continues to lead exploration efforts globally. The average gold mine life has decreased due to the lack of exploration over the last several years, and on average, it takes 10 to 15 years to bring a mine into production.

At the same time, most industry experts believe there is an urgent need to replenish copper reserves given the anticipated supply deficit. The Company continues to see governments targeting renewable energy and upgrading their electric grids, which will require an enormous volume of copper, and possibly uranium, increasing pressure on the existing supply/demand dynamic. The growing global demand for electric vehicles will only increase the need for metals like copper, nickel and lithium. These factors are expected to lead to substantial additional investments in copper and other base metal exploration projects, as the Company helps its customers discover the metals that will allow the world to accelerate its efforts toward decarbonization.

Business Acquisition

On June 1, 2021, the Company completed the purchase of the issued and outstanding shares of McKay Drilling PTY Limited, 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 high-capacity reverse circulation rigs and deep-hole diamond rigs, with 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.

The results of the McKay operations are included in the Consolidated Statements of Operations from June 1, 2021. The purchase price for the acquisition was 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 EBITDA (earnings before interest, taxes, depreciation and amortization, see Non-IFRS financial measures) milestones.

During the year, the Company made the first payment on the contingent consideration arising out of the McKay Drilling PTY Limited acquisition for $6.3 million (AUD$7 million) and the Company paid $2.5 million, the maximum payable on the contingent consideration arising out of the November 2019 Norex Drilling Limited acquisition, as EBITDA milestones were met.

Overall Performance

The Company continues to yield positive results from its strategic efforts deployed over the last few years, in terms of recruiting and holding rigs and inventory available for immediate deployment to customers. In the previous year, the impact of the COVID-19 pandemic was diminishing, while in the current year, the industry continues to deal with supply chain disruptions, and global economies are dealing with significant inflation and volatility in foreign exchange markets. The Company's financial strength and readiness has allowed it to grow quickly and navigate successfully through these challenging times, taking full advantage of the industry upturn.

As a result, the Company recorded its highest annual revenue since fiscal 2012, at $735.7 million, up 13% from revenue of $650.4 million recorded in the previous year as the industry moves forward in this upturn. While all regions contributed to the growth, Australasia and Africa saw the biggest revenue increase with strong demand for the Company's specialized services in Australia and new energy work in Mongolia.

Adjusted gross margin, which excludes depreciation expense, was 30.0% for the year, compared to 27.7% for the prior year. This growth was driven by enhanced productivity and price adjustments, which have more than offset inflation pressures.

With the growth in revenue and improved margin performance explained above, the Company generated $144.2 million of EBITDA, a 26% increase from the $114.1 million generated in the prior year. The operational leverage inherent in the business model delivered strong EBITDA results as top line growth and margin expansion outpaced the small increase in general and administrative costs.

With continued strong demand for its complex specialized drilling services during the year, the Company recorded its highest annual net earnings since fiscal 2012, at $74.9 million or $0.90 per share for the year, compared to $53.5 million or $0.65 per share for the prior year.

As the Company continued to maintain its strong balance sheet during the year, discretionary payments totaling $30 million were paid on its revolving-term facility. Also, the Company made its first payment on the contingent consideration arising out of the McKay Drilling PTY Limited acquisition for $6.3 million (AUD$7 million) and paid $2.5 million, the maximum payable on the contingent consideration arising out of the November 2019 Norex Drilling Limited acquisition, as EBITDA milestones were met.

As the Company continues to modernize and innovate its fleet, capital expenditures for the year were $58.7 million. The Company bought 35 drills and support equipment in order to respond to the growing demands of its customers.

Despite the above payments and investments in its equipment made during the year, net cash position (cash net of debt, excluding lease liabilities reported under IFRS 16 Leases - see "Non-IFRS financial measures") showed an impressive improvement to $59.3 million, compared to the previous year with net debt at $1.6 million.

Selected Annual Information

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

		2023		2022		2021
Revenue by region						
Canada - U.S.	$	**405**	$	367	$	248
South and Central America		**167**		151		95
Australasia and Africa		**164**		132		89
		736		650		432
Gross profit		**177**		140		64
as a percentage of revenue		**24.0%**		21.5%		14.8%
Adjusted gross profit *		**221**		180		101
as a percentage of revenue		**30.0%**		27.7%		23.4%
Net earnings		**75**		53		10
per share (basic and diluted)	$	**0.90**	$	0.65	$	0.12
Total assets		**612**		557		389
Total cash		**94**		71		22
Total long-term financial liabilities**		**35**		73		17

** see "Non-IFRS financial measures"*
*** amounts in prior years have been allocated consistent with current year*

Results of Operations

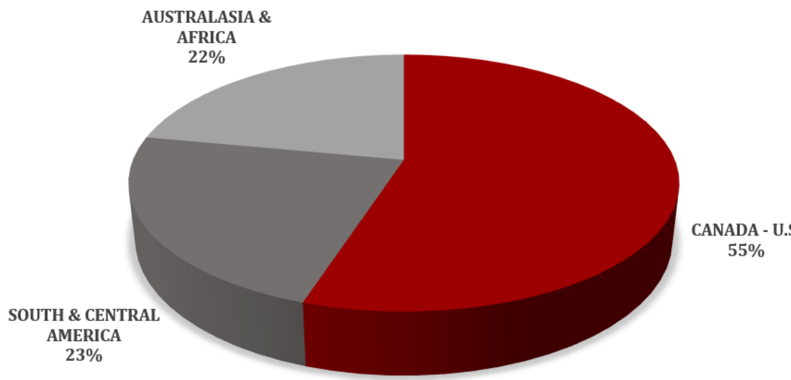
FISCAL 2023 COMPARED TO FISCAL 2022

Total revenue for the year was $735.7 million, up 13% from revenue of $650.4 million recorded in the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately $23 million on revenue, while net earnings were less impacted at approximately $3 million, as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Canada - U.S.

Revenue for the year from Canada - U.S. increased by 10% to $405.0 million, compared to the previous year. The growth in this region was mainly attributable to increased revenue from the Company's U.S. operations as its Canadian operations were negatively impacted by a decrease in junior activity in relation to the challenging financing environment they faced.

REVENUE BY REGION
FISCAL 2023



South and Central America

South and Central American revenue increased by 10% to $166.8 million for the year, compared to the previous year. This increase was related to Chile and Argentina resuming operations after COVID-19 disruptions in the previous year, which was muted by a slowdown in Mexico caused by a reduction in junior activity and uncertainty over new mining legislation.

Australasia and Africa

Australasian and African revenue increased by 24% to $163.9 million, compared to the previous year. Strong demand for the Company's specialized services in Australia and new energy work in Mongolia were responsible for the year-over-year growth.

Gross Margin

Gross margin percentage for the year was 24.0%, compared to 21.5% for the previous year. Depreciation expense totaling $43.7 million is included in direct costs for the current year, versus $40.6 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 30.0% for the year, compared to 27.7% for the prior year. This growth was driven by enhanced productivity and price adjustments, which have more than offset inflation pressures.

Operating expenses

General and administrative costs were $65.0 million (8.8% of revenue), an increase of $8.0 million, compared to the previous year (8.8% of revenue). The majority of this increase was due to inflationary wage adjustments, increased travel, and increased insurance costs.

Other expenses were $13.4 million, up from $11.8 million in the prior year, due primarily to higher incentive compensation expenses throughout the Company, given the increased profitability.

Foreign exchange loss was $2.8 million, compared to $1.4 million for last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. In the current fiscal year, various market drivers, such as high inflation and the war in Ukraine, stimulated foreign exchange market volatility.

The income tax provision for the year was an expense of $22.7 million, compared to an expense of $15.0 million for the prior year. The increase was driven by an overall increase in profitability compared to the prior year.

Net earnings were $74.9 million or $0.90 per share ($0.90 per share diluted) for the year, compared to $53.5 million or $0.65 per share ($0.65 per share diluted) for the prior year.

SUMMARY ANALYSIS FISCAL 2022 COMPARED TO FISCAL 2021

Total revenue for the year ended April 30, 2022 was $650.4 million, up from revenue of $432.1 million recorded in the previous year. The unfavourable foreign exchange translation impact on revenue for fiscal 2022, when comparing to the effective rates for the previous year, was approximately $17 million. The impact on net earnings was minimal 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% in fiscal 2022 to $366.7 million, compared to the prior year, with growth attributed to the Company's positioning in a busy market, accompanied by a favourable pricing environment.

South and Central American revenue increased in fiscal 2022 by 59% to $151.6 million for the year, compared to the previous year. This region was heavily impacted by COVID-19 in fiscal 2021 and showed signs of recovery throughout fiscal 2022.

Australasian and African revenue increased by 49% to $132.1 million in fiscal 2022, compared to the prior year. The McKay acquisition was the main driver of the growth in the region.

Gross margin percentage for fiscal 2022 was 21.5%, compared to 14.8% for the previous year. Depreciation expense totaling $40.6 million was included in direct costs versus $37.1 million in the previous year. Adjusted gross margin, which excludes depreciation expense, was 27.7% for fiscal 2022, compared to 23.4% for the previous year. Contract renewals that covered inflation, and productivity improvements due to enhanced training programs, enabled margins to improve, while prior year margins were impacted by ramp-up costs due to rapid growth.

