MAJOR Drilling

NEWS RELEASE

Major Drilling Announces Second Quarter 2025 Results, Building on Robust Net Cash Position

MONCTON, New Brunswick (December 5, 2024) – Major Drilling Group International Inc. ("Major Drilling" or the "Company") (TSX: MDI), a leading provider of specialized drilling services to the mining sector, today reported results for the second quarter of fiscal 2025, ended October 31, 2024.

Quarterly Highlights:

- Revenue of $189.3 million, in line with the $190.0 million generated in fiscal Q1, but down 8.6% from $207.0 million in the same period last year.
- Adjusted gross margin(1) of 30.5%, consistent with the 31.0% achieved in the same period last year as the Company remained focused on higher-margin specialized drilling.
- EBITDA(1) of $38.7 million, down from $43.6 million in the same period last year.
- Net earnings of $18.2 million (or $0.22 per share), down from $23.7 million (or $0.29 per share) in the same period last year.
- Net cash(1) increased by $23.5 million to $100.4 million, enabling the Company to react to potential growth opportunities.
- Subsequent to quarter end, completed the acquisition of Explomin, a leading specialty drilling contractor based in Lima, Peru, for an up-front cash payment of US$63 million (approximately C$88 million).

"For Q2 of fiscal 2025, Major Drilling's globally diversified operations and reputation as the driller-of-choice enabled us to maintain our revenue run rate relative to fiscal Q1, despite challenging conditions in certain markets," commented Mr. Denis Larocque, President & CEO of Major Drilling. "We were pleased once again by our Australasian and Chilean operations, which continue to offset lower activity levels in North America, primarily driven by lower junior exploration expenditures."

"The Company delivered solid financial results for the quarter, supported by an adjusted gross margin of 30.5%. This represented an increase from 28.9% in fiscal Q1 and is in line with the 31.0% achieved over the same period last year as the Company remains focused on profitable operations and our best-in-class specialized drilling services," commented Ian Ross, CFO of Major Drilling. "As previously disclosed, our 2021 McKay acquisition successfully met all of the EBITDA milestones in the earnout period, with the final contingent payment of $9.1 million made during the quarter. We also continue to modernize our drill fleet, having spent $20.1 million in capex, which includes the addition of 5 new drills and support equipment, while disposing of 4 older, less efficient rigs, bringing Major Drilling's total fleet to 610 drills. Given another strong operational performance, our net cash position increased to $100.4 million at quarter end, while we continue to retain an industry leading balance sheet, enabling the acquisition of Explomin in early fiscal Q3," concluded Mr. Ross.

"With McKay continuing to demonstrate strong results in Australasia since its acquisition in 2021, our focus now turns to the integration of Explomin – a leading South American driller with operations in Peru, Colombia, the Dominican Republic and Spain. I am excited to welcome Explomin and its employees to the Major Drilling team. Their long-standing reputation, strong base of senior mining customers, and focus on specialized drilling, with its well-maintained fleet of rigs, complement our existing operations and offer further potential growth opportunities in South America," said Mr. Larocque. "As Peru has been on our radar for quite some time given its status as the second largest copper producer, Explomin solidifies our South American presence, supplementing our existing operations in Brazil, Chile, Argentina, and throughout the Guyana Shield."

"Looking ahead to our seasonally slower third quarter of fiscal 2025, we are expecting programs in North America to pause for the holiday period slightly earlier than in prior years, although this is expected to be partially offset by ongoing strength in Australia and Chile. While we will be adding revenue from the Explomin operations, we expect them to have the same usual seasonality as the rest of our South American operations. Demand from senior customers for calendar 2025 is expected to remain robust, while we are optimistic regarding the activity levels of juniors following a slight increase in financing activity. The combination of elevated commodity prices, translating to increased free cash flow generation for mining companies, coupled with depleted reserve bases, should lead to increases in demand for drilling services over the years to come."

"Our well-maintained fleet ensures that we retain utilization capacity which, combined with our optimal inventory levels and experienced crews, puts us in an excellent position to capitalize on these increased levels of demand for our drilling services. Our core strategy is to remain the leader in specialized drilling as new discoveries are made in increasingly challenging and remote locations. Our solid foundation, supplemented by ongoing technological innovation, puts us in an ideal position to take on these new and exciting challenges."

