Major Drilling Reports Seasonally Strong Third Quarter Profits

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MONCTON, March 03, 2022 - 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 the third quarter of fiscal 2022, ended January 31, 2022.

Highlights

- Revenue of $138.8 million, up 38% compared to same period last year.
- EBITDA(1) for the quarter was $18.4 million, an increase of 110% compared to same period last year.
- Net earnings of $5.7 million or $0.07 per share, up from a loss of $1.5 million or $0.02 per share for the same period last year.
- Net cash(1) improved by $36 million in the quarter to a net cash position of $6.1 million.

"Our third quarter of fiscal year 2022 was very satisfying with elevated activity levels in November that continued well into December until the usual seasonal reduction in operations due to holiday shutdowns. Despite the Omicron variant causing minor delays, January got off to a much earlier start than in previous years. While these factors drove the increase in revenue for the quarter, they also provide a strong indication of increased activity as we move into calendar 2022, reinforcing the market backdrop, and pointing to exciting times ahead for us at Major Drilling," said Denis Larocque, President and CEO of Major Drilling.

"We continued to see increased demand for our specialized services as customers turn to more challenging drill programs as the upcycle progresses. I am particularly pleased to see that our proactive staff training and retention efforts have allowed us to support this early start to the year and deliver value to our customers. Our strategy of holding rigs and inventory ready for immediate deployment to customers also continues to deliver results, as the industry deals with supply chain disruptions."

"During the quarter, we benefited from both new contracts and contract renewals with incrementally favourable terms, which more than offset the impacts of our annual maintenance and overhaul work carried out over the holiday period. Going forward, our new pricing should offset cost inflation of supply and labour as competition for skilled drilling crews continues to be a challenge our industry is facing in the most operationally intense markets," added Mr. Larocque.

"I'm pleased to report that the Company achieved seasonally strong financial performance in the quarter, generating $18.4 million in EBITDA. As a result of this strong cash generation, our net cash position improved by $36.1 million to a net cash position of $6.1 million," said Ian Ross, CFO of Major Drilling. "We have achieved this cash generation while spending $12.2 million on capital expenditures during the quarter, adding 5 new drill rigs and support equipment for existing rigs being deployed to the field. We also disposed of 8 older, less efficient rigs, bringing the total rig count to 600. In order to respond to current market demand and stay ahead of supply chain challenges, we expect to take possession of at least 8 drills next quarter. These rigs will be immediately deployed in the field."

"There are numerous positive drivers influencing the Company's outlook today," noted Mr. Larocque:

- Gold prices are at high levels as reserves remain low and mining companies continue to struggle to replace resource depletion;
- Copper prices have more than doubled over the last two years and have recently reached an all-time high, at a time when the world is accelerating its efforts toward decarbonization, requiring enormous amounts of copper, which will exacerbate the projected supply deficit;
- Nickel prices are up more than 40% over the last year, as the world races to secure supplies for electric vehicle batteries as inventories dwindle;
- Lack of exploration throughout the recent industry downturn has led to depleting reserves;

- It takes 10 to 15 years to bring a mine into production; and
- New mineral deposits will come from areas more difficult to access, requiring more specialized drilling.

"With these fundamentals continuing firmly in place, the outlook for the Company and the pricing environment through our fiscal fourth quarter and beyond remain extremely encouraging," stated Mr. Larocque.

"Finally, Mr. Kelly Johnson, Senior Vice-President Operations for North America and Africa, has announced his long planned intention to retire in June of this year," said Mr. Larocque. "Mr. Johnson will retain his position as Senior Vice-President continuing to assist in the strategic management and operations of the Company until June after which he will provide consulting services to the Company."

"Kelly started in the drilling industry in 1978 with Midwest Drilling until its acquisition by Major Drilling in 1998 and held a broad range of leadership roles across the Company's operations. With a career that spans more than four decades with the Company, his leadership has made a significant contribution to Major Drilling's success, and he has certainly left his mark on the industry through his expertise and knowledge. Kelly has been a mentor to many in the Company and his influence has made a lasting impact on generations of people. He leaves his post with an impressive leadership team fully prepared to respond to future challenges and to meet the increasing expectations of our loyal customers. Going forward, the regional management of North America will be reporting directly to the CEO," noted Mr. Larocque.