General and administrative costs were $57.0 million in fiscal 2022, up $9.9 million compared to the previous year. The McKay acquisition represented the majority of the increase, while increased travel and inflationary wage adjustments represented the remainder.

Other expenses were $11.8 million, up from $4.1 million in fiscal 2021, due primarily to higher incentive compensation expenses throughout the Company given the increased profitability in fiscal 2022.

The income tax provision for fiscal 2022 was an expense of $15.0 million compared to an expense of $3.6 million for the prior year. The increase from the prior year was due to an overall increase in profitability.

Net earnings were $53.5 million or $0.65 per share ($0.65 per share diluted) for fiscal 2022, compared to $10.0 million or $0.12 per share ($0.12 per share diluted) for the prior year.

Summary of Quarterly Results

(in $000s CAD, except per share)	***Fiscal 2023***				*Fiscal 2022*			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**$ 184,966**	**$ 149,225**	**$ 201,716**	**$ 199,835**	$ 189,975	$ 138,752	$ 170,693	$ 150,995
Gross profit	**46,286**	**26,438**	**53,003**	**51,174**	48,448	23,427	37,538	30,360
Gross margin	**25.0%**	**17.7%**	**26.3%**	**25.6%**	25.5%	16.9%	22.0%	20.1%
Adjusted gross margin	**30.8%**	**25.3%**	**31.8%**	**30.8%**	31.0%	24.2%	28.3%	26.3%
Net earnings	**20,790**	**6,273**	**23,611**	**24,248**	22,433	5,676	14,290	11,060
Per share - basic	**0.25**	**0.08**	**0.29**	**0.29**	0.27	0.07	0.17	0.14
Per share - diluted	**0.25**	**0.08**	**0.28**	**0.29**	0.27	0.07	0.17	0.13

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.

Summary Analysis Fourth Quarter Ended April 30, 2023

Total revenue for the quarter was $185.0 million, down 2.6% from revenue of $190.0 million recorded in the same quarter last year. The favourable foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was approximately $7 million and $1 million, respectively.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 8.5% to $99.8 million, compared to the same period last year. Weather negatively impacted activity levels in Nevada and Northern Canada during the early stages of the quarter, which drove the majority of the decrease compared to the prior year.

South and Central American revenue decreased by 5.5% to $45.1 million for the quarter, compared to the same quarter last year. Mexico has seen a significant slowdown in junior activity due to lack of available financing and uncertainty over new mining legislation that has reduced the Company's revenue in the region.

Australasian and African revenue increased by 20.8% to $40.1 million, compared to the same period last year. Strong demand for the Company's specialized services in Australia and new energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for the quarter was 25.0%, compared to 25.5% for the same period last year. Depreciation expense, totaling $10.8 million, is included in direct costs for the current quarter, versus $10.4 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 30.8% for the quarter, compared to 31.0% for the same period last year. Inflationary headwinds have largely been covered through price increases as margins remained consistent from the prior year.

General and administrative costs were $16.3 million, an increase of $1.1 million compared to the same quarter last year. Increased travel and insurance costs, coupled with annual inflationary wage adjustments, make up the majority of the increase compared to the prior year.

Other expenses were $4.0 million, up from $3.4 million in the prior year quarter, due to an increase in the annual allowance for doubtful accounts offset somewhat by lower incentive compensation expenses throughout the Company given the decreased profitability as compared to the prior year quarter.

The income tax provision for the quarter was an expense of $5.3 million, compared to an expense of $6.5 million for the prior year period. The decrease in the income tax provision was related to an overall reduction in profitability.

Net earnings were $20.8 million or $0.25 per share ($0.25 per share diluted) for the quarter, compared to net earnings of $22.4 million or $0.27 per share ($0.27 per share diluted) for the prior year quarter.

Liquidity and Capital Resources

Operating activities

The change in non-cash operating working capital items was an outflow of $6.9 million for the year, compared to an outflow of $11.6 million for the prior year. The outflow of non-cash operating working capital was primarily comprised of:

- an increase in inventory of $13.3 million;
- a decrease in accounts receivable of $11.1 million;
- a decrease in accounts payable of $3.1 million; and
- an increase in prepaids of $1.6 million.

Cash flow from operating activities for the year ended April 30, 2023 was an inflow of $113.2 million, compared to an inflow of $94.9 million in the previous year.

Investing activities

Capital expenditures were $58.7 million for the year ended April 30, 2023, compared to $49.9 million for the prior year.

The drill rig count was 600 at April 30, 2023, as the Company added 35 new rigs to its fleet through capital expenditures, while disposing of 38 older and inefficient 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.

During the year, the Company renewed its existing credit facility agreement for a five-year term, with the same terms and conditions as the previous agreement. Also, during the fourth quarter the Company announced a Normal Course Issuer Bid to provide additional flexibility to maximize shareholder value as it continues through the industry upcycle.

Operating credit facilities

The credit facilities related to operations total $31.7 million ($30.0 million from a Canadian chartered bank with the remainder 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 the bank's Secured Overnight Financing Rate ("SOFR") plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's 30-day Bloomberg Short-term Bank Yield Index plus 2.05%. At April 30, 2023, the Company had utilized $1.4 million of these facilities for outstanding stand-by letters of credit.

The Company also has a credit facility of $4.0 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-term debt

Total long-term debt was $20.0 million as of April 30, 2023, a decrease of $30.0 million during the year as the Company made discretionary payments on its revolving-term facility.

As of April 30, 2023, 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 April 30, 2023, $20.0 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 the bank's SOFR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in September 2027.

	Payments due by period (in $000s CAD)				
Contractual obligations	**Total**	**Less than 1 year**	**2 - 3 years**	**4 - 5 years**	**Thereafter**
Long-term debt (interest included)	$ 22,905	$ 636	$ 1,328	$ 20,941	$ -
Purchasing commitments	11,003	11,003	-	-	-
Contingent consideration (undiscounted)	16,209	7,204	9,005	-	-
Lease liabilities (interest included)	6,208	1,656	2,682	1,384	486
Operating leases	1,559	1,047	493	19	-
Total contractual obligations	$ 57,884	$ 21,546	$ 13,508	$ 22,344	$ 486

As at April 30, 2023, there were no scheduled debt repayments on the revolving-term facility, however the Company may choose to make discretionary payments, depending on available funds. The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital and capital expenditure obligations.

As at April 30, 2023, the Company had unused borrowing capacity under its credit facilities of $85.3 million and cash of $94.4 million, for a total of $179.7 million in available funds.

Financial Instruments

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

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

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

The Company has entered into certain derivative financial instruments to manage its exposure to interest rate and market risks, including an interest rate swap, maturing in May of 2023, with a notional value of $20 million, swapping the Canadian-Bankers'

Acceptance – Canadian Dealer Offered Rate for an annual fixed rate of 3.32%. The Company has also entered into share-price forward contracts with a combined notional amount of $6.0 million, maturing at varying dates through June 2025.

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

The Company's derivatives, with fair values as follows (in $000s CAD), are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the year ended April 30, 2023.

	April 30, 2023	April 30, 2022
Interest rate swap	$ **28**	$ -
Share-price forward contracts	$ **2,189**	$ 5,468

Related Party Transactions

	2023	2022
Salaries, bonuses and fees	**$ 3,725**	$ 2,815
Other long-term benefits	**136**	121
Share-based payments benefits	**1,650**	1,658
	$ 5,511	$ 4,594

Increases during the year relate to inflationary wage increases and higher incentive compensation expenses (given the increased profitability) for key management personnel.

Outlook

Looking ahead to fiscal 2024, the outlook for Major Drilling remains extremely positive as most industry experts believe there is an urgent need to replenish copper reserves given the anticipated supply deficit. As well, gold continues to lead exploration efforts globally with the average gold mine life decreasing due to the lack of exploration over the last several years. With this growing supply shortfall, several of the Company's senior gold customers have committed to prioritizing value-adding grassroots exploration and development.

The Company continues to see governments targeting renewable energy and upgrading their electric grids, which will require an enormous volume of copper, and possibly uranium, increasing pressure on the existing supply/demand dynamic. The mining industry is still in the discovery phase and will have to go through an intense multi-year infill drilling period to develop new mines in order to fill the projected supply gap in the different commodities. The growing global demand for electric vehicles will only increase the need for metals like copper, nickel and lithium. It is expected these factors will lead to substantial additional investments in copper and other base metal exploration projects as the Company helps its customers discover the metals that will allow the world to accelerate its efforts toward decarbonization.

With $180 million in available liquidity, the Company is well positioned to execute on its growth strategy and remains committed to investing in the business. Capital expenditures of $58.7 million for the year demonstrate the Company's commitment to providing both customers and employees with modern, innovative and safe equipment, as it continues to fortify its position as the industry leader in specialized drilling, which continues to be a factor in attracting business from senior companies, at a time where juniors are facing difficulty in financing projects.

