

Major Drilling Announces Third Quarter 2025 Results

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MONCTON, March 06, 2025 - [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 third quarter of fiscal 2025, ended January 31, 2025.

Quarterly Highlights:

- Revenue of \$160.7 million, up 21.0% from the \$132.8 million recorded in the same quarter last year.
- Adjusted gross margin⁽¹⁾ of 19.5% as the Company completed maintenance & repair programs, as is typical during the seasonally weaker quarter, in preparation for increased activity levels through calendar 2025.
- Completed the acquisition of Explomin, increasing the Company's exposure to a top-tier copper jurisdiction and further expanding its list of senior customers.
- Ended the quarter with \$11.4 million in net cash⁽¹⁾ despite closing the largest acquisition in Company history.
- Achieved the best quarterly safety record in Company history with a TRIFR of 0.38.

"Through the third quarter, which is traditionally the weakest of our fiscal year as customers pause operations for the holiday season, the Company successfully completed the acquisition of Explomin Perforaciones and subsidiaries ("Explomin") while maintaining relatively stable revenue from existing operations. As we move through the budgeting season, there have been several positive indications with respect to exploration spending, most notably from the larger exploration budgets outlined by several of our senior customers in conjunction with their year-end results. This is further supported by an increase in the number of junior financings completed over the first two months of the year," said Denis Larocque, President and CEO of Major Drilling.

"The completion of the Explomin acquisition marks another transformational event in the Company's history, expanding our senior customer base in a region that has been on our radar for a number of years. Explomin's long-term contracts with both surface and underground operations, provide diversity and stability to our revenue mix, while at slightly lower margins. Its strong brand and reputation throughout the countries in which it operates matches many of the qualities and attributes that Major Drilling has become known for," Mr. Larocque continued.

"While we prepare for what is expected to be a busier calendar year, we also remain proud of our industry-leading safety record, as we achieved the lowest quarterly TRIFR ("Total Recordable Injury Frequency Rate") in Company history, coming in at 0.38 at the end of the quarter. This continued focus on safety was further demonstrated by our recent receipt of the 'Safe Day Everyday Gold Award' from the AME-BC, together with the PDAC and the CDDA in January," continued Mr. Larocque.

"The Company generated \$160.7 million in revenue in the quarter, a 21.0% increase when compared to the same period in the prior year. Excluding the acquisition of Explomin, which was completed at the beginning of the quarter, revenue totaled \$127.9 million, representing a decrease of 3.7% when compared to the same period last year. The Company's balance sheet remains extremely strong with net cash of \$11.4 million, despite the \$84 million cash outlay, and \$21 million contingent consideration recognized on closing the largest acquisition in the Company's history during the quarter. We continue to invest in our industry-leading fleet and support gear, spending \$12.6 million on capital expenditures during the quarter, including 4 new drills, while disposing of 1 older, less efficient drill, bringing the total fleet size to 705 rigs after including 92 rigs acquired through the Explomin transaction," said Ian Ross, CFO of Major Drilling.

"While the positive indicators related to global exploration spending point to a more optimistic outlook for calendar 2025, the year started off at a slower pace relative to the prior year's ramp-up as a result of

mobilization delays due to a variety of reasons, including permitting delays, inclement weather, and slower start-ups at various projects. While these delays are expected to impact activity levels at the start of fiscal Q4, we expect the ramp-up to continue, matching last year's activity levels in the latter part of March and into April. In preparation for this anticipated ramp-up, the retention of experienced crews remains a key strategic focus, which is expected to have an impact on margins early in the quarter," concluded Mr. Larocque.

In millions of Canadian dollars (except earnings per share)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Revenue	\$ 160.7	\$ 132.8	\$ 540.0	\$ 538.7
Gross margin	10.3 %	14.2 %	19.0 %	22.3 %
Adjusted gross margin ⁽¹⁾	19.5 %	23.4 %	26.6 %	28.8 %
EBITDA ⁽¹⁾	7.8	11.4	80.8	95.2
As percentage of revenue	4.9 %	8.5 %	15.0 %	17.7 %
Net earnings (loss)	(9.1)	(2.3)	24.9	43.2
Earnings (loss) per share	(0.11)	(0.03)	0.30	0.52

⁽¹⁾ See "Non-IFRS Financial Measures"

Third Quarter Ended January 31, 2025

Total revenue for the quarter was \$160.7 million, up 21.0% from revenue of \$132.8 million recorded in the same quarter last year. Excluding Explomin, revenue for the quarter would have been \$127.9 million, down 3.7% from the same quarter last year. The favourable foreign exchange translation impact on revenue, when compared to the effective rates for the previous year, was approximately \$3 million, while the impact on net earnings was minimal as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 31.0% to \$43.0 million, compared to the same period last year. The decrease was mainly due to a seasonal shutdown of certain drill programs earlier than in previous years, with fewer program extensions, along with a more competitive environment due to a lack of junior financings.

