MAJOR
Partners on the Ground

Management's Responsibility

Management is responsible for preparation and presentation of the annual consolidated financial statements, management's discussion and analysis ("MD&A") and all other information in the annual report.

In management's opinion, the accompanying consolidated financial statements have been properly prepared within reasonable limits of materiality in accordance with International Financial Reporting Standards and summarized in the consolidated financial statements.

The MD&A has been prepared in accordance with the requirements of Canadian securities regulators. Management has designed and evaluated the effectiveness of its disclosure controls and procedures.

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements and the MD&A necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to June 4, 2015. The MD&A also includes information regarding the estimated impact of current transactions and events, sources of liquidity, operating trends and risks and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because future events may not occur as expected. Financial operating data in the report are consistent, where applicable, with the consolidated financial statements.

To meet its responsibility for reliable and accurate financial statements, management has established systems of internal control, which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization.

The consolidated financial statements have been examined by Deloitte LLP, independent chartered accountants. The independent auditors' responsibility is to express a professional opinion on the fairness of management's consolidated financial statements. The auditor's report outlines the scope of their examination and sets forth their opinion.

The Audit Committee of the Board of Directors is comprised of independent directors. The Audit Committee meets regularly with management and the independent auditors to satisfy itself that each is properly discharging its responsibilities, and to review the consolidated financial statements and the MD&A. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements and the MD&A for issuance to the shareholders. The Audit Committee also recommends, for review by the Board of Directors and approval of shareholders, the appointment of the independent auditors. The independent auditors have full and free access to the Audit Committee.

Major Drilling Group International Inc.'s Chief Executive Officer and Chief Financial Officer have certified Major Drilling Group International Inc.'s annual disclosure documents as required in Canada by the Canadian securities regulators.

"Francis McGuire"	*"Denis Larocque"*
Francis McGuire	Denis Larocque
President & Chief Executive Officer	Chief Financial Officer

June 4, 2015
Moncton, New Brunswick, Canada

Deloitte LLP
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P.O. Box 6549
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Canada

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Major Drilling Group International Inc.

We have audited the accompanying consolidated financial statements of Major Drilling Group International Inc., which comprise the consolidated balance sheets as at April 30, 2015 and April 30, 2014, and the consolidated statements of operations, comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Major Drilling Group International Inc. as at April 30, 2015 and April 30, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Deloitte LLP"
Chartered Professional Accountants

June 4, 2015
Saint John, New Brunswick

Consolidated Statements of Operations

For the years ended April 30, 2015 and 2014

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

	2015	2014
TOTAL REVENUE	**$ 305,718**	$ 354,946
DIRECT COSTS	**239,822**	250,519
GROSS PROFIT	**65,896**	104,427
OPERATING EXPENSES		
General and administrative	**44,913**	50,087
Other expenses	**5,872**	3,624
(Gain) loss on disposal of property, plant and equipment	**(1,740)**	1,617
Loss on short-term investments	**-**	368
Foreign exchange loss	**3,479**	4,377
Finance costs	**686**	1,002
Depreciation of property, plant and equipment (note 7)	**51,080**	51,947
Amortization of intangible assets (note 9)	**3,158**	1,359
Impairment of goodwill (note 19)	**-**	14,326
Restructuring charge (note 20)	**4,610**	20,454
	112,058	149,161
LOSS BEFORE INCOME TAX	**(46,162)**	(44,734)
INCOME TAX - PROVISION (RECOVERY) (note 12)		
Current	**7,297**	12,849
Deferred	**(3,894)**	(2,273)
	3,403	10,576
NET LOSS	**$ (49,565)**	$ (55,310)
LOSS PER SHARE (note 14)		
Basic	**$ (0.62)**	$ (0.70)
Diluted	**$ (0.62)**	$ (0.70)

Consolidated Statements of Comprehensive Loss

For the years ended April 30, 2015 and 2014

(in thousands of Canadian dollars)

	2015	2014
NET LOSS	**$ (49,565)**	$ (55,310)
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to profit or loss		
Unrealized gains on foreign currency translations (net of tax)	**25,188**	15,428
COMPREHENSIVE LOSS	**$ (24,377)**	$ (39,882)

Consolidated Statements of Changes in Equity

For the years ended April 30, 2015 and 2014

(in thousands of Canadian dollars)