"I'm extremely proud to announce that our Canadian team was recently awarded the Safe Day Every Day Gold Award by the Association for Mineral Exploration, Prospectors & Developers Association of Canada, and Canadian Diamond Drilling Association. Our Canadian team achieved over 1,146,000 hours without a lost time injury, an achievement that demonstrates our ongoing dedication to maintaining high safety standards across all projects around the world," concluded Mr. Larocque.

Finally, Major Drilling announces the resignation of Mr. Robert Krcmarov from the Board of Directors effective December 5, 2024, to focus on his new role as Chief Executive Officer of Hecla Mining Company.

Kim Keating, Chair of the Board, commented: "On behalf of the Board and the leadership team at Major Drilling, I would like to congratulate Rob on this appointment, and thank him for his significant contributions during his tenure on the Board. Rob's experience and insights were of great benefit to Major Drilling's Board and leadership team. He was instrumental in the development of Major Drilling's Decarbonization Action Plan and in strengthening the Company's health and safety program, as well as his timely advice regarding the most recent acquisition of Explomin Perforaciones earlier this month. We thank Rob for his invaluable advice and wish him all the best in his new role leading Hecla Mining Company."

In millions of Canadian dollars (except earnings per share)	**Q2 2025**	**Q2 2024**	**YTD 2025**	YTD 2024
Revenue	$ 189.3	$ 207.0	$ 379.3	$ 405.8
Gross margin	23.4%	25.3%	22.7%	25.0%
Adjusted gross margin [1]	30.5%	31.0%	29.7%	30.6%
EBITDA [1]	38.7	43.6	73.0	83.9
As percentage of revenue	20.4%	21.1%	19.2%	20.7%
Net earnings	18.2	23.7	34.0	45.5
Earnings per share	0.22	0.29	0.42	0.55

(1) See "Non-IFRS Financial Measures"

Second Quarter Ended October 31, 2024

Total revenue for the quarter was $189.3 million, down 8.6% from revenue of $207.0 million recorded in the same quarter last year. The foreign exchange translation impact on revenue and earnings, when comparing to the effective rates for the previous year, was minimal.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 20.0% to $85.4 million, compared to the same period last year. While senior and intermediate activity levels increased slightly, this only partially offset the decline in demand from juniors relative to the same period last year as they continued to face challenging financing opportunities.

South and Central American revenue decreased by 6.5% to $49.1 million for the quarter, compared to the same quarter last year. While operations in Chile remain robust, this was offset by slowdowns in other parts of the region.

Australasian and African revenue increased by 14.4% to $54.7 million, compared to the same period last year as demand for specialized drilling services in Australia and Mongolia continue to drive growth in the region.

Gross margin percentage for the quarter was 23.4%, compared to 25.3% for the same period last year. Depreciation expense totaling $13.4 million is included in direct costs for the current quarter, versus $11.8 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 30.5% for the quarter, compared to 31.0% for the same period last year. Adjusted gross margin remained relatively unchanged as the Company remains disciplined with respect to pricing.

General and administrative costs were $18.4 million, an increase of $0.8 million compared to the same quarter last year. This increase primarily relates to inflationary wage adjustments.

Other expenses were $2.5 million, down from $3.2 million in the same quarter last year due primarily to lower incentive compensation expenses given the decreased profitability.

Foreign exchange gain was $0.5 million, compared to a loss of $0.9 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to various other currencies.

The income tax provision for the quarter was an expense of $6.5 million, compared to an expense of $7.4 million for the prior year period. The decrease from the prior year was driven by reduced profitability.