South and Central American revenue increased by 121.5% to \$75.3 million for the quarter, compared to the same quarter last year, driven by the addition of Explomin operations. Excluding Explomin, revenue increased by 25%, compared to the same period last year, driven by elevated levels of activity in Chile, which were partially offset by slowdowns in Argentina due to decreased activity levels.

Australasian and African revenue increased by 15.8% to \$42.4 million, compared to the same period last year. Growth in the region was driven by continued strength in Australia where increased activity levels led to shorter holiday shutdowns at some projects when compared to last year, while activity levels in Mongolia also remain robust.

Gross margin percentage for the quarter was 10.3%, compared to 14.2% for the same period last year. Depreciation expense totaling \$14.8 million is included in direct costs for the current quarter, versus \$12.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 19.5% for the quarter, compared to 23.4% for the same period last year. The decrease in margins from the prior year was mainly attributable to reduced activity levels in certain regions, increased mobilization costs, retention of experienced crews, and annual preventative maintenance programs, which are completed during the seasonal slowdown while the drills are idle for the holiday season.

General and administrative costs were \$22.8 million, an increase of \$5.7 million compared to the same quarter last year. The increase from the prior year was driven by the addition of Explomin, annual inflationary wage adjustments and amortization of the intangible asset recognized as part of the Explomin acquisition.

Foreign exchange loss was \$1.6 million, compared to a loss of \$2.3 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 a recovery of \$0.8 million, compared to an expense of \$0.9

million for the prior year period. The income tax provision was impacted by non-tax affected losses in certain regions.

Net loss was \$9.1 million or \$0.11 per share (\$0.11 per share diluted) for the quarter, compared to net loss of \$2.3 million or \$0.03 per share (\$0.03 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)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Net earnings (loss)	\$ (9,101)	\$ (2,312)	\$ 24,935	\$ 43,155
Finance (revenues) costs	922	(359)	(233)	(1,316)
Income tax provision	(848)	924	10,604	15,534
Depreciation and amortization	16,858	13,097	45,480	37,866
EBITDA	\$ 7,831	\$ 11,350	\$ 80,786	\$ 95,239

Adjusted gross profit/margin - excludes depreciation expense:

(in \$000s CAD)	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Total revenue	\$ 160,731	\$ 132,824	\$ 540,033	\$ 538,659
Less: direct costs	144,190	113,938	437,237	418,403
Gross profit	16,541	18,886	102,796	120,256
Add: depreciation	14,754	12,251	41,047	35,042
Adjusted gross profit	31,295	31,137	143,843	155,298
Adjusted gross margin	19.5 %	23.4 %	26.6 %	28.8 %

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

(in \$000s CAD)	January 31, 2025	April 30, 2024
Cash	\$ 62,951	\$ 96,218
Contingent consideration	(22,608)	(8,863)
Long-term debt	(28,954)	-
Net cash	\$ 11,389	\$ 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; measures affecting trade relations between countries, including the imposition of tariffs and countermeasures, as well as the possible impacts on the Company's clients, operations and, more generally, the economy; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; the Company's dependence on key customers; efficient management of the Company's growth; 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 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, 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, March 7, 2025 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 3731712# 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, March 31, 2025. To access the rebroadcast, dial 905-694-9451 and enter the passcode 2116538#. 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	
	2025	2024	2025	2024
TOTAL REVENUE	\$ 160,731	\$ 132,824	\$ 540,033	\$ 538,659
DIRECT COSTS (note 11)	144,190	113,938	437,237	418,403
GROSS PROFIT	16,541	18,886	102,796	120,256
OPERATING EXPENSES				
General and administrative (note 11)	22,750	17,146	59,635	51,258
Other expenses	1,091	1,281	6,553	7,374
(Gain) loss on disposal of property, plant and equipment	(217)	(114)	(887)	(611)
Foreign exchange (gain) loss	1,611	2,320	1,883	4,862
Finance (revenues) costs	922	(359)	(233)	(1,316)
(Earnings) loss from investments	333	-	306	-
	26,490	20,274	67,257	61,567
EARNINGS (LOSS) BEFORE INCOME TAX	(9,949)	(1,388)	35,539	58,689
INCOME TAX EXPENSE (RECOVERY) (note 12)				
Current	(210)	(1,438)	12,431	12,491
Deferred	(638)	2,362	(1,827)	3,043
	(848)	924	10,604	15,534
NET EARNINGS (LOSS)	\$ (9,101)	\$ (2,312)	\$ 24,935	\$ 43,155
EARNINGS (LOSS) PER SHARE (note 13)				
Basic	\$ (0.11)	\$ (0.03)	\$ 0.30	\$ 0.52
Diluted	\$ (0.11)	\$ (0.03)	\$ 0.30	\$ 0.52