	Share capital	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2013	$ 230,985	$ 14,204	$283,088	$ 10,052	$538,329
Share-based payments reserve (note 13)	-	1,733	-	-	1,733
Dividends (note 25)	-	-	(15,833)	-	(15,833)
	230,985	15,937	267,255	10,052	524,229
Comprehensive loss:					
Net loss	-	-	(55,310)	-	(55,310)
Unrealized gains on foreign currency translations	-	-	-	15,428	15,428
Total comprehensive loss	-	-	(55,310)	15,428	(39,882)
BALANCE AS AT APRIL 30, 2014	$ 230,985	$ 15,937	$211,945	$ 25,480	$484,347
BALANCE AS AT MAY 1, 2014	**$ 230,985**	**$ 15,937**	**$211,945**	**$ 25,480**	**$484,347**
Exercise of stock options (note 13)	**52**	**(13)**	**-**	**-**	**39**
Share issue (note 18)	**8,689**	**-**	**-**	**-**	**8,689**
Share-based payments reserve (note 13)	**-**	**1,310**	**-**	**-**	**1,310**
Dividends (note 25)	**-**	**-**	**(9,616)**	**-**	**(9,616)**
	239,726	**17,234**	**202,329**	**25,480**	**484,769**
Comprehensive loss:					
Net loss	**-**	**-**	**(49,565)**	**-**	**(49,565)**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**25,188**	**25,188**
Total comprehensive loss	**-**	**-**	**(49,565)**	**25,188**	**(24,377)**
BALANCE AS AT APRIL 30, 2015	**$ 239,726**	**$ 17,234**	**$152,764**	**$ 50,668**	**$460,392**

Consolidated Statements of Cash Flows

For the years ended April 30, 2015 and 2014
(in thousands of Canadian dollars)

	2015	2014
OPERATING ACTIVITIES		
Loss before income tax	**$ (46,162)**	$ (44,734)
Operating items not involving cash		
Depreciation and amortization	**54,238**	53,306
(Gain) loss on disposal of property, plant and equipment	**(1,740)**	1,617
Loss on short-term investments	**-**	368
Share-based payments reserve (note 13)	**1,310**	1,733
Impairment of goodwill (note 19)	**-**	14,326
Restructuring charge (note 20)	**1,953**	10,381
Finance costs recognized in loss before income tax	**686**	1,002
	10,285	37,999
Changes in non-cash operating working capital items (note 16)	**12,731**	20,532
Finance costs paid	**(670)**	(983)
Income taxes paid	**(7,776)**	(16,624)
Cash flow from operating activities	**14,570**	40,924
FINANCING ACTIVITIES		
(Decrease) increase in demand loan (note 10)	**(4,038)**	4,066
Repayment of long-term debt	**(9,837)**	(20,457)
Issuance of common shares	**39**	-
Dividends paid (note 25)	**(15,930)**	(15,832)
Cash flow used in financing activities	**(29,766)**	(32,223)
INVESTING ACTIVITIES		
Business acquisition	**(20,834)**	(205)
Acquisition of short-term investments	**-**	(3,587)
Proceeds from disposal of short-term investments	**-**	3,074
Acquisition of property, plant and equipment (net of direct financing) (note 7)	**(14,754)**	(22,626)
Proceeds from disposal of property, plant and equipment	**18,717**	5,375
Cash flow used in investing activities	**(16,871)**	(17,969)
Effect of exchange rate changes	**2,720**	1,201
DECREASE IN CASH	**(29,347)**	(8,067)
CASH, BEGINNING OF THE YEAR	**74,244**	82,311
CASH, END OF THE YEAR	**$ 44,897**	$ 74,244

Consolidated Balance Sheets

As at April 30, 2015 and 2014
(in thousands of Canadian dollars)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	**$ 44,897**	$ 74,244
Trade and other receivables	**58,559**	66,211
Income tax receivable	**12,182**	12,179
Inventories (note 6)	**79,248**	81,308
Prepaid expenses	**2,968**	4,690
	197,854	238,632
PROPERTY, PLANT AND EQUIPMENT (note 7)	**276,594**	307,288
DEFERRED INCOME TAX ASSETS (note 12)	**4,722**	5,825
GOODWILL (note 8)	**57,274**	38,056
INTANGIBLE ASSETS (note 9)	**6,260**	1,923
	$ 542,704	$ 591,724
LIABILITIES		
CURRENT LIABILITIES		
Demand loan (note 10)	**$ -**	$ 3,909
Trade and other payables	**33,820**	52,155
Income tax payable	**2,388**	3,416
Current portion of contingent consideration (note 18)	**2,735**	-
Current portion of long-term debt (note 11)	**6,776**	9,655
	45,719	69,135
CONTINGENT CONSIDERATION (note 18)	**7,395**	-
LONG-TERM DEBT (note 11)	**8,569**	14,187
DEFERRED INCOME TAX LIABILITIES (note 12)	**20,629**	24,055
	82,312	107,377
SHAREHOLDERS' EQUITY		
Share capital (note 13)	**239,726**	230,985
Share-based payments reserve	**17,234**	15,937
Retained earnings	**152,764**	211,945
Foreign currency translation reserve	**50,668**	25,480
	460,392	484,347
	$ 542,704	$ 591,724

Contingencies and commitments (notes 22 and 23)

Approved by the Board of Directors

"David Tennant"	*"Jo Mark Zurel"*
David Tennant	Jo Mark Zurel
Chairman of Board	*Chairman of the Audit Committee*

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 Consolidated Financial Statements present the Company's and its subsidiaries' financial results of operations and financial position in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

On June 4, 2015, the Board of Directors authorized these Consolidated Financial Statements for issue.