Many new mineral deposits are located in areas challenging to access, requiring complex drilling solutions, increasing the demand for Major Drilling's specialized services. The Company continues to enhance its recruiting and training systems, strengthening customer service as it brings in a new generation of employees. Investment in the modernization and innovation of its fleet continues in order to meet and exceed the rigorous standards of the Company's customers, as it moves forward in the upturn.

Non-IFRS Financial Measures

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

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

(in $000s CAD)		**YTD 2023**		YTD 2022
Net earnings	$	**74,922**	$	53,459
Finance (revenues) costs		**(832)**		1,629
Income tax provision		**22,650**		15,025
Depreciation and amortization		**47,478**		43,981
EBITDA	$	**144,218**	$	114,094

Adjusted gross profit/margin – excludes depreciation expense:

(in $000s CAD)		**YTD 2023**		YTD 2022
Total revenue	$	**735,742**	$	650,415
Less: direct costs		**558,841**		510,642
Gross profit		**176,901**		139,773
Add: depreciation		**43,651**		40,579
Adjusted gross profit		**220,552**		180,352
Adjusted gross margin		**30.0%**		27.7%

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

(in $000s CAD)		**April 30, 2023**		April 30, 2022
Cash	$	**94,432**	$	71,260
Contingent consideration		**(15,113)**		(22,907)
Long-term debt		**(19,972)**		(50,000)
Net cash (debt)	$	**59,347**	$	(1,647)

Foreign Exchange

The Company's reporting currency is the Canadian dollar, however a significant portion of the Company's revenue and operating expenses outside of Canada are denominated in U.S. dollars, with some exposure to other currencies. The year-over-year comparisons in the growth of revenue and operating expenses have been impacted by the performance of the Canadian dollar in relationship to the U.S. dollar as well as these other currencies.

During the year, approximately 23% of revenue generated was in Canadian dollars with the balance primarily in U.S. dollars. Since most of the input costs related to revenue are denominated in the same currency as the revenue, the impact on earnings is somewhat muted.

The favourable foreign exchange translation impact on revenue for the year, when comparing to the effective rates for the prior year, was approximately $23 million. The impact on net earnings was approximately $3 million as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

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

As at April 30, 2023, 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	USD/CAD	IDR/USD	MNT/USD	EUR/USD	USD/AUD	ARS/USD	USD/CLP	Other
Net exposure on monetary assets (liabilities)		11,180	7,409	6,603	2,548	1,843	(2,402)	(5,133)	1,053
EBIT impact	+/-10%	1,242	823	734	283	205	267	570	117

Argentina currency status

As inflation rates continue to rise across the globe, Argentina is experiencing hyper-inflation with the annual inflation rate reaching 104% and the Argentine peso ("ARS") continues to depreciate. During the previous 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, the Argentine Central Bank ("ACB") made it more difficult for investors to buy USD, and tightened controls to prevent investors from buying assets in ARS and then selling abroad in USD to obtain foreign currency. While the International Monetary Fund has recommended the country gradually loosen all restrictions on foreign currency exchange, the ACB continues to impose limitations on transactions in USD denominated securities. The Company continues to be vigilant in managing assets held in ARS.

Indonesia currency status

Early in the previous fiscal year, the Bank of Indonesia enhanced its existing policies, directed at maintaining exchange rate stability, and strengthened the monitoring of foreign exchange transactions on imports and exports against the Indonesian rupiah ("IDR"). The need to manage inflation and maintain exchange rate stability amidst escalating global inflation remains, however, with COVID-19 impacts dissipating and the volume of cross-border transactions rising, the Bank of Indonesia has relaxed the underlying transaction requirements for access to foreign exchange. As these policies could still delay and eventually restrict the ability to exchange the IDR to USD, the Company continues to monitor this situation closely.

Comprehensive Earnings

The Consolidated Statements of Comprehensive Earnings for the year includes a $16.9 million unrealized gain on translating the financial statements of the Company's foreign operations, compared to a gain of $7.4 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.

The gain during the current year was generated from the volatility of various currencies against the Canadian dollar, as various market drivers, such as high inflation, stimulated foreign exchange market volatility during the year. Various currencies gained against the Canadian dollar, with most of the impact generated by the U.S. dollar gaining close to 6%. During the previous year, the gain was generated primarily by the U.S. dollar gaining close to 5%, offset by losses from various other currencies against the Canadian dollar.

Key Sources of Estimation Uncertainty and Critical Accounting Judgments

Use of estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment ("PP&E") for depreciation purposes, PP&E, inventory valuation, and determination of income and other taxes and recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

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

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

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

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

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

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

Judgments

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

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

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

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

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

Off Balance Sheet Arrangements

Except for commitments exempt from balance sheet treatment under IFRS 16 Leases, detailed in note 19 "Commitments" of the Notes to Consolidated Financial Statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any off balance sheet arrangements.

General Risks and Uncertainties

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

Cyclical downturn

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

The uncertainty and volatility surrounding global economic conditions could impact demand for the Company's services or have an impact on clients' ability to pay their suppliers, such as the Company, in the event they are unable to access the capital markets to fund their existing or new projects. These conditions could make it difficult for clients to accurately forecast and plan future business trends and activities, thereby causing clients to slow spending on the Company's services or seek contract terms more favourable to them. Any of these disruptions could adversely affect the Company's revenue, cash flow and profitability.

In addition, the rising inflation and increased interest rates fluctuation over the course of 2022 has resulted in higher costs for some key inputs required for its operations. The Company has made assumptions around the expected costs of these key inputs, and the Company's actual costs in an inflationary environment may differ materially from those assumptions.

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

Safety

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

Managing growth effectively

The current industry upturn has resulted in the Company experiencing rapid growth, placing additional demands on the Company's operational, safety and financial processes, measures and systems. As its business grows through the upcycle, the Company must effectively address and manage these demands. If the Company is not able to do so effectively and in a timely fashion, this may have an impact on revenue, cash flow and profitability.

Competitive pressures

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

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

Specialized skills and cost of labour increases

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

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

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

Country risk

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

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

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

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

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

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

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

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

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

Expansion and acquisition strategy

The Company intends to remain vigilant with regards to potential strategic future acquisitions and internal expansion. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations and culture. In the future, if the Company's acquisitions do not yield the expected returns or the intended benefits, or such acquisitions are not realized, it could adversely affect the Company's revenue, cash flow and profitability. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

Climate change risk

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

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

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

Regulatory and legal risks

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

Corruption, bribery and fraud

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

Disease outbreak

The Company may be impacted by disease outbreaks, including epidemics, pandemics or similar widespread public health emergencies (including those related to the COVID-19 coronavirus). These public health concerns pose the risk that the Company's employees, clients, consultants and other partners may be prevented from, or restricted in, conducting business activities for an indefinite period, due to the transmission of the disease or to emergency measures or restrictions that may be requested or mandated by governmental authorities. The likelihood, magnitude and the full extent of the impact of such events are inherently difficult to predict, are highly uncertain and may depend on factors beyond the Company's knowledge and control. Prolonged economic disruption, as a result of such event or disaster, may have a material and adverse impact on the Company's revenue, cash flow and profitability, including without limitation, through compromised employee health and workplace productivity, disruption to supply chains, and threats to the business continuity of the Company's clients.

In particular, the COVID-19 pandemic has created significant volatility, uncertainty and economic disruption since it was declared a global pandemic in 2020. While the Company's operations are not currently being impacted in any significant manner by COVID-19, the Company recognizes that the situation remains dynamic and continues to monitor developments. The extent to which the COVID-19 pandemic impacts future business, including the Company's operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Equipment modernization and parts availability

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

Reputational risk

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

Cybersecurity risk

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

Market price and dilution of common shares

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

Environmental, health and safety regulations and considerations

The Company's operations involving contract drilling, exploration, and development activities require permits and other approvals from various federal, provincial, state, and local governmental authorities. Such operations are, and will be, governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, and other matters. Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them could result in fines, regulatory scrutiny, or have a significant effect on the Company's reputation and financial results. While the Company's policies mandate full compliance with all of its required permits and approvals and all applicable laws and regulations, there can be no assurance that it will obtain and/or maintain full compliance at all times. Failure to obtain and/or maintain full compliance with such permits, approvals and/or regulations could have adverse effects on the Company's revenue, cash flow and profitability.

Insurance

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

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

The Company's CEO and CFO have evaluated the effectiveness of the Company's DC&P and concluded that, subject to the inherent limitations and restrictions noted below, those DC&Ps were effective for the year ended April 30, 2023.

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

During fiscal 2023, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its DC&P and its ICFR, and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2023, an evaluation of the effectiveness of the Company's DC&P and ICFR, as defined in NI 52-109, was carried out under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the design and operation were effective at a reasonable level for the period covered by this report.

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

Limitations of control and procedures

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

Outstanding Share Data

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

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

(amounts in thousands)	**As at June 13, 2023**	As at June 7, 2022
Common shares	**83,031**	82,706
Stock options outstanding	**947**	1,171

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the annual Consolidated Financial Statements, Management's Discussion and Analysis ("MD&A") and all other information in the annual report.