Net earnings were $18.2 million or $0.22 per share ($0.22 per share diluted) for the quarter, compared to net earnings of $23.7 million or $0.29 per share ($0.29 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 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 $000s CAD)	**Q2 2025**	Q2 2024	**YTD 2025**	YTD 2024
Net earnings	**$ 18,165**	$ 23,694	**$ 34,036**	$ 45,467
Finance (revenues) costs	**(491)**	(275)	**(1,155)**	(957)
Income tax provision	**6,537**	7,434	**11,452**	14,610
Depreciation and amortization	**14,483**	12,780	**28,622**	24,769
EBITDA	**$ 38,694**	$ 43,633	**$ 72,955**	$ 83,889

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q2 2025**	Q2 2024	**YTD 2025**	YTD 2024
Total revenue	**$ 189,260**	$ 206,951	**$ 379,302**	$ 405,835
Less: direct costs	**144,985**	154,590	**293,047**	304,465
Gross profit	**44,275**	52,361	**86,255**	101,370
Add: depreciation	**13,433**	11,840	**26,293**	22,791
Adjusted gross profit	**57,708**	64,201	**112,548**	124,161
Adjusted gross margin	**30.5%**	31.0%	**29.7%**	30.6%

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

(in $000s CAD)	**October 31, 2024**	April 30, 2024
Cash	**$ 100,430**	$ 96,218
Contingent consideration	**-**	(8,863)
Net cash	**$ 100,430**	$ 87,355

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; 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); the Company's dependence on key customers; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company's growth; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; 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" in the Company's MD&A for the year ended April 30, 2024, available on the SEDAR+ website at www.sedarplus.ca. 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 the world's leading provider of specialized drilling services primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience and expertise within its management team. The Company maintains field operations and offices in North America, South America, Australia, 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, a variety of mine services, and ongoing development of data-driven, high-tech drillside solutions.

Webcast/Conference Call

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, December 6, 2024 at 8:00 AM (EST). To access the webcast, which includes a slide presentation, please go to the investors/webcasts 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 4769038# 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 Monday, January 6, 2025. To access the rebroadcast, dial 905-694-9451 and enter the passcode 1708283#. 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	
	2024	2023	**2024**	2023
TOTAL REVENUE	**$ 189,260**	$ 206,951	**$ 379,302**	$ 405,835
DIRECT COSTS (note 10)	**144,985**	154,590	**293,047**	304,465
GROSS PROFIT	**44,275**	52,361	**86,255**	101,370
OPERATING EXPENSES				
General and administrative (note 10)	**18,376**	17,602	**36,885**	34,112
Other expenses	**2,506**	3,222	**5,462**	6,093
(Gain) loss on disposal of property, plant and equipment	**(279)**	(260)	**(670)**	(497)
Foreign exchange (gain) loss	**(512)**	944	**272**	2,542
Finance (revenues) costs	**(491)**	(275)	**(1,155)**	(957)
(Earnings) loss from investment in associate (note 8)	**(27)**	-	**(27)**	-
	19,573	21,233	**40,767**	41,293
EARNINGS BEFORE INCOME TAX	**24,702**	31,128	**45,488**	60,077
INCOME TAX EXPENSE (RECOVERY) (note 11)				
Current	**7,138**	7,286	**12,641**	13,929
Deferred	**(601)**	148	**(1,189)**	681
	6,537	7,434	**11,452**	14,610
NET EARNINGS	**$ 18,165**	$ 23,694	**$ 34,036**	$ 45,467
EARNINGS PER SHARE (note 12)				
Basic	**$ 0.22**	$ 0.29	**$ 0.42**	$ 0.55
Diluted	**$ 0.22**	$ 0.29	**$ 0.42**	$ 0.55

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	
	2024	2023	**2024**	2023
NET EARNINGS	**$ 18,165**	$ 23,694	**$ 34,036**	$ 45,467
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	**2,666**	10,588	**5,450**	2,289
Unrealized gain (loss) on derivatives (net of tax)	**(515)**	(841)	**(538)**	(819)
COMPREHENSIVE EARNINGS	**$ 20,316**	$ 33,441	**$ 38,948**	46,937

