Major Drilling Announces Results for Q3 2021

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MONCTON, March 04, 2021 - 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 third quarter of fiscal year 2021, ended January 31, 2021.

Highlights

- Revenue up 23% from Q3 2020, driven primarily by increased gold drilling activity
- EBITDA (1) up 226% compared to same period last year, despite heavy start-up costs
- Improved net cash position (2) by $6.6 million to $14.2 million
- Increased training and recruiting efforts well under way, in anticipation of increased demand in Q4 and beyond

"We are pleased by the level of activity generated this quarter, despite the anticipated cyclicality of seasonal shutdown. November was a particularly good month and continued the progression we experienced in the previous quarter. December saw the usual reduction in operational activity due to holiday shutdowns, while January got off to a quicker start than previous years. These factors drove the increase in revenue for the quarter and provide strong indication that we are moving into a mining upcycle," said Denis Larocque, President and CEO of Major Drilling. "Margins, as is usual for this quarter, were impacted by substantial annual maintenance and overhaul work over the holiday period. Additionally, the Company incurred significant training, mobilization and setup costs to meet the pickup of activity and increased demand for services expected in the fourth quarter."

"An increase in gold exploration spend by both seniors and juniors is the main driver of the initial pickup in activity, with 90 percent of the revenue increase coming from gold projects. Copper prices have just recently seen a surge, which should also translate into more exploration activity in the near future as mining companies seek to replenish depleting reserves."

"Our financial position remains strong and our balance sheet flexible, with net cash of $14.2 million, an improvement of $6.6 million during the quarter," said Ian Ross, CFO of Major Drilling. "We spent $5.1 million on capital expenditures this quarter, adding 3 underground rigs and related support equipment, while disposing of 14 older, less efficient rigs, bringing the total rig count to 590. We expect capital expenditures to increase next quarter in anticipation of a busy calendar year 2021, and to respond to current growth opportunities in certain markets."

"The increase in industry activity has once again raised questions around the availability of skilled labour, particularly in North America," observed Mr. Larocque. "To mitigate concerns over crew staffing, we have stepped up our training efforts around the world and have reinstated many of the initiatives that proved successful in the last industry upturn. Additional trainees are being assigned to rigs and retention programs are being reinstated. In North America, we have increased efforts across our training centers with goals to improve our retention rate for new hires and to qualify candidates for our driller-trainee programs. Wage increases will be applied in certain regions to retain and attract the most experienced drillers, and to ensure our high-quality customer service is maintained as competition heats up."

"Looking ahead to our fourth quarter and fiscal 2022, we are pleased to share a positive outlook. We continue to see a noticeable increase in inquiries from all categories of customers, and if their plans progress as advertised, we expect to see utilization rates continue to improve as crews become available. Although the shortage of experienced drill crews will put temporary pressure on labour costs and productivity, especially in our most active markets, we expect the wider industry shortages to continue to drive pricing improvements and expedite margin recovery."

In millions of Canadian dollars (except earnings per share)	Q3 2021	Q3 2020	YTD 2021	YTD 2020

Revenue	$ 100.4		$ 81.7		$ 304.0		$ 320.4	
Gross margin	11.0	%	6.3	%	16.1	%	16.0	%
Adjusted gross margin (1)	20.3	%	17.6	%	25.5	%	24.7	%
EBITDA (1)	8.7		2.7		42.0		41.1	
As percentage of revenue	8.7	%	3.3	%	13.8	%	12.8	%
Net earnings (loss)	(1.5	)	(9.9	)	7.7		3.3	
Earnings (loss) per share	(0.02	)	(0.12	)	0.10		0.04	

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

Third Quarter Ended January 31, 2021

Total revenue for the quarter was $100.4 million, up 23% from revenue of $81.7 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $2.5 million, with a minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations increased by 48.7% to $56.8 million, compared to the same period last year. This region saw an influx in junior activity as well as extended programs from seniors/intermediates in December and early start-ups in January.