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	
	2025	2024	2025	2024
NET EARNINGS (LOSS)	\$ (9,101)	\$ (2,312)	\$ 24,935	\$ 43,155
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				

Unrealized gain (loss) on foreign currency translations	13,810	(10,017)	19,260	(7,728)
Unrealized gain (loss) on derivatives (net of tax)	48	381	(490)	(438)
COMPREHENSIVE EARNINGS (LOSS)	\$ 4,757	\$ (11,948)	\$ 43,705	34,989

Major Drilling Group International Inc.

Interim Condensed Consolidated Statements of Changes in Equity

For the nine months ended January 31, 2025 and 2024

(in thousands of Canadian dollars)

(unaudited)

	Share capital	Retained earnings	Other reserves	Share-based payments reserve	Foreign currency translation reserves
BALANCE AS AT MAY 1, 2023	\$ 266,071	\$ 105,944	\$ (37)	\$ 3,696	\$ 76,903
Exercise of stock options	626	(197)	-	(300)	-
Share-based compensation	-	-	-	218	-
Share buyback (note 10)	(4,156)	(7,093)	-	-	-
Stock options expired/forfeited	-	1	-	(1)	-
	262,541	98,655	(37)	3,613	76,903
Comprehensive earnings:					
Net earnings	-	43,155	-	-	-
Unrealized gain (loss) on foreign currency translations	-	-	-	-	(7,728)
Unrealized gain (loss) on derivatives	-	-	(438)	-	-
Total comprehensive earnings	-	43,155	(438)	-	(7,728)
BALANCE AS AT JANUARY 31, 2024	\$ 262,541	\$ 141,810	\$ (475)	\$ 3,613	\$ 69,175
BALANCE AS AT MAY 1, 2024	\$ 262,679	\$ 151,740	\$ (18)	\$ 3,630	\$ 75,801
Exercise of stock options	427	-	-	(115)	-
Share-based compensation	-	-	-	81	-
	263,106	151,740	(18)	3,596	75,801
Comprehensive earnings:					
Net earnings	-	24,935	-	-	-
Unrealized gain (loss) on foreign currency translations	-	-	-	-	19,260
Unrealized gain (loss) on derivatives	-	-	(490)	-	-
Total comprehensive earnings	-	24,935	(490)	-	19,260
BALANCE AS AT JANUARY 31, 2025	\$ 263,106	\$ 176,675	\$ (508)	\$ 3,596	\$ 95,061

Major Drilling Group International Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

OPERATING ACTIVITIES	Three months ended January 31		Nine months ended January 31	
	2025	2024	2025	2024
Earnings (loss) before income tax	\$ (9,949)	\$ (1,388)	\$ 35,539	\$ 58,689
Operating items not involving cash				

Depreciation and amortization (note 11)	16,858	13,097	45,480	37,866
(Gain) loss on disposal of property, plant and equipment	(217)	(114)	(887)	(611
Share-based compensation	20	59	81	218
(Earnings) loss from investments	333	-	306	-
Finance (revenues) costs recognized in earnings before income tax	922	(359)	(233)	(1,316
	7,967	11,295	80,286	94,846
Changes in non-cash operating working capital items	25,938	27,735	29,712	18,343
Finance revenues received (costs paid)	(922)	359	233	1,316
Income taxes paid	(4,009)	(609)	(13,691)	(10,621
Cash flow from (used in) operating activities	28,974	38,780	96,540	103,884
FINANCING ACTIVITIES				
Repayment of lease liabilities	(334)	(351)	(1,456)	(1,082
Repayment of long-term debt	-	-	-	(20,000
Issuance of common shares due to exercise of stock options	9	15	312	455
Proceeds from draw on long-term debt (note 9)	28,954	-	28,954	-
Cash-settled stock options	-	-	-	(326
Repurchase of common shares (note 10)	-	(2,682)	-	(11,249
Cash flow from (used in) financing activities	28,629	(3,018)	27,810	(32,202
INVESTING ACTIVITIES				
Business acquisition (note 15)	(84,084)	-	(93,172)	(6,991
Investments (note 8)	-	-	(15,205)	-
Acquisition of property, plant and equipment (note 7)	(12,590)	(21,356)	(53,914)	(55,073
Proceeds from disposal of property, plant and equipment	316	182	1,927	1,826
Cash flow from (used in) investing activities	(96,358)	(21,174)	(160,364)	(60,238
Effect of exchange rate changes	1,276	(2,189)	2,747	(1,010
INCREASE (DECREASE) IN CASH	(37,479)	12,399	(33,267)	10,434
CASH, BEGINNING OF THE PERIOD	100,430	92,467	96,218	94,432
CASH, END OF THE PERIOD	\$ 62,951	\$ 104,866	\$ 62,951	\$ 104,866