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2024 and 2023
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings	Other reserves	Share-based payments reserve	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2023	$ 266,071	$ 105,944	$ (37)	$ 3,696	$ 76,903	$ 452,577
Exercise of stock options	606	(197)	-	(295)	-	114
Share-based compensation	-	-	-	159	-	159
Share buyback (note 9)	(3,170)	(5,397)	-	-	-	(8,567)
Stock options expired/forfeited	-	1	-	(1)	-	-
	263,507	100,351	(37)	3,559	76,903	444,283
Comprehensive earnings:						
Net earnings	-	45,467	-	-	-	45,467
Unrealized gain (loss) on foreign currency translations	-	-	-	-	2,289	2,289
Unrealized gain (loss) on derivatives	-	-	(819)	-	-	(819)
Total comprehensive earnings	-	45,467	(819)	-	2,289	46,937
BALANCE AS AT OCTOBER 31, 2023	**$ 263,507**	**$ 145,818**	**$ (856)**	**$ 3,559**	**$ 79,192**	**$ 491,220**
BALANCE AS AT MAY 1, 2024	**$ 262,679**	**$ 151,740**	**$ (18)**	**$ 3,630**	**$ 75,801**	**$ 493,832**
Exercise of stock options	**412**	**-**	**-**	**(109)**	**-**	**303**
Share-based compensation	**-**	**-**	**-**	**61**	**-**	**61**
	263,091	**151,740**	**(18)**	**3,582**	**75,801**	**494,196**
Comprehensive earnings:						
Net earnings	**-**	**34,036**	**-**	**-**	**-**	**34,036**
Unrealized gain (loss) on foreign currency translations	**-**	**-**	**-**	**-**	**5,450**	**5,450**
Unrealized gain (loss) on derivatives	**-**	**-**	**(538)**	**-**	**-**	**(538)**
Total comprehensive earnings	**-**	**34,036**	**(538)**	**-**	**5,450**	**38,948**
BALANCE AS AT OCTOBER 31, 2024	**$ 263,091**	**$ 185,776**	**$ (556)**	**$ 3,582**	**$ 81,251**	**$ 533,144**

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	
	2024	2023	**2024**	2023
OPERATING ACTIVITIES				
Earnings before income tax	**$ 24,702**	$ 31,128	**$ 45,488**	$ 60,077
Operating items not involving cash				
Depreciation and amortization (note 10)	**14,483**	12,780	**28,622**	24,769
(Gain) loss on disposal of property, plant and equipment	**(279)**	(260)	**(670)**	(497)
Share-based compensation	**19**	58	**61**	159
(Earnings) loss from investment in associate (note 8)	**(27)**	-	**(27)**	-
Finance (revenues) costs recognized in earnings before income tax	**(491)**	(275)	**(1,155)**	(957)
	38,407	43,431	**72,319**	83,551
Changes in non-cash operating working capital items	**7,809**	6,732	**3,774**	(9,392)
Finance revenues received (costs paid)	**491**	275	**1,155**	957
Income taxes paid	**(3,555)**	(5,047)	**(9,682)**	(10,012)
Cash flow from (used in) operating activities	**43,152**	45,391	**67,566**	65,104
FINANCING ACTIVITIES				
Repayment of lease liabilities	**(399)**	(412)	**(1,122)**	(731)
Repayment of long-term debt	**-**	-	**-**	(20,000)
Issuance of common shares due to exercise of stock options	**15**	57	**303**	440
Cash-settled stock options	**-**	(326)	**-**	(326)
Repurchase of common shares (note 9)	**-**	(7,276)	**-**	(8,567)
Cash flow from (used in) financing activities	**(384)**	(7,957)	**(819)**	(29,184)
INVESTING ACTIVITIES				
Payment of consideration for previous business acquisition	**(9,088)**	(6,991)	**(9,088)**	(6,991)
Investment in associate (note 8)	**-**	-	**(15,205)**	-
Acquisition of property, plant and equipment (note 7)	**(20,073)**	(17,443)	**(41,324)**	(33,717)
Proceeds from disposal of property, plant and equipment	**398**	1,351	**1,611**	1,644
Cash flow from (used in) investing activities	**(28,763)**	(23,083)	**(64,006)**	(39,064)
Effect of exchange rate changes	**575**	2,199	**1,471**	1,179
INCREASE (DECREASE) IN CASH	**14,580**	16,550	**4,212**	(1,965)
CASH, BEGINNING OF THE PERIOD	**85,850**	75,917	**96,218**	94,432
CASH, END OF THE PERIOD	**$ 100,430**	$ 92,467	**$ 100,430**	$ 92,467

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2024 and April 30, 2024
(in thousands of Canadian dollars)
(unaudited)

