MAJOR Drilling

NEWS RELEASE

Major Drilling Announces Strong Results for Q2 2021

MONCTON, New Brunswick (December 10, 2020) – Major Drilling Group International Inc. (TSX: MDI), a leading provider of specialized drilling services to the mining sector ("Major Drilling" or the "Company"), today reported results for its second quarter of fiscal year 2021, ended October 31, 2020.

Highlights

- Generated revenue of $114.2 million, an increase of 28% from Q1 2021, driven by increasing momentum in gold drilling activity.
- Increased revenue from junior miners.
- Recorded net earnings of $7.0 million or $0.09 per share.
- Repaid $15.0 million of debt; well capitalized with $87 million of total liquidity and a net cash position (1) of $7.6 million, an increase of $9.6 million compared to Q1 2021.
- Achieved new drilling record with completion of 2,000-meter hole of PQ size, the largest size of core sample in the industry.

"Although the COVID-19 pandemic continues to impact operations in certain regions, many projects resumed operations during the quarter on the back of stronger metal prices and a positive long-term outlook," said Denis Larocque, President and CEO of Major Drilling. "Notably, junior mining companies increased their activity levels, particularly in Canada, which is behavior typically seen in an upcycle. We are encouraged that some of our senior gold customers have already forecasted higher budgets for 2021 and that junior mining companies are continuing to raise capital to fund exploration programs. Copper prices have also increased by more than 50% over the last eight months, as infrastructure plans are commencing globally. Industry experts expect the global refined copper market to hit a deficit this year, which should lead to significant investments in copper exploration projects. Looking forward to calendar 2021, as we enter our seasonally slower third quarter, we are in a unique position to react to this market dynamic as our financial strength has allowed us to invest in safety, equipment and innovation in order to meet the high standards of our customers."

"I would like to salute our crews at the Oyu Tolgoi copper project in Mongolia for their incredible accomplishment. They achieved a new drilling record by completing a 2,000-meter hole of PQ size, which is the largest size of core sample in our industry. This is an extremely deep hole for PQ that required highly specialized expertise and equipment. Calendar 2020 has been a banner year for us in terms of specialized drilling, given we also achieved the longest drill hole ever drilled in Canada at the Windfall project for Osisko Mining, at 3,467 meters, reaffirming our reputation as the leader in specialized drilling in the industry."

"The Company had a strong financial performance in the quarter, generating $19.3 million in EBITDA (2) while spending $8.0 million on capital expenditures," said Ian Ross, CFO of Major Drilling. "The bulk of the capital expenditures related to ancillary equipment needed to support the jurisdictions where we are seeing increased demand for our drill rigs. We also added one rig this quarter and disposed of 13 older, inefficient rigs bringing the total rig count to 601. We finished the quarter with net cash of $7.6 million, reflecting our continued strategy of maintaining a balance sheet that ensures flexibility and resilience through the cycle."

In millions of Canadian dollars (except earnings per share)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	$ 114.2	$ 121.2	$ 203.6	$ 238.6
Gross margin	20.0%	20.4%	18.7%	19.3%
Adjusted gross margin (2)	28.3%	28.1%	28.1%	27.1%
EBITDA (2)	19.3	20.5	33.2	38.4
As percentage of revenue	16.9%	16.9%	16.3%	16.1%
Net earnings	7.0	7.3	9.2	13.3
Earnings per share	0.09	0.09	0.11	0.17

(1) Net cash position (net of debt, excluding lease liabilities reported under IFRS16 Leases)
(2) See "Non-IFRS Financial Measures"

Second Quarter Ended October 31, 2020

Total revenue for the quarter was $114.2 million, down 6% from revenue of $121.2 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $2 million, with a minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations increased by 8.1% to $70.6 million, compared to the same period last year. The region saw activity levels resume to pre-COVID-19 levels and part of the growth was related to an influx of junior activity as a result of the increased junior equity financings that occurred over the past six months.

South and Central American revenue decreased by 27.5% to $21.6 million for the quarter, compared to the same quarter last year. Government or customer-imposed restrictions regarding COVID-19 remained in place during the quarter in certain regions, impacting activity levels.

Asian and African revenue decreased by 15.7% to $22.0 million, compared to the same period last year as the region continues to deal with COVID-19 related impacts.