Major Drilling Group International Inc.
 Interim Condensed Consolidated Balance Sheets
 As at January 31, 2025 and April 30, 2024
 (in thousands of Canadian dollars)
 (unaudited)

	January 31, 2025	April 30, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Cash and cash equivalents	\$ 62,951	\$ 96,218
Trade and other receivables (note 16)	115,088	122,251
Income tax receivable	6,462	3,803
Inventories	120,044	110,805
Prepaid expenses	10,585	9,532
	315,130	342,609
PROPERTY, PLANT AND EQUIPMENT (note 7)	282,959	237,291
RIGHT-OF-USE ASSETS	10,225	4,595
INVESTMENTS (notes 8 and 15)	18,518	-
DEFERRED INCOME TAX ASSETS	3,539	2,872

GOODWILL (note 15)	72,581	22,597
INTANGIBLE ASSETS (note 15)	19,216	2,219
	\$ 722,168	\$ 612,183
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	\$ 94,470	\$ 86,226
Income tax payable	7,878	4,367
Current portion of lease liabilities	1,950	1,395
Current portion of contingent consideration	-	8,863
	104,298	100,851
LEASE LIABILITIES	8,479	3,321
CONTINGENT CONSIDERATION (note 15)	22,608	-
LONG-TERM DEBT (note 9)	28,954	-
DEFERRED INCOME TAX LIABILITIES	19,899	14,179
	184,238	118,351
SHAREHOLDERS' EQUITY		
Share capital	263,106	262,679
Retained earnings	176,675	151,740
Other reserves	(508) (18)
Share-based payments reserve	3,596	3,630
Foreign currency translation reserve	95,061	75,801
	537,930	493,832
	\$ 722,168	\$ 612,183

MAJOR DRILLING GROUP INTERNATIONAL INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2025 AND 2024 (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, 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 March 6, 2025, 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 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, such as the presentation of subtotals within the statement of operations and the disclosure of management-defined performance measures within the 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 Consolidated Financial Statements for the year ended April 30, 2024.

Investments

Investments 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 investments. The Company does not recognize losses exceeding the carrying value of its interest in investments.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements, in conformity with IFRS Accounting Standards, 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, fair value of assets acquired and liabilities assumed in business acquisitions, 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, and the determination of the probability that deferred income tax assets will be realized from future taxable earnings.

6. SEASONALITY OF OPERATIONS

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

7. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three and nine months ended January 31, 2025 were \$12,590 (2024 - \$21,356) and \$53,914 (2024 - \$55,073), respectively. The Company did not obtain direct financing for the three and nine months ended January 31, 2025 or 2024.

8. INVESTMENTS

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 has representation on the DGI Board of Directors and has special approval rights (protective in nature) granted to the Company as part of the investment. As a result, the Company concluded that the equity method of accounting is appropriate for its investment in DGI.

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

9. LONG-TERM DEBT

During the quarter, the Company drew US\$20,000 (CAD\$28,954) on its existing revolving-term facility to partially fund the acquisition of Explomin Perforaciones and subsidiaries ("Explomin").

10. SHARE BUYBACK

During the prior year, for the three and nine months ended January 31, 2024, the Company repurchased 317,400 and 1,337,968 common shares, respectively, at an average price of \$8.45 and \$8.41, respectively, under its Normal Course Issuer Bid.