		October 31, 2024		April 30, 2024
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	100,430	$	96,218
Trade and other receivables (note 14)		124,077		122,251
Income tax receivable		3,492		3,803
Inventories		109,288		110,805
Prepaid expenses		7,725		9,532
		345,012		342,609
PROPERTY, PLANT AND EQUIPMENT (note 7)		253,063		237,291
RIGHT-OF-USE ASSETS		6,203		4,595
INVESTMENT IN ASSOCIATE (note 8)		15,232		-
DEFERRED INCOME TAX ASSETS		3,191		2,872
GOODWILL		22,911		22,597
INTANGIBLE ASSETS		1,722		2,219
	$	647,334		612,183
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	$	87,520	$	86,226
Income tax payable		7,048		4,367
Current portion of lease liabilities		1,618		1,395
Current portion of contingent consideration		-		8,863
		96,186		100,851
LEASE LIABILITIES		4,644		3,321
DEFERRED INCOME TAX LIABILITIES		13,360		14,179
		114,190		118,351
SHAREHOLDERS' EQUITY				
Share capital		263,091		262,679
Retained earnings		185,776		151,740
Other reserves		(556)		(18)
Share-based payments reserve		3,582		3,630
Foreign currency translation reserve		81,251		75,801
		533,144		493,832
	$	647,334	$	612,183

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 North America, South America, Australia, Asia, and Africa.

2. BASIS OF PRESENTATION

Statement of compliance
These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2024.

On December 5, 2024, 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.

Intercompany 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, with the exception of those detailed in note 4 below, as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2024.

3. APPLICATION OF NEW AND REVISED IFRS® ACCOUNTING STANDARDS

The Company has not applied the following IASB standard amendment and standard that have been issued, but are not yet effective:

- IAS 21 (as amended in 2023) - The Effect of Changes in Foreign Exchange Rates - effective for periods beginning on or after January 1, 2025, with earlier application permitted. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 (as issued in 2024) - Presentation and Disclosure of Financial Statements - effective for periods beginning on or after January 1, 2027, with earlier application permitted. The standard replaces IAS 1, Presentation of Financial Statements, and includes requirements for the presentation and disclosure of information in financial statements.

The Company is currently in the process of assessing the impact the adoption of the above amendment and standard will have on the Consolidated Financial Statements.

4. MATERIAL ACCOUNTING POLICIES

With the exception of the policy detailed below, all accounting policies and methods of computation remain the same as those presented in the Company's annual Consolidation Financial Statements for the year ended April 30, 2024.

Investment in associate
Associates are companies that the Company has significant influence over and are accounted for under the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence is presumed when the Company has an ownership interest greater than 20%, unless certain qualitative factors overcome this assumption. In assessing significant influence and the ownership interest, potential voting or other rights that are currently exercisable are taken into consideration.

Investments in associates are accounted for using the equity method and are initially recognized at cost, inclusive of transaction costs. The Interim Condensed Consolidated Financial Statements include the Company's share of the income or loss and equity movement of equity accounted associates. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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 application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may 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 for depreciation purposes, inventory valuation, determination of income and other taxes, recoverability of deferred income tax assets, assumptions used in compilation of share-based payments, provisions, contingent considerations, impairment testing of goodwill and intangible assets and long-lived assets.

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, the determination of the probability that deferred income tax assets will be realized from future taxable earnings, and the determination of whether the Company exerts significant influence with respect to its investment in associate under the equity accounting method.

6. 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.

7. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and six months ended October 31, 2024 were $20,073 (2023- $17,443) and $41,324 (2023 - $33,717). The Company did not obtain direct financing for the three and six months ended October 31, 2024 or 2023.

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

8. INVESTMENT IN ASSOCIATE

On July 22, 2024, the Company purchased shares in DGI Geoscience Inc. ("DGI") for $15,000 in cash consideration, a 39.8% equity interest (that provides the Company with 42.3% of the voting rights). DGI and its subsidiaries are privately held entities, headquartered in Canada, focused on downhole survey and imaging services as well as using artificial intelligence for logging scanned rock samples.

In addition to the equity interest, Major Drilling's representation on the DGI Board of Directors gives the Company significant influence over DGI. While there are special approval rights granted to the Company as part of the investment, these are more protective in nature and therefore, would not result in control, or joint control of DGI. As a result, the Company concluded that the equity method of accounting is appropriate for its investment in DGI.