Gross margin percentage for the quarter was 20.0%, compared to 20.4% for the same period last year. Depreciation expense totaling $9.5 million is included in direct costs for the current quarter, versus $9.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 28.3% for the quarter, compared to 28.1% for the same period last year. Gross margins were strong despite some COVID-19 logistical challenges that resulted in some additional direct costs. Margins were positively impacted by approximately 1%, as the Company was able to take advantage of government assistance programs available in the hardest hit regions, however as activity is now returning to pre-COVID-19 levels, these programs will have minimal impact in the coming quarter. Pricing in certain jurisdictions has been increased to reflect the demand growth and some of the COVID-19 related additional costs.

General and administrative costs were $11.6 million, a decrease of $0.5 million compared to the same quarter last year. Reduced travel continues to drive the decrease in general and administrative costs as compared to the previous year and will remain in place until a time when it can be resumed in a safe and responsible manner.

The income tax provision for the quarter was an expense of $2.0 million compared to an expense of $3.0 million for the prior year period. The income tax expense for the quarter was positively impacted by the utilization of previously unrecognized losses.

Net earnings were $7.0 million or $0.09 per share ($0.09 per share diluted) for the quarter, compared to net earnings of $7.3 million or $0.09 per share ($0.09 per share diluted) for the prior year quarter.

NON-IFRS FINANCIAL MEASURES

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

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020
Total revenue	**$ 114,152**	$ 121,182	**$ 203,572**	$ 238,641
Direct costs	**91,300**	96,475	**165,595**	192,565
Less: depreciation	**(9,468)**	(9,311)	**(19,175)**	(18,632)
Adjusted gross profit	**32,320**	34,018	**57,152**	64,708
Adjusted gross margin	**28.3%**	28.1%	**28.1%**	27.1%

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

(in $000s CAD)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020
Net earnings	**$ 7,009**	$ 7,259	**$ 9,157**	$ 13,292
Finance costs	**336**	204	**624**	423
Income tax provision	**2,006**	3,020	**3,237**	5,014
Depreciation and amortization	**9,975**	9,972	**20,195**	19,689
EBITDA	**$ 19,326**	$ 20,455	**$ 33,213**	$ 38,418

Forward-Looking Statements

This news release 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 news release 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 news release is qualified by this cautionary note.

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

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; the Canadian and international economic environments; the Company's dependence on key customers; the level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2020, available on the SEDAR website at www.sedar.com. Should one or more risk, uncertainty, contingency or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

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

About Major Drilling

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 Europe. 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.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, December 11, 2020 at 9:00 AM (EST). To access the webcast, which includes a slide presentation, please go to the investors/webcast section of Major Drilling's website at www.majordrilling.com and click on the link. Please note that this is listen-only mode.

To participate in the conference call, please dial 416-340-2217, participant passcode 7929520# and ask for Major Drilling's Second Quarter Results Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled start of the call.

For those unable to participate, a taped rebroadcast will be available approximately one hour after the completion of the call until midnight, Saturday, December 26, 2020. To access the rebroadcast, dial 905-694-9451 and enter the passcode 6371337#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at www.majordrilling.com.

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

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

	Three months ended October 31		Six months ended October 31	
	2020	2019	**2020**	2019
TOTAL REVENUE	**$ 114,152**	$ 121,182	**$ 203,572**	$ 238,641
DIRECT COSTS (note 6)	**91,300**	96,475	**165,595**	192,565
GROSS PROFIT	**22,852**	24,707	**37,977**	46,076
OPERATING EXPENSES				
General and administrative	**11,568**	12,127	**22,794**	24,292
Other expenses	**1,584**	1,575	**2,479**	2,733
(Gain) loss on disposal of property, plant and equipment	**67**	(19)	**11**	(144)
Foreign exchange (gain) loss	**282**	541	**(325)**	466
Finance costs	**336**	204	**624**	423
	13,837	14,428	**25,583**	27,770
EARNINGS BEFORE INCOME TAX	**9,015**	10,279	**12,394**	18,306
INCOME TAX PROVISION (RECOVERY) (note 7)				
Current	**2,063**	3,553	**3,864**	5,447
Deferred	**(57)**	(533)	**(627)**	(433)
	2,006	3,020	**3,237**	5,014
NET EARNINGS	**$ 7,009**	$ 7,259	**$ 9,157**	$ 13,292
EARNINGS PER SHARE (note 8)				
Basic	**$ 0.09**	$ 0.09	**$ 0.11**	$ 0.17
Diluted	**$ 0.09**	$ 0.09	**$ 0.11**	$ 0.17