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

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

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

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

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

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

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

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

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

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, and Africa. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, March 5, 2021 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 2861327# and ask for Major Drilling's Third 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, Monday, April 5, 2021. To access the rebroadcast, dial 905-694-9451 and enter the passcode 6477107#. 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 January 31		Nine months ended January 31	
	2021	2020	2021	2020
TOTAL REVENUE	$ 100,387	$ 81,719	$ 303,959	$ 320,360
DIRECT COSTS (note 6)	89,329	76,552	254,924	269,118
GROSS PROFIT	11,058	5,167	49,035	51,242
OPERATING EXPENSES				
General and administrative	11,742	12,671	34,536	36,962
Other expenses	862	33	3,341	2,766
(Gain) loss on disposal of property, plant and equipment	(462)	(27)	(451)	(171)
Foreign exchange (gain) loss	20	(252)	(305)	214
Finance costs	337	293	961	716

Restructuring charge (note 11)	-	2,116	-	2,116
	12,499	14,834	38,082	42,603
EARNINGS (LOSS) BEFORE INCOME TAX	(1,441)	(9,667)	10,953	8,639
INCOME TAX PROVISION (RECOVERY) (note 7)				
Current	896	(588)	4,760	4,859
Deferred	(870)	868	(1,497)	435
	26	280	3,263	5,294
NET EARNINGS (LOSS)	$ (1,467)	$ (9,947)	$ 7,690	$ 3,345
EARNINGS (LOSS) PER SHARE (note 8)				
Basic	$ (0.02)	$ (0.12)	$ 0.10	$ 0.04
Diluted	$ (0.02)	$ (0.12)	$ 0.10	$ 0.04

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Interim Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(in thousands of Canadian dollars)
(unaudited)

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

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

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	For tran
BALANCE AS AT MAY 1, 2019*	$ 241,264	$ 29,020	$ (570)	$ 14,503	$
Share issue	1,925	-	-	-	
Share-based compensation	-	-	-	194	
Stock options expired	-	3,740	-	(3,740)	
	243,189	32,760	(570)	10,957	
Comprehensive earnings:					
Net earnings	-	3,345	-	-	
Unrealized gain (loss) on foreign currency translations	-	-	-	-	
Unrealized gain (loss) on derivatives	-	-	876	-	
Total comprehensive earnings (loss)	-	3,345	876	-	
BALANCE AS AT JANUARY 31, 2020	$ 243,189	$ 36,105	$ 306	$ 10,957	$

BALANCE AS AT MAY 1, 2020	$ 243,189	$ (35,691)	$ (611)	$ 8,519	$
Exercise of stock options	58	-	-	(17)	
Share-based compensation	-	-	-	222	
Stock options expired	-	3,525	-	(3,525)	
	243,247	(32,166)	(611)	5,199	
Comprehensive earnings:					
Net earnings	-	7,690	-	-	
Unrealized gain (loss) on foreign currency translations	-	-	-	-	
Unrealized gain (loss) on derivatives	-	-	1,835	-	
Total comprehensive earnings (loss)	-	7,690	1,835	-	
BALANCE AS AT JANUARY 31, 2021	$ 243,247	$ (24,476)	$ 1,224	$ 5,199	$

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

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

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

INCREASE (DECREASE) IN CASH	6,386	(12,642)	(28,482)	(628)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	23,565	39,380	58,433	27,366
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 29,951	$ 26,738	$ 29,951	$ 26,738

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

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

Major Drilling Group International Inc.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)
(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, Suite 100, Moncton, NB, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia, and Africa.

2. BASIS OF PRESENTATION

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

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

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

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

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

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

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

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

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

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

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

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

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

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

7. INCOME TAXES

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

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

Permanent differences and other	(255)	406	(180)	528
Income tax provision recognized in net earnings (loss)	$ 26	$ 280	$ 3,263	$ 5,294

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

8. EARNINGS PER SHARE

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

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

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

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

9. SEGMENTED INFORMATION

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

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

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Earnings (loss) from operations				
Canada - U.S.	$ (1,864)	$ (5,262)	$ 9,546	$ 7,154

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

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

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

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

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

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

10. BUSINESS ACQUISITION

Norex Drilling Limited

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

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

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

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

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

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

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

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

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

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

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

11. RESTRUCTURING CHARGE

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

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

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

12. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

Foreign currency risk
As at January 31, 2021, the most significant carrying amounts of net monetary assets or liabilities (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

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

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

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