In management's opinion, the accompanying Consolidated Financial Statements have been properly prepared within reasonable limits of materiality in accordance with International Financial Reporting Standards.

The MD&A has been prepared in accordance with the requirements of Canadian securities regulators. Management has designed and evaluated the effectiveness of its disclosure controls and procedures.

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements and the MD&A necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to June 13, 2023. The MD&A also includes information regarding the estimated impact of current transactions and events, sources of liquidity, operating trends and risks and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because future events may not occur as expected. Financial operating data in the report are consistent, where applicable, with the Consolidated Financial Statements.

To meet its responsibility for reliable and accurate financial statements, management has established systems of internal control, which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization.

The Consolidated Financial Statements have been examined by Deloitte LLP, independent chartered professional accountants. The independent auditors' responsibility is to express a professional opinion on the fairness of management's Consolidated Financial Statements. The auditor's report outlines the scope of their examination and sets forth their opinion.

The Audit Committee of the Board of Directors is comprised of independent directors. The Audit Committee meets regularly with management and the independent auditors to satisfy itself that each is properly discharging its responsibilities, and to review the Consolidated Financial Statements and the MD&A. The Audit Committee reports its findings to the Board of Directors for consideration when approving the Consolidated Financial Statements and the MD&A for issuance to the shareholders. The Audit Committee also recommends, for review by the Board of Directors and approval of shareholders, the appointment of the independent auditors. The independent auditors have full and free access to the Audit Committee.

Major Drilling Group International Inc.'s Chief Executive Officer and Chief Financial Officer have certified Major Drilling Group International Inc.'s annual disclosure documents as required in Canada by the Canadian securities regulators.

Denis Larocque President & Chief Executive Officer	Ian Ross Chief Financial Officer

June 13, 2023
Moncton, New Brunswick, Canada

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Major Drilling Group International Inc.

Opinion

We have audited the consolidated financial statements of Major Drilling Group International Inc. (the "Company"), which comprise the consolidated balance sheets as at April 30, 2023 and 2022, and the consolidated statements of operations, comprehensive earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended April 30, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Goodwill – Australian branch cash generating unit ("CGU") — Refer to Notes 3, 7 and 17 to the financial statements

Key Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each CGU to its carrying amount. The majority of the Company's goodwill has been allocated to the Australian CGU. The Company used the discounted cash flow model to estimate the value-in-use of the Australian CGU, which required management to make forward looking estimates and assumptions. Changes in these assumptions could have a significant impact on the recoverable amount, the amount of any goodwill impairment charge, or both. The recoverable amount of the Australian CGU exceeded its carrying amount as of the measurement date and no impairment was recognized.

While there are several estimates and assumptions made by management to determine the recoverable amount, the estimates and assumptions with the highest degree of subjectivity are the EBITDA margin and discount rate. Auditing these estimates and assumptions required a high degree of auditor judgment which resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the EBITDA margin and discount rate used to determine the recoverable amount included the following, among others:

- Evaluated the EBITDA margin by:
  - Evaluating management's ability to accurately forecast by comparing actual results to management's historical forecasts and trends;

- o Evaluating the reasonableness of management's forecast by comparing (1) historical results (2) internal communications to management and Board of Directors (3) and peer group financial information, analysts, and industry reports;

- With the assistance of fair value specialists, evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and comparing those to the discount rate selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tarah Schulz.

Deloitte LLP

Chartered Professional Accountants
Moncton, New Brunswick
June 13, 2023

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended April 30, 2023 and 2022
(in thousands of Canadian dollars, except per share information)

		2023		2022
TOTAL REVENUE	$	**735,742**	$	650,415
DIRECT COSTS (note 11)		**558,841**		510,642
GROSS PROFIT		**176,901**		139,773
OPERATING EXPENSES				
General and administrative (note 11)		**64,957**		57,043
Other expenses		**13,358**		11,767
(Gain) loss on disposal of property, plant and equipment		**(912)**		(546)
Foreign exchange (gain) loss		**2,758**		1,396
Finance (revenues) costs		**(832)**		1,629
		79,329		71,289
EARNINGS BEFORE INCOME TAX		**97,572**		68,484
INCOME TAX EXPENSE (RECOVERY) (note 12)				
Current		**22,788**		13,285
Deferred		**(138)**		1,740
		22,650		15,025
NET EARNINGS	**$**	**74,922**	$	53,459
EARNINGS PER SHARE (note 14)				
Basic	**$**	**0.90**	$	0.65
Diluted	**$**	**0.90**	$	0.65

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

For the years ended April 30, 2023 and 2022
(in thousands of Canadian dollars)

		2023		2022
NET EARNINGS	$	**74,922**	$	53,459
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations		**16,882**		7,407
Unrealized gain (loss) on derivatives (net of tax)		**(1,573)**		469
COMPREHENSIVE EARNINGS	**$**	**90,231**	$	61,335

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended April 30, 2023 and 2022
(in thousands of Canadian dollars)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2021	$ 243,379	$ (22,456)	$ 1,067	$ 5,559	$ 52,614	$ 280,163
Share issue (note 17)	12,911	-	-	-	-	12,911
Exercise of stock options (note 13)	6,893	-	-	(1,913)	-	4,980
Share-based compensation (note 13)	-	-	-	369	-	369
Stock options expired/forfeited (note 13)	-	19	-	(19)	-	-
	263,183	(22,437)	1,067	3,996	52,614	298,423
Comprehensive earnings:						
Net earnings	-	53,459	-	-	-	53,459
Unrealized gain (loss) on foreign currency translations	-	-	-	-	7,407	7,407
Unrealized gain (loss) on derivatives	-	-	469	-	-	469
Total comprehensive earnings	-	53,459	469	-	7,407	61,335
BALANCE AS AT APRIL 30, 2022	**263,183**	**31,022**	**1,536**	**3,996**	**60,021**	**359,758**
Exercise of stock options (note 13)	**2,888**	**-**	**-**	**(808)**	**-**	**2,080**
Share-based compensation (note 13)	**-**	**-**	**-**	**508**	**-**	**508**
	266,071	**31,022**	**1,536**	**3,696**	**60,021**	**362,346**
Comprehensive earnings:						
Net earnings	**-**	**74,922**	**-**	**-**	**-**	**74,922**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**16,882**	**16,882**
Unrealized gain (loss) on derivatives	**-**	**-**	**(1,573)**	**-**	**-**	**(1,573)**
Total comprehensive earnings	**-**	**74,922**	**(1,573)**	**-**	**16,882**	**90,231**
BALANCE AS AT APRIL 30, 2023	**$ 266,071**	**$ 105,944**	**$ (37)**	**$ 3,696**	**$ 76,903**	**$ 452,577**

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 30, 2023 and 2022
(in thousands of Canadian dollars)

	2023	2022
OPERATING ACTIVITIES		
Earnings before income tax	$ **97,572**	$ 68,484
Operating items not involving cash		
Depreciation and amortization (note 11)	**47,478**	43,981
(Gain) loss on disposal of property, plant and equipment	**(912)**	(546)
Share-based compensation (note 13)	**508**	369
Finance (revenues) costs recognized in earnings before income tax	**(832)**	1,629
	143,814	113,917
Changes in non-cash operating working capital items (note 16)	**(6,911)**	(11,601)
Finance revenues received (costs paid)	**832**	(1,629)
Income taxes paid	**(24,549)**	(5,814)
Cash flow from (used in) operating activities	**113,186**	94,873
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(1,688)**	(1,371)
Repayment of long-term debt (note 10)	**(30,000)**	(355)
Issuance of common shares due to exercise of stock options (note 13)	**2,080**	4,980
Proceeds from draw on long-term debt (note 10)	**-**	35,000
Cash flow from (used in) financing activities	**(29,608)**	38,254
INVESTING ACTIVITIES		
Business acquisitions (net of cash acquired) (note 17)	**(8,789)**	(38,050)
Acquisition of property, plant and equipment (note 6)	**(58,690)**	(49,939)
Proceeds from disposal of property, plant and equipment	**3,501**	2,144
Cash flow from (used in) investing activities	**(63,978)**	(85,845)
Effect of exchange rate changes	**3,572**	1,619
INCREASE IN CASH	**23,172**	48,901
CASH, BEGINNING OF THE YEAR	**71,260**	22,359
CASH, END OF THE YEAR	**$ 94,432**	$ 71,260