During the prior quarter, the Company incurred costs of $205 for this investment, relating to external legal fees and due diligence costs. These amounts have been recorded as part of the cost of the investment in associate in the Interim Condensed Consolidated Balance Sheets.

In the current quarter, the Company's earnings from investment in associate is $27.

9. SHARE BUYBACK

During the prior year, for the three and six months ended October 31, 2023, the Company repurchased 875,268 and 1,020,568 common shares, respectively, at an average price of $8.31 and $8.40, respectively, under its Normal Course Issuer Bid.

10. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Depreciation	**$ 13,433**	$ 11,840	**$ 26,293**	$ 22,791
Employee salaries and benefit expenses	**66,733**	70,361	**134,918**	138,714
Materials, consumables and external costs	**55,599**	63,177	**112,420**	124,243
Other	**9,220**	9,212	**19,416**	18,717
	$ 144,985	$ 154,590	**$ 293,047**	$ 304,465

General and administrative expenses by nature are as follows:

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Amortization of intangible assets	**$ 272**	$ 259	**$ 543**	$ 525
Depreciation	**778**	681	**1,786**	1,453
Employee salaries and benefit expenses	**9,632**	9,003	**19,629**	17,926
Other general and administrative expenses	**7,694**	7,659	**14,927**	14,208
	$ 18,376	$ 17,602	**$ 36,885**	$ 34,112

11. INCOME TAXES

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

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Earnings before income tax	**$ 24,702**	$ 31,128	**$ 45,488**	$ 60,077
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax provision based on statutory rate	**6,670**	8,405	**12,282**	16,221
Non-recognition of tax benefits related to losses	**769**	(102)	**971**	536
Utilization of previously unrecognized losses	**(1,004)**	(1,610)	**(1,706)**	(2,974)
Other foreign taxes paid	**172**	146	**297**	292
Rate variances in foreign jurisdictions	**(51)**	(3)	**(112)**	119
Permanent differences and other	**(19)**	598	**(280)**	416
Income tax provision recognized in net earnings	**$ 6,537**	$ 7,434	**$ 11,452**	$ 14,610

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.

12. EARNINGS PER SHARE

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

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Net earnings	**$ 18,165**	$ 23,694	**$ 34,036**	$ 45,467
Weighted average number of shares:				
Basic (000s)	**81,841**	82,636	**81,829**	82,822
Diluted (000s)	**81,999**	82,816	**82,007**	83,050
Earnings per share				
Basic	**$ 0.22**	$ 0.29	**$ 0.42**	$ 0.55
Diluted	**$ 0.22**	$ 0.29	**$ 0.42**	$ 0.55

The calculation of diluted earnings per share for the three and six months ended October 31, 2024 excludes the effect of 200,000 options for both periods (2023 - 297,000 and 205,000, respectively) as they were not in-the-money.

The total number of shares outstanding on October 31, 2024 was 81,842,086 (2023 - 82,093,486).

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

13. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Australasia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2024. 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 2025	Q2 2024	**YTD 2025**	YTD 2024
Revenue				
Canada - U.S.*	**$ 85,396**	$ 106,688	**$ 172,549**	$ 208,140
South and Central America	**49,141**	52,467	**98,965**	104,105
Australasia and Africa	**54,723**	47,796	**107,788**	93,590
	$ 189,260	$ 206,951	**$ 379,302**	$ 405,835

*Canada - U.S. includes revenue of $25,695 and $34,074 for Canadian operations for the three months ended October 31, 2024 and 2023, respectively and $57,543 and $70,762 for the six months ended October 31, 2024 and 2023, respectively.