11. EXPENSES BY NATURE

Direct costs by nature are as follows:

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Depreciation	\$ 14,754	\$ 12,251	\$ 41,047	\$ 35,042
Employee salaries and benefit expenses	62,209	51,385	197,127	190,099
Materials, consumables and external costs	59,940	43,283	172,360	167,526
Other	7,287	7,019	26,703	25,736
	\$ 144,190	\$ 113,938	\$ 437,237	\$ 418,403

General and administrative expenses by nature are as follows:

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Amortization of intangible assets	\$ 1,171	\$ 266	\$ 1,714	\$ 791
Depreciation	933	580	2,719	2,033
Employee salaries and benefit expenses	11,570	8,966	31,199	26,892
Other general and administrative expenses	9,076	7,334	24,003	21,542
	\$ 22,750	\$ 17,146	\$ 59,635	\$ 51,258

12. INCOME TAXES

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

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Earnings (loss) before income tax	\$ (9,949)	\$ (1,388)	\$ 35,539	\$ 58,689
Statutory Canadian corporate income tax rate	27 %	27 %	27 %	27 %
Expected income tax provision based on statutory rate	(2,686)	(375)	9,596	15,846
Non-recognition of tax benefits related to losses	2,242	643	3,213	1,179
Utilization of previously unrecognized losses	(993)	387	(2,699)	(2,587)
Other foreign taxes paid	157	123	454	415
Rate variances in foreign jurisdictions	(308)	(427)	(420)	(308)
Permanent differences and other	740	573	460	989
Income tax provision recognized in net earnings	\$ (848)	\$ 924	\$ 10,604	\$ 15,534

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.

13. EARNINGS (LOSS) PER SHARE

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

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Net earnings (loss)	\$ (9,101)	\$ (2,312)	\$ 24,935	\$ 43,155
Weighted average number of shares:				
Basic (000s)	81,843	81,923	81,834	82,522
Diluted (000s)	81,997	82,082	82,004	82,757
Earnings (loss) per share				
Basic	\$ (0.11)	\$ (0.03)	\$ 0.30	\$ 0.52

Diluted	\$ (0.11)	\$ (0.03)	\$ 0.30	\$ 0.52
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The calculation of diluted earnings per share for the three and nine months ended January 31, 2025 excludes the effect of 200,000 options for both periods (2024 - 297,000 and 205,000, respectively) as they were not in-the-money.

The total number of shares outstanding on January 31, 2025 was 81,844,586 (2024 - 81,780,486).

14. 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, and as those described in note 4 herein. 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 2025	Q3 2024	YTD 2025	YTD 2024
Revenue				
Canada - U.S.*	\$ 43,042	\$ 62,252	\$ 215,591	\$ 270,392
South and Central America	75,329	34,019	174,294	138,124
Australasia and Africa	42,360	36,553	150,148	130,143
	\$ 160,731	\$ 132,824	\$ 540,033	\$ 538,659

*Canada - U.S. includes revenue of \$17,678 and \$22,937 for Canadian operations for the three months ended January 31, 2025 and 2024, respectively and \$75,221 and \$93,699 for the nine months ended January 31, 2025 and 2024, respectively.

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Earnings (loss) from operations				
Canada - U.S.	\$ (10,775)	\$ 369	\$ 4,725	\$ 30,183
South and Central America	996	(2,345)	13,921	17,031
Australasia and Africa	5,753	2,663	31,186	20,806
	(4,026)	687	49,832	68,020
Finance (revenues) costs	922	(359)	(233)	(1,316)
General and corporate expenses**	5,001	2,434	14,526	10,647
Income tax	(848)	924	10,604	15,534
	5,075	2,999	24,897	24,865
Net earnings (loss)	\$ (9,101)	\$ (2,312)	\$ 24,935	\$ 43,155

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

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
Capital expenditures				
Canada - U.S.	\$ 2,277	\$ 9,061	\$ 18,997	\$ 23,895
South and Central America	7,602	6,995	17,330	17,881
Australasia and Africa	2,711	5,300	17,533	13,228
Unallocated and corporate assets	-	-	54	69
Total capital expenditures	\$ 12,590	\$ 21,356	\$ 53,914	\$ 55,073

Depreciation and amortization

Canada - U.S.	\$ 6,878	\$ 5,827	\$ 20,064	\$ 17,618
South and Central America	5,486	3,015	11,890	8,544
Australasia and Africa	4,266	3,973	12,858	11,082
Unallocated and corporate assets	228	282	668	622
Total depreciation and amortization	\$ 16,858	\$ 13,097	\$ 45,480	\$ 37,866

	January 31, 2025	April 30, 2024
Identifiable assets		
Canada - U.S.*	\$ 219,715	\$ 277,092
South and Central America	338,939	169,773
Australasia and Africa	225,962	208,030
Unallocated and corporate liabilities	(62,448)	(42,712)
Total identifiable assets	\$ 722,168	\$ 612,183

*Canada - U.S. includes property, plant and equipment as at January 31, 2025 of \$61,503 (April 30, 2024 - \$62,991) for Canadian operations.