CONSOLIDATED BALANCE SHEETS

As at April 30, 2023 and 2022
(in thousands of Canadian dollars)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	**$ 94,432**	$ 71,260
Trade and other receivables (note 22)	**137,633**	142,621
Income tax receivable	**2,336**	2,037
Inventories (note 5)	**115,128**	96,782
Prepaid expenses	**10,996**	8,960
	360,525	321,660
PROPERTY, PLANT AND EQUIPMENT (note 6)	**215,085**	198,196
RIGHT-OF-USE ASSETS (note 6)	**5,637**	5,479
DEFERRED INCOME TAX ASSETS (note 12)	**4,444**	4,351
GOODWILL (note 7 and 17)	**22,690**	22,798
INTANGIBLE ASSETS (note 8 and 17)	**3,304**	4,596
	$ 611,685	$ 557,080
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**$ 102,144**	$ 102,596
Income tax payable	**3,674**	5,022
Current portion of lease liabilities	**1,617**	1,502
Current portion of contingent consideration (note 17)	**7,138**	8,619
	114,573	117,739
LEASE LIABILITIES	**3,965**	3,885
CONTINGENT CONSIDERATION (note 17)	**7,975**	14,288
LONG-TERM DEBT (note 10)	**19,972**	50,000
DEFERRED INCOME TAX LIABILITIES (note 12)	**12,623**	11,410
	159,108	197,322
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**266,071**	263,183
Retained earnings	**105,944**	31,022
Other reserves	**(37)**	1,536
Share-based payments reserve	**3,696**	3,996
Foreign currency translation reserve	**76,903**	60,021
	452,577	359,758
	$ 611,685	$ 557,080

Contingencies and commitments (notes 18 and 19)

Approved by the Board of Directors

Kim Keating
Chair of the Board

Janice Rennie
Chair of the Audit Committee

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 30, 2023 and 2022
(in thousands of Canadian dollars, except per share information)

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, 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 Consolidated Financial Statements present the Company's and its subsidiaries' financial results of operations and financial position in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, using the accounting policies described herein.

On June 13, 2023, the Board of Directors authorized these Consolidated Financial Statements for issue.

Basis of consolidation

These 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.

Intercompany transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation

The Consolidated Financial Statements have been prepared on a going-concern basis under the historical cost method, except for certain financial instruments that are measured at fair value, and certain assets re-measured at their recoverable or realizable amounts as disclosed, using the accounting policies and methods of computation as presented in note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash is comprised of cash on hand and demand deposits in banks.

Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVTOCI"), and financial assets at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Consolidated Statement of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent to initial recognition, the treatment of financial assets depends on their classification. Those recognized as FVTPL and FVTOCI are carried on the balance sheet at fair value with changes in fair value recognized in the Consolidated Statement of Operations, and Consolidated Statement of Other Comprehensive Earnings, respectively. Financial assets at amortized cost are measured at amortized cost using the effective interest method, less impairment.

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. Subsequent to initial recognition, the treatment of financial liabilities depends on their classification. Those recognized as FVTPL are carried on the balance sheet at fair value with changes in fair value recognized in the Consolidated Statement of Operations. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows or the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the Consolidated Statement of Operations.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Consolidated Statement of Operations.

The Company classified and measured cash, trade and other receivables, trade and other payables, lease liabilities, and long-term debt at amortized cost.

The Company has entered into certain derivative financial instruments to manage its exposure to interest rate and market risks, including an interest rate swap, and a "share-price" forward contract. Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Given these derivatives have been designated as effective hedging instruments, the timing of the recognition in profit or loss depends on the nature of the hedge relationship, as described in the hedge accounting policy below.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost or at FVTOCI. At each reporting date, the amount of expected credit losses is updated to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represent the portion of lifetime ECL that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to each customer, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time-value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Revenue recognition

The Company performs various types of drilling services within the mining and minerals industry. Contracts entered into cover services that involve different processes and continuous drilling services activities in a sequential set of mobilization, drilling, and demobilization activities, which are invoiced to the customer as those activities progress. These activities and processes are accounted for as separate performance obligations.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from services rendered is recognized in the Consolidated Statement of Operations over time. The Company has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date. As a result, the Company recognizes revenue based on the actual activities performed at the related contract rate.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value-added taxes.

Customers are generally invoiced on a semi-monthly or monthly basis. Payment is received according to standard payment terms, which are generally between 30 to 60 days. There are no significant financing components.

Contract prepayments are recorded as deferred revenue until performance is achieved and are credited against contract billings in accordance with the contract terms.

Inventories

The Company maintains an inventory of operating supplies, drill rods and drill bits. Inventories are valued at the lower of cost and net realizable value, determined on a first in, first out ("FIFO") basis. The value of used inventory items is considered minimal therefore they are not valued, except for drill rods, which, if still considered usable, are valued at 50% of cost.

Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at cost, less accumulated depreciation and impairment losses. Depreciation, calculated using the straight-line method, is charged to operations at rates based upon the estimated useful life of each depreciable asset. When significant components of an item of PP&E have different useful lives, they are accounted for as separate assets. The following rates apply to those assets being depreciated using the straight-line method:

	Residual value (%)	Useful life (years)
Buildings	0-15	10-20
Drilling equipment	0-15	3-15
Automotive and off-road equipment	0-10	3-10
Other (office, computer, and shop equipment)	0	3-15
Right-of-use assets	0	Lease term

Land and assets not available for use are not depreciated. Costs for repairs and maintenance are charged to operations as incurred. Subsequent costs are included in the asset's carrying value when it is probable that future economic benefits associated with such costs will flow to the Company. Depreciation begins when the asset is ready for its intended use. Subsequent costs are depreciated over the useful life of the asset and replaced components are derecognized. An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss. Depreciation methods, residual values and useful lives are re-assessed, at minimum, on an annual basis.

Leases

Contractual arrangements, which signify a right to control the use of an identified asset for a period of time, are considered leases. Each contractual arrangement is assessed to determine if the Company obtains substantially all the economic benefit from use of the identified asset. Leases for which the Company is a lessee are capitalized at the earlier of commencement of the lease term or when the asset becomes available for use, at the present value of the lease payments applying the implicit interest rate, if readily determined, or the Company's incremental borrowing rate. Generally, lease components are considered in the present value calculation, with non-lease components expensed as incurred. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The lease liability is re-measured when there is a change in future lease payments arising from a change in rate or if there are changes in the assessment for exercising a purchase, termination or extension option. If this occurs, a corresponding adjustment to the carrying value of the right-of-use asset is completed. The Company applies the recognition exemption for short-term leases 12 months or less in length, and leases for which the underlying asset is of low value. The expenses for these leases are recognized systematically over the lease term in the Consolidated Statement of Operations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination, in exchange for control of the acquiree, is measured at fair value. At acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair values. Results of operations of a business acquired are included in the Company's Consolidated Financial Statements from the date of the business acquisition. Business acquisition and integration costs are expensed in profit or loss as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments applied against goodwill. Other changes in the fair value of contingent consideration that is classified as an asset or a liability, are re-measured at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill
The value of goodwill is tested for impairment at least annually, or sooner when indications of impairment exist. Any impairment loss identified by this test would be reported in profit or loss for the period during which the loss occurred.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible assets
Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value (which is regarded as their cost) at the acquisition date. Subsequent to initial recognition, finite life intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets include customer relationships/contracts, which are amortized on a straight-line basis over a three to five-year period.

Impairment of long-lived assets
At the end of each reporting period, the Company assesses whether there are any indicators that the carrying values of its long-lived assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is first tested on an individual basis, if determinable, or otherwise at the CGU level. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Corporate level assets are allocated to the respective CGUs where an allocation can be made on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs of disposal and the value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset, other than goodwill, may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, however the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Current - The tax currently receivable or payable is based on taxable profit for the year and any adjustments resulting from prior years. Taxable profit differs from profit as reported in the Consolidated Statement of Operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred - The Company follows the asset and liability method of accounting for deferred taxes. This method takes a balance sheet approach and focuses on the amount of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. These resulting assets and liabilities, referred to as "deferred income tax assets and liabilities", are computed and recognized based on carry forwards of unused tax losses, unused tax credits and the differences between the carrying amount of balance sheet items and their corresponding tax values using the enacted, or substantively enacted, income tax rates in effect when the assets are expected to be realized or the liabilities are expected to be settled.

The Company's primary temporary differences arise between the tax carrying value and net book value of PP&E. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Translation of foreign currencies

The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's presentation currency, and the functional currency of the parent company.

Financial statements of foreign operations are translated using the rate in effect at the balance sheet date for assets and liabilities, and using the average exchange rates during the period for revenue and expenses. Adjustments arising from foreign currency translation are recorded in other comprehensive income and foreign currency translation reserve.

Foreign currency transactions are transactions in a currency other than the Company's functional currency. Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Translation gains and losses on assets and liabilities denominated in a foreign currency are included in the Consolidated Statement of Operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in other comprehensive income and foreign currency translation reserve.

Share-based payments

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and Directors. The fair value of each tranche for all option grants is determined using the Black-Scholes option-pricing model, which considers estimated forfeitures at time of grant, and each tranche is amortized separately to earnings over the vesting period of the tranche with an offset to the share-based payments reserve. When options are exercised, the corresponding share-based payments reserve and the proceeds received by the Company are credited to share capital.

The Company records the fair value of cash-settled deferred share units and restricted share units as compensation expense, with offset to trade and other payables. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in the Consolidated Statement of Operations for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognized when there is a present (legal or constructive) obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties specific to the obligation.