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

(in thousands of Canadian dollars)
(unaudited)

	Three months ended October 31		Six months ended October 31	
	2020	2019	**2020**	2019
NET EARNINGS	**$ 7,009**	$ 7,259	**$ 9,157**	$ 13,292
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	**(2,715)**	(2,383)	**(10,805)**	(8,139)
Unrealized gain (loss) on derivatives (net of tax)	**43**	768	**1,713**	936
COMPREHENSIVE EARNINGS	**$ 4,337**	$ 5,644	**$ 65**	$ 6,089

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2020 and 2019
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2019*	$ 241,264	$ 29,020	$ (570)	$ 14,503	$ 78,783	$ 363,000
Share-based compensation	-	-	-	141	-	141
Stock options expired	-	3,460	-	(3,460)	-	-
	241,264	32,480	(570)	11,184	78,783	363,141
Comprehensive earnings:						
Net earnings	-	13,292	-	-	-	13,292
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(8,139)	(8,139)
Unrealized gain (loss) on derivatives	-	-	936	-	-	936
Total comprehensive earnings (loss)	-	13,292	936	-	(8,139)	6,089
BALANCE AS AT OCTOBER 31, 2019	$ 241,264	$ 45,772	$ 366	$ 11,184	$ 70,644	$ 369,230
BALANCE AS AT MAY 1, 2020	**$ 243,189**	**$ (35,691)**	**$ (611)**	**$ 8,519**	**$ 81,640**	**$297,046**
Exercise of stock options	**41**	**-**	**-**	**(17)**	**-**	**24**
Share-based compensation	**-**	**-**	**-**	**149**	**-**	**149**
Stock options expired	**-**	**3,525**	**-**	**(3,525)**	**-**	**-**
	243,230	**(32,166)**	**(611)**	**5,126**	**81,640**	**297,219**
Comprehensive earnings:						
Net earnings	**-**	**9,157**	**-**	**-**	**-**	**9,157**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**(10,805)**	**(10,805)**
Unrealized gain (loss) on derivatives	**-**	**-**	**1,713**	**-**	**-**	**1,713**
Total comprehensive earnings (loss)	**-**	**9,157**	**1,713**	**-**	**(10,805)**	**65**
BALANCE AS AT OCTOBER 31, 2020	**$ 243,230**	**$ (23,009)**	**$ 1,102**	**$ 5,126**	**$ 70,835**	**$297,284**

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

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Three months ended October 31		Six months ended October 31	
	2020	2019	**2020**	2019
OPERATING ACTIVITIES				
Earnings before income tax	**$ 9,015**	$ 10,279	**$ 12,394**	$ 18,306
Operating items not involving cash				
Depreciation and amortization (note 6)	**9,975**	9,972	**20,195**	19,689
(Gain) loss on disposal of property, plant and equipment	**67**	(19)	**11**	(144)
Share-based compensation	**73**	51	**149**	141
Finance costs recognized in earnings before income tax	**336**	204	**624**	423
	19,466	20,487	**33,373**	38,415
Changes in non-cash operating working capital items	**365**	982	**(12,542)**	(4,632)
Finance costs paid	**(336)**	(204)	**(624)**	(423)
Income taxes paid	**(1,541)**	(2,750)	**(2,865)**	(4,604)
Cash flow from (used in) operating activities	**17,954**	18,515	**17,342**	28,756
FINANCING ACTIVITIES				
Repayment of lease liabilities	**(488)**	(544)	**(798)**	(844)
Repayment of long-term debt	**(15,250)**	(291)	**(35,501)**	(556)
Issuance of common shares due to exercise of stock options	**24**	-	**24**	-
Cash flow from (used in) financing activities	**(15,714)**	(835)	**(36,275)**	(1,400)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (note 5)	**(8,045)**	(5,543)	**(15,544)**	(16,108)
Proceeds from disposal of property, plant and equipment	**191**	462	**492**	728
Cash flow from (used in) investing activities	**(7,854)**	(5,081)	**(15,052)**	(15,380)
Effect of exchange rate changes	**108**	(60)	**(883)**	38
INCREASE (DECREASE) IN CASH	**(5,506)**	12,539	**(34,868)**	12,014
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	**29,071**	26,841	**58,433**	27,366
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	**$ 23,565**	$ 39,380	**$ 23,565**	$ 39,380