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Earnings from operations				
Canada - U.S.	**$ 7,694**	$ 14,929	**$ 15,500**	$ 29,814
South and Central America	**6,812**	9,386	**12,925**	19,376
Australasia and Africa	**13,996**	10,256	**25,433**	18,143
	28,502	34,571	**53,858**	67,333
Finance (revenues) costs	**(491)**	(275)	**(1,155)**	(957)
General and corporate expenses**	**4,291**	3,718	**9,525**	8,213
Income tax	**6,537**	7,434	**11,452**	14,610
	10,337	10,877	**19,822**	21,866
Net earnings	**$ 18,165**	$ 23,694	**$ 34,036**	$ 45,467

**General and corporate expenses include expenses for corporate offices and stock-based compensation.

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Capital expenditures				
Canada - U.S.	**$ 8,548**	$ 5,823	**$ 16,720**	$ 14,834
South and Central America	**3,703**	6,817	**9,728**	10,886
Australasia and Africa	**7,822**	4,803	**14,822**	7,928
Unallocated and corporate assets	**-**	-	**54**	69
Total capital expenditures	**$ 20,073**	$ 17,443	**$ 41,324**	$ 33,717
Depreciation and amortization				
Canada - U.S.	**$ 6,846**	$ 5,875	**$ 13,186**	$ 11,791
South and Central America	**3,203**	2,962	**6,404**	5,529
Australasia and Africa	**4,218**	3,795	**8,592**	7,109
Unallocated and corporate assets	**216**	148	**440**	340
Total depreciation and amortization	**$ 14,483**	$ 12,780	**$ 28,622**	$ 24,769

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

13. SEGMENTED INFORMATION (Continued)

		October 31, 2024		April 30, 2024
Identifiable assets				
Canada - U.S.*	$	**281,099**	$	277,092
South and Central America		**182,118**		169,773
Australasia and Africa		**224,063**		208,030
Unallocated and corporate liabilities		**(39,946)**		(42,712)
Total identifiable assets	$	**647,334**	$	612,183

*Canada - U.S. includes property, plant and equipment as at October 31, 2024 of $64,041 (April 30, 2024 - $62,991) for Canadian operations.

14. FINANCIAL INSTRUMENTS

Fair value

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

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 enters into certain derivative financial instruments to manage its exposure to market risks, comprised of share-price forward contracts with a combined notional amount of $8,654, maturing at varying dates through June 2027.

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 (payables) in the Interim Condensed Consolidated Balance Sheets. There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the three and six months ended October 31, 2024.

		October 31, 2024		April 30, 2024
Share-price forward contracts	$	**(1,646)**	$	(595)

14. FINANCIAL INSTRUMENTS (Continued)

Credit risk

As at October 31, 2024, 96.1% (April 30, 2024 - 95.9%) of the Company's trade receivables were aged as current and 3.5% (April 30, 2024 - 3.5%) of the trade receivables were impaired.

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

	October 31, 2024	April 30, 2024
Opening balance	**$ 4,149**	$ 3,303
Increase in impairment allowance	**870**	1,607
Recovery of amounts previously impaired	**(575)**	(552)
Write-off charged against allowance	**(179)**	(135)
Foreign exchange translation differences	**8**	(74)
Ending balance	**$ 4,273**	$ 4,149

Foreign currency risk

As at October 31, 2024, 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	MNT/USD	ARS/USD	IDR/USD	USD/CLP	USD/ZAR	USD/CAD	Other
Net exposure on monetary assets (liabilities)		11,379	8,427	6,403	(18,756)	(4,364)	2,719	(149)
EBIT impact	+/-10%	1,264	936	711	2,084	485	302	17

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	$ 87,520	$ -	$ -	$ 87,520
Lease liabilities (interest included)	1,986	3,247	1,793	7,026
	$ 89,506	**$ 3,247**	**$ 1,793**	**$ 94,546**

15. SUBSEQUENT EVENT

On November 5, 2024, the Company completed the purchase of all of the issued and outstanding shares of Explomin Perforaciones ("Explomin"), a leading specialty drilling contractor based in Lima, Peru. This acquisition provides Major Drilling with increased exposure to the copper market as Explomin is one of the largest South American drilling contractors, with the majority of their operations in Peru, while also servicing markets in Colombia, Dominican Republic, and Spain.

The purchase price for the acquisition is valued at an amount up to US$85 million, consisting of: (i) a cash payment of US$63 million payable on closing, subject to working capital adjustments; and (ii) an earnout of up to US$22 million payable in cash over the next three years, based on the achievement of certain milestones.

The cash portion of the purchase price has been funded from Major Drilling's cash and existing debt facilities.