In millions of Canadian dollars (except earnings per share)	Q3 2022		Q3 2021		YTD 2022		YTD 2021	
Revenue	$ 138.8		$ 100.4		$ 460.4		$ 304.0	
Gross margin	16.9	%	11.0	%	19.8	%	16.1	%
Adjusted gross margin (1)	24.2	%	20.3	%	26.4	%	25.5	%
EBITDA (1)	18.4		8.7		73.4		42.0	
As percentage of revenue	13.3	%	8.7	%	15.9	%	13.8	%
Net earnings (loss)	5.7		(1.5	)	31.0		7.7	
Earnings (loss) per share	0.07		(0.02	)	0.38		0.10	
(1) See "Non-IFRS Financial Measures"								

Third Quarter Ended January 31, 2021

Total revenue for the quarter was $138.8 million up 38% from revenue of $100.4 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $3 million, with a minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations increased by 37.9% to $78.3 million, compared to the same period last year. Projects ran deeper into December and started up quicker in January, which helped offset the typical seasonal slowdown.

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

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

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

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

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

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

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.

Adjusted gross profit/margin - excludes depreciation expense:

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

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

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

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

(in $000s CAD)	Current quarter ended January 31, 2022	Previous quarter ended October 31, 2021	April 30, 2021
Cash	$ 78,306	$ 42,673	$ 22,359
Contingent consideration	(22,176)	(22,640)	(1,907)
Long-term debt	(50,016)	(50,039)	(15,462)
Net cash (debt)	$ 6,114	$ (30,006)	$ 4,990

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 level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; global political and economic environments; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the Company's dependence on key customers; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the geographic distribution of the Company's operations; the impact of operational changes; changes in jurisdictions in which the Company operates (including changes in regulation); failure by counterparties to fulfill contractual obligations; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the most recently completed fiscal year, available on the SEDAR website at www.sedar.com. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

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

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

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 4, 2022 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 1150288# 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 Monday, April 4, 2022. To access the rebroadcast, dial 905-694-9451 and enter the passcode 5874470#. 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	
	2022	2021	2022	2021
TOTAL REVENUE	$ 138,752	$ 100,387	$ 460,440	$ 303,959
DIRECT COSTS (note 6)	115,325	89,329	369,115	254,924
GROSS PROFIT	23,427	11,058	91,325	49,035
OPERATING EXPENSES				
General and administrative (note 6)	14,086	11,742	41,824	34,536
Other expenses	2,326	862	8,348	3,341
(Gain) loss on disposal of property, plant and equipment	(2)	(462)	(411)	(451)
Foreign exchange (gain) loss	(370)	20	740	(305)
Finance costs	373	337	1,244	961
	16,413	12,499	51,745	38,082
EARNINGS (LOSS) BEFORE INCOME TAX	7,014	(1,441)	39,580	10,953
INCOME TAX EXPENSE (RECOVERY) (note7)				
Current	2,108	896	7,452	4,760
Deferred	(770)	(870)	1,102	(1,497)
	1,338	26	8,554	3,263
NET EARNINGS (LOSS)	$ 5,676	$ (1,467)	$ 31,026	$ 7,690
EARNINGS (LOSS) PER SHARE (note 8)				
Basic	$ 0.07	$ (0.02)	$ 0.38	$ 0.10
Diluted	$ 0.07	$ (0.02)	$ 0.38	$ 0.10

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

	Three months ended January 31		Nine months ended January 31	
	2022	2021	2022	2021
NET EARNINGS (LOSS)	$ 5,676	$ (1,467)	$ 31,026	$ 7,690

OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations	4,397	(9,405)	3,884	(20,210)
Unrealized gain (loss) on derivatives (net of tax)	(567)	122	(385)	1,835
COMPREHENSIVE EARNINGS (LOSS)	$ 9,506	$ (10,750)	$ 34,525	$ (10,685)

[Major Drilling Group International Inc.]
Interim Condensed Consolidated Statements of Changes in Equity
For the nine months ended January 31, 2022 and 2021
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Retained earnings (deficit)	Other reserves	Share-based payments reserve	For tran
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/forfeited	-	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 loss	-	7,690	1,835	-	
BALANCE AS AT JANUARY 31, 2021	$ 243,247	$ (24,476)	$ 1,224	$ 5,199	$
BALANCE AS AT MAY 1, 2021	$ 243,379	$ (22,456)	$ 1,067	$ 5,559	$
Share issue (note 10)	12,911	-	-	-	
Exercise of stock options	4,030	-	-	(1,129)	
Share-based compensation	-	-	-	273	
Stock options expired/forfeited	-	19	-	(19)	
	260,320	(22,437)	1,067	4,684	
Comprehensive earnings:					
Net earnings	-	31,026	-	-	
Unrealized gain (loss) on foreign currency translations	-	-	-	-	
Unrealized gain (loss) on derivatives	-	-	(385)	-	
Total comprehensive earnings	-	31,026	(385)	-	
BALANCE AS AT JANUARY 31, 2022	$ 260,320	$ 8,589	$ 682	$ 4,684	$

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

	Three months ended January 31		Nine months ended January 31	
	2022	2021	2022	2021
OPERATING ACTIVITIES				