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

	October 31, 2020	April 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 23,565	$ 58,433
Trade and other receivables	97,233	71,641
Income tax receivable	3,874	4,350
Inventories	91,074	99,823
Prepaid expenses	3,782	4,497
	219,528	238,744
PROPERTY, PLANT AND EQUIPMENT (note 5)	155,639	165,103
RIGHT-OF-USE ASSETS	3,134	3,803
DEFERRED INCOME TAX ASSETS	9,581	9,613
GOODWILL	7,708	7,708
INTANGIBLE ASSETS	757	946
	$ 396,347	$ 425,917
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ 62,631	$ 55,858
Income tax payable	1,604	926
Current portion of lease liabilities	1,094	1,121
Current portion of long-term debt	860	1,024
	66,189	58,929
LEASE LIABILITIES	2,067	2,701
CONTINGENT CONSIDERATION	1,807	1,807
LONG-TERM DEBT	15,148	50,333
DEFERRED INCOME TAX LIABILITIES	13,852	15,101
	99,063	128,871
SHAREHOLDERS' EQUITY		
Share capital	243,230	243,189
Retained earnings (deficit)	(23,009)	(35,691)
Other reserves	1,102	(611)
Share-based payments reserve	5,126	8,519
Foreign currency translation reserve	70,835	81,640
	297,284	297,046
	$ 396,347	$ 425,917

1. NATURE OF ACTIVITIES

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

2. BASIS OF PRESENTATION

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

On December 10, 2020, the Board of Directors authorized the financial statements for issue.

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

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

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

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

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

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

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

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

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and six months ended October 31, 2020 were $6,376 (2019 - $5,543) and $15,544 (2019 - $16,108), respectively. Cash payments in the current quarter for assets previously acquired were $1,669 (2019 – nil).

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

(in $000s CAD)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020
Depreciation	**$ 9,468**	$ 9,311	**$ 19,175**	$ 18,632
Employee benefit expenses	**41,013**	40,699	**71,706**	81,983
Cost of inventory	**16,297**	17,730	**31,452**	34,745
Other	**24,522**	28,735	**43,262**	57,205
Direct costs	**$ 91,300**	$ 96,475	**$ 165,595**	$ 192,565

Depreciation expense recorded in general and administrative expenses for the three and six months ended October 31, 2020 was $507 (2019 - $661) and $1,020 (2019 - $1,057), respectively.

7. INCOME TAXES

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

	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Earnings before income tax	**$ 9,015**	$ 10,279	**$ 12,394**	$ 18,306
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax provision based on statutory rate	**2,434**	2,775	**3,346**	4,942
Non-recognition of tax benefits related to losses	**520**	277	**1,362**	372
Utilization of previously unrecognized losses	**(1,376)**	(238)	**(1,553)**	(583)
Other foreign taxes paid	**118**	154	**239**	322
Rate variances in foreign jurisdictions	**(69)**	(143)	**(232)**	(161)
Permanent differences and other	**379**	195	**75**	122
Income tax provision recognized in net earnings	**$ 2,006**	$ 3,020	**$ 3,237**	$ 5,014

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

8. EARNINGS PER SHARE

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

	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Net earnings	**$ 7,009**	$ 7,259	**$ 9,157**	$ 13,292
Weighted average number of shares:				
Basic (000s)	**80,638**	80,300	**80,636**	80,300
Diluted (000s)	**80,806**	80,330	**80,700**	80,308
Earnings per share				
Basic	**$ 0.09**	$ 0.09	**$ 0.11**	$ 0.17
Diluted	**$ 0.09**	$ 0.09	**$ 0.11**	$ 0.17

The calculation of diluted earnings per share for the three and six months ended October 31, 2020 excludes the effect of 997,774 and 1,469,096 options, respectively (2019 - 2,696,237 and 2,961,091) as they were anti-dilutive.

The total number of shares outstanding on October 31, 2020 was 80,640,753 (2019 - 80,299,984).