15. BUSINESS ACQUISITION

McKay Drilling PTY Limited

During the previous quarter, the Company paid the final contingent payment of \$9.1 million in regards to the 2021 McKay Drilling PTY Ltd. acquisition as they successfully met all of the EBITDA milestones in their earnout period.

Explomin Perforaciones

Effective November 5, 2024, the Company acquired all of the issued and outstanding shares of Explomin, a leading specialty drilling contractor based in Lima, Peru.

The business combination was accounted for using the acquisition method. The Company acquired 92 drill rigs, support equipment, inventory, existing contracts and receivables, in addition to retaining the operation's management team and other employees, including experienced drillers.

The purchase price for the acquisition is valued at an amount up to US\$85,000 (subject to working capital adjustments), consisting of a cash payment of US\$63,000 (net of cash acquired) funded from the Company's cash and existing debt facilities; and an additional contingent consideration of US\$15,180 (discounted) tied to performance. The maximum amount of the contingent consideration is US\$22,000, with an earnout period extending over three years from the effective date of November 5, 2024, contingent upon Explomin reaching average annual EBITDA of approximately US\$21,000 over the earnout period.

As the acquisition occurred early in the current quarter, the Company is in the process of finalizing the valuation of assets and purchase price allocation. As at January 31, 2025, 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 revenue growth, an experienced labour force, market expertise and operational knowledge in a unique market with substantial barriers to entry.

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

Net assets acquired:	
Trade and other receivables	\$ 39,088
Inventories	7,283
Prepaid expenses	1,583
Property, plant and equipment	27,117
Deferred income tax assets	88
Investments	3,475
Goodwill (not tax deductible)	47,459
Intangible assets	17,900
Trade and other payables	(30,661)
Income tax payable	(2,002)
Deferred income tax liabilities	(6,144)
	\$ 105,186
Consideration:	
Cash	\$ 87,124
Less: cash acquired	(3,040)
Contingent consideration	21,102
	\$ 105,186

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, made up of customer relationships and contracts, are amortized over five years.

The contingent consideration of \$21,102 (discounted) is a non-cash investing activity therefore is not reflected in the Interim Condensed Consolidated Statements of Cash Flows.

The Company incurred acquisition-related costs of \$669 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 Explomin are included in the Interim Condensed Consolidated Statements of Operations from November 5, 2024. Since the date of acquisition, revenue attributable to the Explomin operations was \$33,000 with net earnings of \$21. Due to the complexities of restating results using harmonized accounting policies, it is impracticable to reliably estimate the revenue and net earnings of the combined entities for the year as if the acquisition date had been May 1, 2024.

16. 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 nine months ended January 31, 2025.

	January 31, 2025	April 30, 2024
Share-price forward contracts	\$ (1,743)	\$ (595)

Credit risk

As at January 31, 2025, 94.7% (April 30, 2024 - 95.9%) of the Company's trade receivables were aged as current and 3.8% (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:

	January 31, 2025	April 30, 2024
Opening balance	\$ 4,149	\$ 3,303
Increase in impairment allowance	978	1,607
Recovery of amounts previously impaired	(717)	(552)
Write-off charged against allowance	(179)	(135)
Foreign exchange translation differences	78	(74)
Ending balance	\$ 4,309	\$ 4,149

Foreign currency risk

As at January 31, 2025, 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	PEN/
Net exposure on monetary assets (liabilities)	11,442	10,443	7,167	(19,898)	(4,916)	(14,194)	(5,230)	
EBIT impact	+/-10%	1,271	1,160	796	2,211	546	1,577	581

Liquidity risk

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	\$ 94,470	\$ -	\$ -	\$ -	\$ 94,470
Lease liabilities (interest included)	2,582	4,252	2,670	2,848	12,352
Contingent consideration (undiscounted)	-	23,249	4,206	-	27,455
Long-term debt (interest included)	1,847	1,847	29,878	-	33,572
	\$ 98,899	\$ 29,348	\$ 36,754	\$ 2,848	\$ 167,849

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