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

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

	January 31, 2022	April 30, 2021
ASSETS		
CURRENT ASSETS		
Cash	$ 78,306	$ 22,359
Trade and other receivables	85,408	102,571
Income tax receivable	2,747	5,973
Inventories	92,254	85,585
Prepaid expenses	9,958	6,710
	268,673	223,198
PROPERTY, PLANT AND EQUIPMENT (note 5 and note 10)	192,554	144,382
RIGHT-OF-USE ASSETS	5,826	3,773
DEFERRED INCOME TAX ASSETS	4,283	8,903
GOODWILL (note 10)	22,573	7,708
INTANGIBLE ASSETS (note 10)	4,891	568
	$ 498,800	$ 388,532

LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ 77,237	$ 73,083
Income tax payable	1,985	1,639
Current portion of lease liabilities	1,512	803
Current portion of contingent consideration (note 10)	8,289	-
Current portion of long-term debt	-	356
	89,023	75,881
LEASE LIABILITIES	4,279	2,943
CONTINGENT CONSIDERATION (note 10)	13,887	1,907
LONG-TERM DEBT (note 11)	50,016	15,106
DEFERRED INCOME TAX LIABILITIES	10,822	12,532
	168,027	108,369
SHAREHOLDERS' EQUITY		
Share capital	260,320	243,379
Retained earnings (deficit)	8,589	(22,456)
Other reserves	682	1,067
Share-based payments reserve	4,684	5,559
Foreign currency translation reserve	56,498	52,614
	330,773	280,163
	$ 498,800	$ 388,532

Major Drilling Group International Inc.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2022 AND 2021 (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, Africa and Australia.

2. BASIS OF PRESENTATION

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

On March 3, 2022, the Board of Directors authorized the financial statements for issue.

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

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

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

Basis of preparation
These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2021.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

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

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

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

4. SEASONALITY OF OPERATIONS

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

5. PROPERTY, PLANT AND EQUIPMENT

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

6. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q3 2022	Q3 2021	YTD 2022	YTD 2021

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

General and administrative expenses by nature are as follows:

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

7. INCOME TAXES

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

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

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

8. EARNINGS PER SHARE

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

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

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

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

9. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Australasia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2021. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenue				
Canada - U.S.*	$ 78,298	$ 56,802	$ 257,547	$ 173,464
South and Central America	31,976	21,820	103,950	62,928
Australasia and Africa	28,478	21,765	98,943	67,567
	$ 138,752	$ 100,387	$ 460,440	$ 303,959

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

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

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

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

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Depreciation and amortization				
Canada - U.S.	$ 4,990	$ 4,915	$ 15,011	$ 15,037

South and Central America	2,422	2,965	7,446	9,365
Australasia and Africa	2,843	1,589	9,150	5,155
Unallocated and corporate assets	758	384	934	491
Total depreciation and amortization	$ 11,013	$ 9,853	$ 32,541	$ 30,048

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

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

10. BUSINESS ACQUISITION

McKay Drilling PTY Limited

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

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

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

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

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

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

Net assets acquired	
Trade and other receivables	$ 10,475
Inventories	1,595
Prepaid expenses	1,773
Property, plant and equipment	44,466
Goodwill (not tax deductible)	15,543
Intangible assets	5,558
Trade and other payables	(7,379)
Deferred income tax liabilities	(958)

Total assets	$ 71,073
Consideration	
Cash	$ 39,031
Less: cash acquired	(981)
Contingent consideration	20,112
Shares of Major Drilling	12,911
Total consideration	$ 71,073

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

The above consideration includes non-cash investing activities, which are not reflected in the Interim Condensed Consolidated Statements of Cash Flows, including the issuance of 1,318,101 shares of Major Drilling for a total of $12,911, and contingent consideration of $20,112 (discounted).

The Company incurred acquisition-related costs of $454 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Interim Condensed Consolidated Statements of Operations.

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

11. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Credit risk
As at January 31, 2022, 87.0% (April 30, 2021 - 93.7%) of the Company's trade receivables were aged as current and 2.1% (April 30, 2021 - 1.8%) of the trade receivables were impaired.

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

	January 31, 2022	April 30, 2021
Opening balance	$ 1,638	$ 1,226
Increase in impairment allowance	539	588
Recovery of amounts previously impaired	(225)	(115)
Write-off charged against allowance	(418)	-
Foreign exchange translation differences	(23)	(61)
Ending balance	$ 1,511	$ 1,638

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

	Rate variance	IDR/USD	MNT/USD	USD/AUD	MZN/USD	USD/CLI
Net exposure on monetary assets (liabilities)		11,269	4,267	4,026	1,079	(5,707
EBIT impact	+/-10%	1,252	474	447	120	634

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

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

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