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

9. SEGMENTED INFORMATION

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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue				
Canada - U.S.*	**$ 70,617**	$ 65,337	**$ 116,662**	$ 126,294
South and Central America	**21,573**	29,785	**$ 41,108**	62,471
Asia and Africa	**21,962**	26,060	**$ 45,802**	49,876
	$ 114,152	$ 121,182	**$ 203,572**	$ 238,641

*Canada - U.S. includes revenue of $33,642 and $26,902 for Canadian operations for the three months ended October 31, 2020 and 2019, respectively and $51,719 and $53,867 for the six months ended October 31, 2020 and 2019, respectively.

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Earnings (loss) from operations				
Canada - U.S.	**$ 8,609**	$ 7,078	**$ 11,410**	$ 12,416
South and Central America	**(728)**	1,128	**(1,771)**	2,986
Asia and Africa	**3,276**	5,085	**6,277**	8,897
	11,157	13,291	**15,916**	24,299
Finance costs	**336**	204	**624**	423
General corporate expenses**	**1,806**	2,808	**2,898**	5,570
Income tax	**2,006**	3,020	**3,237**	5,014
	4,148	6,032	**6,759**	11,007
Net Earnings	**$ 7,009**	$ 7,259	**$ 9,157**	$ 13,292

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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Capital expenditures				
Canada - U.S.	**$ 4,565**	$ 3,459	**$ 12,586**	$ 11,923
South and Central America	**584**	831	**784**	1,573
Asia and Africa	**1,164**	374	**2,111**	1,580
Unallocated and corporate assets	**63**	879	**63**	1,032
Total capital expenditures	**$ 6,376**	$ 5,543	**$ 15,544**	$ 16,108

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

9. SEGMENTED INFORMATION (Continued)

Depreciation and amortization				
Canada - U.S.	**$ 5,098**	$ 4,530	**$ 10,122**	$ 8,985
South and Central America	**3,042**	3,762	**6,400**	7,439
Asia and Africa	**1,774**	1,647	**3,566**	3,204
Unallocated and corporate assets	**61**	33	**107**	61
Total depreciation and amortization	**$ 9,975**	$ 9,972	**$ 20,195**	$ 19,689

	October 31, 2020	April 30, 2020
Identifiable assets		
Canada - U.S.*	**$ 196,523**	$ 180,925
South and Central America	**119,226**	129,748
Asia and Africa	**122,955**	121,954
Unallocated and corporate assets (liabilities)	**(42,357)**	(6,710)
Total identifiable assets	**$ 396,347**	$ 425,917

*Canada - U.S. includes property, plant and equipment as at October 31, 2020 of $43,941 (April 30, 2020 - $44,146) for Canadian operations.

10. FINANCIAL INSTRUMENTS

Fair value

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

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

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

The Company’s derivatives are classified as level 2 financial instruments. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended October 31, 2020.

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.

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

10. FINANCIAL INSTRUMENTS (Continued)

Credit risk
As at October 31, 2020, 91.6% (April 30, 2020 - 81.6%) of the Company's trade receivables were aged as current and 1.6% (April 30, 2020 - 2.0%) of the trade receivables were impaired.

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

	October 31, 2020	April 30, 2020
Opening balance	**$ 1,226**	$ 863
Increase in impairment allowance	**298**	442
Recovery of amounts previously impaired	**(59)**	-
Write-off charged against allowance	**(76)**	(37)
Foreign exchange translation differences	**(35)**	(42)
Ending balance	**$ 1,354**	$ 1,226

Foreign currency risk
As at October 31, 2020, the most significant carrying amounts of net monetary assets or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	Rate variance	**MNT/USD**	**IDR/USD**	**USD/CLP**	**USD/AUD**	**USD/BRL**	**USD/CAD**	**Other**
Net exposure on monetary assets		7,435	6,535	5,346	4,513	2,847	1,906	358
EBIT impact	+/-10%	826	726	594	501	316	212	40

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

	1 year	**2-3 years**	**4-5 years**	**Total**
Trade and other payables	$ 62,631	$ -	$ -	$ 62,631
Lease liabilities (interest included)	1,362	2,103	348	3,813
Contingent consideration (undiscounted)	-	2,500	-	2,500
Long-term debt (interest included)	1,327	15,932	-	17,259
	$ 65,320	**$ 20,535**	**$ 348**	**$ 86,203**