Hedge accounting

The Company designates certain derivatives, relating to interest rate risk and share price risk, as hedging instruments.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges - The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges, is limited to the cumulative change in fair value of the hedged item from inception of the hedge and is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Operations.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to the Consolidated Statement of Operations in the same period that the hedged item affects the Consolidated Statement of Operations, in the same line as the recognized hedged item. The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates relate to the useful lives of PP&E for depreciation purposes, PP&E, inventory valuation, and determination of income and other taxes and recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

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

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

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

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

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

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

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

Judgments

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

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

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

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

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

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

5. INVENTORIES

The cost of inventory recognized as an expense and included in materials, consumables and external costs in note 11 for the year ended April 30, 2023 was $104,738 (2022 - $94,113). During the years ended April 30, 2023 and 2022, there were no material write-downs of inventory as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous years were reversed.

The following is a breakdown of inventory by category:

	2023	2022
Rods and casings	**$ 32,873**	$ 29,468
Machine parts	**48,728**	36,676
Consumables	**9,069**	10,355
Wireline and downhole tools	**7,792**	6,716
Diamond bits	**8,315**	7,192
Other	**8,351**	6,375
	$ 115,128	$ 96,782

6. PROPERTY, PLANT AND EQUIPMENT

Changes in the PP&E balances were as follows:

	Land	Buildings	Drills	Auto	Other	ROU assets	Total
Cost:							
Balance as at April 30, 2021	$ 6,030	$ 17,740	$ 359,019	$ 104,514	$ 9,749	$ 6,002	$ 503,054
Additions	-	479	33,337	13,009	3,114	2,991	52,930
Disposals	-	(363)	(13,393)	(7,954)	(785)	(54)	(22,549)
Business acquisition (note 17)	-	-	27,504	10,549	6,413	-	44,466
Effect of exchange rate changes and other	112	(135)	9,128	3,706	(3,580)	203	9,434
Balance as at April 30, 2022	**$ 6,142**	**$ 17,721**	**$ 415,595**	**$ 123,824**	**$ 14,911**	**$ 9,142**	**$ 587,335**
Additions	**-**	**917**	**36,841**	**18,707**	**2,225**	**1,894**	**60,584**
Disposals	**-**	**-**	**(20,910)**	**(5,170)**	**(526)**	**-**	**(26,606)**
Effect of exchange rate changes and other	**150**	**444**	**18,574**	**4,805**	**(4,754)**	**8**	**19,227**
Balance as at April 30, 2023	**$ 6,292**	**$ 19,082**	**$ 450,100**	**$ 142,166**	**$ 11,856**	**$ 11,044**	**$ 640,540**

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Buildings	Drills	Auto	Other	ROU assets	Total
Accumulated Depreciation:							
Balance as at April 30, 2021	$ -	$ (7,027)	$ (256,617)	$ (81,426)	$ (7,600)	$ (2,229)	$ (354,899)
Disposals	-	217	12,744	5,942	1,994	54	20,951
Depreciation	-	(906)	(30,250)	(8,138)	(1,624)	(1,679)	(42,597)
Effect of exchange rate changes and other	-	48	(6,053)	(1,524)	223	191	(7,115)
Balance as at April 30, 2022	**$ -**	**$ (7,668)**	**$ (280,176)**	**$ (85,146)**	**$ (7,007)**	**$ (3,663)**	**$ (383,660)**
Disposals	**-**	**-**	**18,986**	**4,505**	**526**	**-**	**24,017**
Depreciation	**-**	**(961)**	**(31,007)**	**(11,219)**	**(1,324)**	**(1,703)**	**(46,214)**
Effect of exchange rate changes and other	**-**	**(289)**	**(11,223)**	**(3,172)**	**764**	**(41)**	**(13,961)**
Balance as at April 30, 2023	**$ -**	**$ (8,918)**	**$ (303,420)**	**$ (95,032)**	**$ (7,041)**	**$ (5,407)**	**$ (419,818)**
Carrying value April 30, 2022	$ 6,142	$ 10,053	$ 135,419	$ 38,678	$ 7,904	$ 5,479	$ 203,675
Carrying value April 30, 2023	**$ 6,292**	**$ 10,164**	**$ 146,680**	**$ 47,134**	**$ 4,815**	**$ 5,637**	**$ 220,722**

The Company has assessed whether there is any indication that an impairment loss recognized in prior periods for PP&E may no longer exist or may have decreased. There were no impairments requiring reversal as at April 30, 2023 or 2022.

7. GOODWILL

Changes in the goodwill balance were as follows:	**2023**	2022
Opening balance	**$ 22,798**	$ 7,708
Goodwill on acquisition (note 17)	**-**	15,543
Effect of movement in exchange rates	**(108)**	(453)
Ending balance	**$ 22,690**	$ 22,798

Allocation of goodwill to CGUs

The carrying amount of goodwill was allocated to CGUs as follows:	**2023**	2022
Canada	**$ 7,708**	$ 7,708
Australia	**14,982**	15,090
	$ 22,690	$ 22,798

The recoverable amount of the Canadian and Australian branches as CGUs is determined based on a value-in-use calculation, which uses cash flow projections based on forward projections approved by management, covering a five-year period, discounted to April 30, 2023. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate.

Key assumptions

The key assumptions in cash flow projections used in the value-in-use calculations are as follows:

Revenue - The revenue for both CGUs is based on forecasted values, which are in line with market conditions and reflect past experience. The existing drilling fleet, combined with the sustained capital expenditures, further supports the Company's position for future growth in both regions.

Gross margin - As the Company has a variable direct cost structure, management expects that gross margins will remain in a range in line with historically achieved levels based on the stage of the mining cycle.

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

7. GOODWILL (Continued)

Discount rate - The Company used the weighted average cost of capital as the discount rate, which was 11.70% (2022 - 13.40%). In order to determine the discount rate, the Company used prevailing market interest rates, the risk-free market return, adjusted for the equity premium, volatility and Company specific factors.

The Company has performed a sensitivity analysis that quantifies the impact on the value-in-use calculations if key assumptions used in the model were to differ by a reasonably possible change, with no resulting impairment required.

8. INTANGIBLE ASSETS

Intangible assets consist of customer relationships/contracts. Changes in the balance were as follows:

	Cost	Accumulated amortization	Total
Balance as at April 30, 2021	$ 1,135	$ (567)	$ 568
Intangibles on acquisition (note 17)	5,558	-	5,558
Amortization	-	(1,384)	(1,384)
Effect of movement in exchange rates	(146)	-	(146)
Balance as at April 30, 2022	**$ 6,547**	**$ (1,951)**	**$ 4,596**
Amortization	-	(1,264)	(1,264)
Effect of movement in exchange rates	-	(28)	(28)
Balance as at April 30, 2023	**$ 6,547**	**$ (3,243)**	**$ 3,304**

9. DEMAND CREDIT FACILITIES

The Company has credit facilities available totaling $31,665 with $30,000 from a Canadian chartered bank and the remainder from an American chartered bank. The Canadian facility bears interest at the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and the bank's Secured Overnight Financing Rate ("SOFR") plus 2.0% for U.S. dollar draws. The U.S. facility bears interest at the bank's 30-day Bloomberg Short-term Bank Yield plus 2.05%. The demand credit facilities are primarily secured by corporate guarantees of companies within the group. As at April 30, 2023, the Company had utilized $1,361 (2022 - $1,061) of these facilities for outstanding stand-by letters of credit. The Company also has credit facilities of $3,976 for credit cards, with interest rates and repayments as per cardholder agreements.

10. LONG-TERM DEBT

	2023	2022
Revolving term loan, maximum available $75,000, bearing interest at either the bank's prime rate plus 0.5% or the bankers' acceptance rate plus 2.0% for Canadian dollar draws, and the bank's SOFR plus 2.0% for U.S. dollar draws, interest only payable in monthly installments, secured by corporate guarantees of companies within the group, maturing in September 2027.	**$ 20,000**	$ 50,000
Derivative financial instrument with a notional principal amount of $20,000, swapping Canadian-Bankers' Acceptance - Canadian Dealer Offered Rate for an annual fixed rate of 3.32%, maturing in May 2023.	**(28)**	-
	19,972	50,000
Current portion	**-**	-
Long-term portion	**$ 19,972**	$ 50,000

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

10. LONG-TERM DEBT (Continued)

Changes in the long-term debt balance were as follows:

	2023	2022
Opening balance	**$ 50,000**	$ 15,462
Repayment of long-term debt	**(30,000)**	(355)
Proceeds from draw on long-term debt	**-**	35,000
Net fair value variance on derivatives and other	**(28)**	(107)
Ending balance	**$ 19,972**	$ 50,000

The principal repayment on the long-term debt is due in fiscal 2028.

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

11. EXPENSES BY NATURE

Direct costs by nature are as follows:

	2023	2022
Depreciation	**$ 43,651**	$ 40,579
Employee salaries and benefit expenses	**254,979**	232,141
Materials, consumables and external costs	**221,980**	194,637
Other	**38,231**	43,285
	$ 558,841	$ 510,642

General and administrative expenses by nature are as follows:

	2023	2022
Amortization of intangible assets	**$ 1,264**	$ 1,384
Depreciation	**2,563**	2,018
Employee salaries and benefit expenses	**33,199**	31,260
Other general and administrative expenses	**27,931**	22,381
	$ 64,957	$ 57,043

Share-based compensation for employees, included in the other expenses line on the Consolidated Statements of Operations, for the year ended April 30, 2023 was $508 (2022 - $369).

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

12. INCOME TAXES

Income taxes vary from amounts that would be determined by applying the combined statutory Canadian corporate income tax rate to earnings before income tax with details as follows:

	2023	2022
Earnings before income tax	**$ 97,572**	$ 68,484
Statutory Canadian corporate income tax rate	**27%**	27%
Expected income tax provision based on statutory rate	**26,344**	18,491
Non-recognition of tax benefits related to losses	**1,047**	876
Utilization of previously unrecognized losses	**(7,321)**	(8,397)
Other foreign taxes paid	**2,889**	1,819
Rate variances in foreign jurisdictions	**(562)**	125
Permanent differences and other	**274**	1,119
Derecognition of previously recognized losses	**-**	861
	22,671	14,894
Adjustments recognized in the current year in relation to the current tax in prior years	**(21)**	131
Income tax provision recognized in net earnings	**$ 22,650**	$ 15,025

The tax rate used for the 2023 and 2022 reconciliations herein is the effective federal and provincial Canadian corporate tax rate of 27%.

The movements in deferred income tax balances are as follows:

	2022	Tax provision	Exchange	2023
Deferred tax assets related to non-capital losses	$ 4,351	$ 556	$ (463)	**$ 4,444**
Deferred tax liabilities related to difference in tax and book basis	(11,410)	(418)	(795)	**(12,623)**
Net deferred tax assets (liabilities)	$ (7,059)	$ 138	$ (1,258)	**$ (8,179)**

Income tax provision recognized in net earnings:

	2023	2022
Current tax		
Current tax expense in respect to the current year	**$ 22,809**	$ 13,154
Adjustments recognized in the current year in relation to the current tax of prior years	**(21)**	131
Deferred tax		
Deferred tax expense (recovery) recognized in the current year	**(138)**	1,740
Income tax provision	**$ 22,650**	$ 15,025

The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions and in the assessment of the recoverability of deferred tax assets. Potential liabilities are recognized for anticipated tax audit issues in various tax jurisdictions based on the Company's estimate of whether, and the extent to which, additional taxes will be due.

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

12. INCOME TAXES (Continued)

If payment of the accrued amounts ultimately proves to be unnecessary, the elimination of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities no longer exist. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense will result.

The Company has accumulated approximately $100,338 in non-capital losses of which $3,344 is recognized to reduce future income taxes otherwise payable in foreign jurisdictions. These losses, if unused, will expire in the following calendar years: 2023 - $2,538; 2024 - $2,266; 2025 - $467; 2026 - $4,982; 2027 - $12,927; 2028 - $1,573; 2030 - $1,451; 2037 - $16,265; 2038 - $10,653; 2040 - $2,180; and indefinite - $45,036.

In the current year, the Company derecognized $0 (2022 - $861) of its deferred income tax assets related to non-expiring losses. The Company continues to recognize a deferred income tax asset of $2,001 (2022 - $1,820) in a jurisdiction that has had a recent history of losses for tax purposes. In evaluating whether it is probable that sufficient taxable income will be generated to realize the benefit of these deferred income tax assets, the Company considered all available evidence, including forecasts, business plans and appropriate available tax planning measures.

The Company has accumulated approximately $21,321 of capital losses that are available to reduce income taxes otherwise payable on capital gains realized in Australia and Canada. The benefit of these losses has not been recognized in the Consolidated Financial Statements.

The Company has approximately $228,780 of temporary differences associated with its investments in foreign subsidiaries for which no deferred taxes have been provided on the basis that the Company is able to control the timing of the reversal of such temporary differences and such reversal is not probable in the foreseeable future.

The repatriation of cash through dividends, from certain jurisdictions, may cause withholding tax expense for which no liability has been provided on the basis that the Company is able to control the timing of repatriation.

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 has recorded 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 statute of limitation lapses.

13. SHARE CAPITAL

Authorized

Unlimited number of fully paid common shares, without nominal or par value, with each share carrying one vote and a right to dividends if declared.

The movement in the Company's issued and outstanding share capital during the year was as follows:

	2023		2022	
	Number of shares	**Share capital**	Number of shares	Share capital
Opening balance	**82,706,454**	**$ 263,183**	80,655,753	$ 243,379
Share issue (note 17)	**-**	**-**	1,318,101	12,911
Exercise of stock options	**321,675**	**2,888**	732,600	6,893
Ending balance	**83,028,129**	**$ 266,071**	82,706,454	$ 263,183

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

13. SHARE CAPITAL (Continued)

Stock option plan

A summary of the status of the Company's stock option plan, as at April 30, 2023 and April 30, 2022, and of changes during those years, is presented below:

	2023		2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	**1,171,600**	**$ 6.22**	1,819,696	$ 6.27
Options granted	**105,000**	**10.50**	105,000	9.21
Options expired/forfeited	**(4,000)**	**3.60**	(20,496)	4.61
Options exercised	**(321,675)**	**6.47**	(732,600)	6.80
Outstanding, end of year	**950,925**	**5.47**	1,171,600	6.22

The following table summarizes information on stock options outstanding as at April 30, 2023:

Range of exercise prices	**Outstanding at April 30, 2023**	**Weighted average remaining life (years)**	**Weighted average exercise price**	**Exercisable at April 30, 2023**	**Weighted average exercise price**
$3.60 - $6.28	**373,925**	**3.36**	**$ 4.15**	**315,788**	**$ 4.26**
$6.97 - $10.50	**577,000**	**3.56**	**8.23**	**405,000**	**7.48**
	950,925			**720,788**	

The Company's calculations of share-based compensation for options granted were made using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	2023	2022
Risk-free interest rate at date of grant	**3.39%**	1.1%
Expected life	**6.2 years**	6.4 years
Expected volatility (based on historical volatility)	**55.1%**	54.8%

The weighted average grant date fair value of options granted during the year ended April 30, 2023 was $5.86 (2022 - $4.66). For the year ended April 30, 2023, the amount of compensation cost recognized in earnings and credited to share-based payments reserve was $508 (2022 - $369).

14. EARNINGS PER SHARE

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

	2023	2022
Net earnings	**$ 74,922**	$ 53,459
Weighted average number of shares:		
Basic (000s)	**82,876**	82,255
Net effect of dilutive securities:		
Stock options	**361**	472
Diluted (000s)	**83,237**	82,727
Earnings per share:		
Basic	**$ 0.90**	$ 0.65
Diluted	**$ 0.90**	$ 0.65

The calculation of diluted earnings per share for the year ended April 30, 2023 and 2022 excludes the effect of 193,577 and 45,164 options, respectively, as they were not in-the-money.

15. SEGMENTED INFORMATION

The Company's operations are divided into 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 note 3. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general and corporate expenses, and income tax. Data relating to each of the Company's reportable segments is presented as follows:

	2023	2022
Revenue		
Canada - U.S.*	**$ 405,049**	$ 366,662
South and Central America	**166,759**	151,613
Australasia and Africa	**163,934**	132,140
	$ 735,742	$ 650,415
Earnings from operations		
Canada - U.S.	**$ 66,297**	$ 59,098
South and Central America	**23,440**	6,353
Australasia and Africa	**21,967**	18,205
	111,704	83,656
Finance (revenues) costs	**(832)**	1,629
General and corporate expenses**	**14,964**	13,543
Income tax	**22,650**	15,025
	36,782	30,197
Net earnings	**$ 74,922**	$ 53,459

*Canada - U.S. includes revenue in 2023 of $170,876 (2022 - $185,919) for Canadian operations.
**General and corporate expenses include expenses for corporate offices, stock options and certain unallocated costs.

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

15. SEGMENTED INFORMATION (Continued)

	2023	2022
Capital expenditures		
Canada - U.S.	**$ 35,974**	$ 28,146
South and Central America	**12,546**	8,803
Australasia and Africa	**9,651**	9,379
Unallocated and corporate assets	**519**	3,611
Total capital expenditures	**$ 58,690**	$ 49,939
Depreciation and amortization		
Canada - U.S.	**$ 23,205**	$ 20,579
South and Central America	**10,612**	9,896
Australasia and Africa	**13,020**	12,953
Unallocated and corporate assets	**641**	553
Total depreciation and amortization	**$ 47,478**	$ 43,981

	April 30, 2023	April 30, 2022
Identifiable assets		
Canada - U.S.*	**$ 283,895**	$ 236,669
South and Central America	**154,384**	128,791
Australasia and Africa	**193,739**	203,370
Unallocated and corporate liabilities	**(20,333)**	(11,750)
Total identifiable assets	**$ 611,685**	$ 557,080

*Canada - U.S. includes property, plant and equipment in 2023 of $65,481 (2022 - $56,469) for Canadian operations.

16. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	2023	2022
Trade and other receivables	**$ 11,121**	$ (25,915)
Inventories	**(13,280)**	(6,493)
Prepaid expenses	**(1,577)**	(339)
Trade and other payables	**(3,175)**	21,146
	$ (6,911)	$ (11,601)

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

17. 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 EBITDA (earnings before interest, taxes, depreciation and amortization) milestones. During the year, the Company made the first payment on the contingent consideration arising out of the McKay Drilling PTY Limited acquisition for $6,289 ($7,000 AUD).

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.

The valuation of assets and purchase price allocation have been finalized. The 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 Consolidated Statements of Cash Flows for the year ended April 30, 2022, including the issuance of 1,318,101 shares of Major Drilling for a total of $12,911, and contingent consideration of $20,112 (discounted).

In the previous year, 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 Consolidated Statements of Operations.

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

17. BUSINESS ACQUISITION (Continued)

The results of the McKay operations are included in the Consolidated Statements of Operations from June 1, 2021.

Norex Drilling Limited
During the year, the Company paid $2,500, the maximum payable on the contingent consideration arising out of the November 2019 Norex Drilling Limited acquisition, as EBITDA milestones were met.

18. CONTINGENCIES

The Company is involved in various legal claims and legal notices arising in the ordinary course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution and the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, it is management's opinion that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. Any amounts awarded as a result of these actions will be reflected when known.

19. COMMITMENTS

The Company has commitments for the purchase of equipment totaling $11,003 with delivery dates throughout fiscal 2024, as well as various commitments, primarily for rental of premises, with arms-length parties as follows: 2024 - $1,047; 2025 - $374; 2026 - $119; 2027 - $15; 2028 - $4.

20. RELATED PARTY TRANSACTIONS

The remuneration of Directors and other members of key management personnel (which consists of senior executives) during the year was as follows:

	2023	2022
Salaries, bonuses and fees	**$ 3,725**	$ 2,815
Other long-term benefits	**136**	121
Share-based payments benefits	**1,650**	1,658
	$ 5,511	$ 4,594

21. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding foreign currency translation and other reserves), long-term borrowings, and cash in the definition of capital.

Total managed capital was as follows:

	2023	2022
Long-term debt	**$ 19,972**	$ 50,000
Share capital	**266,071**	263,183
Share-based payments reserve	**3,696**	3,996
Retained earnings	**105,944**	31,022
Cash	**(94,432)**	(71,260)
	$ 301,251	$ 276,941

The Company's objective when managing its capital structure is to ensure continued access to capital markets to maintain financial flexibility, meet financial obligations, and finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debt.

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

21. CAPITAL MANAGEMENT (Continued)

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from fiscal 2022.

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Risk management objectives
The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company through analysis of the various exposures. When deemed appropriate, the Company uses financial instruments to hedge these risk exposures.

Interest rate risk management
The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The Company manages the risk by use of interest rate swap contracts when deemed appropriate. As at April 30, 2023, the Company has estimated that a one percentage point change in interest rates on long-term debt would have a minimal impact on net earnings.

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

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

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

The Company 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 $20,000 maturing in May of 2023, and share-price forward contracts with a combined notional amount of $5,983, maturing at varying dates through June 2025.

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 and recorded in trade and other receivables in the Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the year ended April 30, 2023.

	April 30, 2023	April 30, 2022
Interest rate swap	**$ 28**	$ -
Share-price forward contracts	**$ 2,189**	$ 5,468

Credit risk
The Company has a policy of dealing only with creditworthy customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk also arises from cash held in banks and financial institutions. This risk is limited because the counterparties are primarily major financial institutions with high credit ratings.

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

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

As at April 30, 2023, one customer (2022 – no customers) represented more than 10% of total revenue. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

As at April 30, 2023, 97.0% (2022 - 94.0%) of the Company's trade receivables were aged as current and 2.5% (2022 - 1.2%) of the trade receivables were impaired.

The movement in the loss allowance for expected credit losses of trade receivables during the year was as follows:

	2023	2022
Opening balance	**$ 1,517**	$ 1,638
Increase in impairment allowance	**2,620**	744
Recovery of amounts previously impaired	**(51)**	(303)
Write-off charged against allowance	**(824)**	(549)
Foreign exchange translation differences	**41**	(13)
Ending balance	**$ 3,303**	$ 1,517

Foreign currency risk

In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a portion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

As at April 30, 2023, 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:

	Rate variance	USD/CAD	IDR/USD	MNT/USD	EUR/USD	USD/AUD	ARS/USD	USD/CLP	Other
Net exposure on monetary assets (liabilities)		11,180	7,409	6,603	2,548	1,843	(2,402)	(5,133)	1,053
EBIT impact	+/-10%	1,242	823	734	283	205	267	570	117

Currency controls and government policies in foreign jurisdictions 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.

Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Notes 9 and 10 set out details of all facilities that the Company has at its disposal to manage liquidity risk.

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

	1 year	2-3 years	4-5 years	Thereafter	Total
Trade and other payables	$ 102,144	$ -	$ -	$ -	$ 102,144
Lease liabilities (interest included)	1,656	2,682	1,384	486	6,208
Contingent consideration (undiscounted)	7,204	9,005	-	-	16,209
Long-term debt (interest included)	636	1,328	20,941	-	22,905
	$ 111,640	**$ 13,015**	**$ 22,325**	**$ 486**	**$ 147,466**

HISTORICAL SUMMARY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	(in millions of Canadian dollars, except per share information)											
OPERATING SUMMARY												
Revenue by region												
Canada - U.S.	**$ 405**	$ 367	$ 248	$ 205	$ 196	$ 185	$ 180	$ 195	$ 177	$ 176	$ 317	$ 322
South and Central America	**167**	151	95	104	108	94	71	66	76	74	203	252
Australia, Asia and Africa	**164**	132	89	100	81	63	50	44	53	105	176	223
	736	650	432	409	385	342	301	305	306	355	696	797
Adjusted gross profit [1]	**221**	180	101	99	91	74	60	70	66	104	220	251
as a percentage of revenue	**30.0%**	27.7%	23.4%	24.0%	23.6%	21.7%	20.0%	23.0%	21.6%	29.4%	31.7%	31.5%
General and administrative expenses	**65**	57	47	48	47	48	45	44	45	50	64	58
as a percentage of revenue	8.8%	8.8%	11.1%	11.7%	12.2%	14.0%	15.0%	14.4%	14.7%	14.1%	9.2%	7.3%
Net earnings (loss)	**75**	53	10	(71)	(18)	(22)	(42)	(45)	(50)	(55)	52	90
Earnings (loss) per share												
Basic	**0.90**	0.65	0.12	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)	(0.70)	0.66	1.18
Diluted	**0.90**	0.65	0.12	(0.88)	(0.23)	(0.28)	(0.52)	(0.57)	(0.62)	(0.70)	0.65	1.16
EBITDA [1]	**144**	114	54	48	39	25	11	20	13	44	143	174
per share	**1.74**	1.39	0.67	0.60	0.49	0.31	0.13	0.25	0.17	0.56	1.80	2.26
Dividends paid	**-**	-	-	-	-	-	-	3	16	16	15	12
Net cash (debt) [1]	**59**	(2)	5	7	10	2	18	38	30	46	39	(14)
BALANCE SHEET SUMMARY												
Cash and cash equivalents	**94**	71	22	58	27	21	26	50	45	70	82	37
Property, plant and equipment	**221**	204	148	169	164	185	222	241	277	307	340	318
Debt	**20**	50	15	51	17	19	8	12	15	24	44	51
Shareholders' equity	**453**	360	280	297	363	372	410	426	460	484	538	488

(1) Non-IFRS financial measures:
Adjusted gross profit/margin - excludes depreciation expense.
EBITDA - earnings before interest, taxes, depreciation, amoritzation, impairment and restructuring charge.
Net cash (debt) - cash net of debt, excluding lease liabilities reported under IFRS 16 Leases.

SHAREHOLDER INFORMATION

DIRECTORS

Kim Keating (Chair)
Caroline Donally
Louis-Pierre Gignac
Rob Krcmarov
Juliana Lam
Denis Larocque
Janice Rennie
Sybil Veenman
Jo Mark Zurel

OFFICERS

Denis Larocque
President & Chief Executive Officer

Ian Ross
Chief Financial Officer

Barry Zerbin
VP Canadian Operations

Kevin Slemko
VP US Operations

Ashley Martin
VP Latin American Operations

John Ross Davies
VP Australasian & African Operations

Ben Graham
VP HR & Safety

Marc Landry
VP Technology & Logistics

Andrew McLaughlin
VP Legal Affairs & General Counsel

TRANSFER AGENT

TSX Trust Company

AUDITORS

Deloitte LLP

CORPORATE OFFICE

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Moncton, New Brunswick, E1C 1T7, Canada
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Toll-free: 866-264-3986
Fax: 506-857-9211
Website: www.majordrilling.com
Email: info@majordrilling.com

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Major Drilling Group International Inc. will be held virtually on Thursday, September 7, 2023 at 3:00pm Eastern.
www.virtualshareholdermeeting.com/MDI2023

MAJOR Drilling