Basis of consolidation

These 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

The Consolidated Financial Statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the related accounting policies presented in Note 4.

3. APPLICATION OF NEW AND REVISED IFRS

The following IASB standards that have come into effect during the current fiscal year, have had no significant impact on the Company's Consolidated Financial Statements:

IAS 32 *(amended) Financial Instruments: Presentation*
IAS 36 *(amended) Impairment of Assets*
IAS 39 *(amended) Financial Instruments: Recognition and Measurement*
IFRIC 21 *Levies*

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

3. APPLICATION OF NEW AND REVISED IFRS (Continued)

The Company has not applied the following revised IASB standards that have been issued, but are not yet effective:

IFRS 9 *(as amended in 2014) Financial Instruments - effective date January 1, 2018*
IFRS 10 *(amended) Consolidated Financial Statements - effective date January 1, 2016*
IFRS 11 *(amended) Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations - effective date January 1, 2016*
IFRS 15 *Revenue from Contracts with Customers - effective date January 1, 2017*
IAS 1 *(amended) Presentation of Financial Statements - effective date January 1, 2016*
IAS 16 *(amended) Property, Plant and Equipment - effective date January 1, 2016*
IAS 28 *(amended) Investments in Associates and Joint Ventures - effective date January 1, 2016*
IAS 38 *(amended) Intangible Assets - effective date January 1, 2016*

The adoption of the above standards is not expected to have a significant impact on the Company's Consolidated Financial Statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash
Cash is comprised of cash on hand and demand deposits in banks.

Financial instruments
Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Asset/Liability	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Contingent consideration	Other financial liabilities	Fair value
Long-term debt	Other financial liabilities	Amortized cost

Transaction costs are included in the initial carrying value of financial instruments, except those classified as fair value through profit or loss, and are amortized into income using the effective interest method.

Revenue recognition
Revenue from drilling contracts is recognized based on the terms of customer contracts that generally provide for revenue recognition on the basis of actual meters drilled at contract rates or fixed monthly charges or a combination of both. Revenue from ancillary services, primarily relating to extra services to the customer, is recorded when the services are rendered. Revenue is recognized when collection is reasonably assured.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The Company maintains an inventory of operating supplies, drill rods and drill bits. Inventories are valued at the lower of cost and net realizable value, determined on a first in, first out ("FIFO") basis. The value of used inventory items is considered minimal therefore they are not valued, except for drill rods, which, if still considered usable, are valued at 50% of cost.

Property, plant and equipment

Property, plant and equipment ("PP&E") are measured at cost, less accumulated depreciation and impairment losses. Depreciation, calculated using the straight-line method, is charged to operations at rates based upon the estimated useful life of each depreciable asset. When significant components of an item of PP&E have different useful lives, they are accounted for as separate assets. The following rates apply to those assets being depreciated using the straight-line method:

	Residual value (%)	Useful life (years)
Buildings	0-15	15-20
Drilling equipment	0-15	5-15
Automotive and off-road equipment	0-10	5-10
Other (office, computer and shop equipment)	0	5-15

Land and assets under construction not available for use are not depreciated. Costs for repairs and maintenance are charged to operations as incurred. Subsequent costs are included in the asset's carrying value when it is probable that future economic benefits associated with it will flow to the Company and when they are ready for their intended use. Subsequent costs are depreciated over the useful life of the asset and replaced components are de-recognized. An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss. Depreciation methods, residual values and useful lives are re-assessed, at minimum, on an annual basis.

Leases

The Company determines the classification of leases as finance or operating based on the risks and rewards of ownership of the underlying assets. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination, in exchange for control of the acquiree, is measured at fair value. At acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair values. Results of operations of a business acquired are included in the Company's consolidated financial statements from the date of the business acquisition. Business acquisition and integration costs are expensed in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments applied against goodwill. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill

Goodwill represents the excess of the purchase price of business acquisitions over the fair value of the identifiable net assets acquired. The value of goodwill is tested for impairment at least annually. Any impairment loss identified by this test would be reported in earnings (loss) for the period during which the loss occurred.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible assets

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets include customer relationships/contracts and non-compete agreements, which are amortized on a straight-line basis over a three and five-year period, respectively.

Impairment of long-lived assets

At the end of each reporting period, the Company assesses whether there are any indicators that the carrying values of its long-lived assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is first tested on an individual basis, if determinable, or otherwise at the cash-generating unit ("CGU") level. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. Corporate level assets are allocated to the respective CGUs where an allocation can be done on a reasonable and consistent basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for a long-lived asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Current - The tax currently receivable or payable is based on taxable profit for the year and any adjustments resulting from prior years. Taxable profit differs from profit as reported in the Consolidated Statements of Operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred - The Company follows the asset and liability method of accounting for deferred taxes. This method takes a balance sheet approach and focuses on the amount of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. These resulting assets and liabilities, referred to as "deferred income tax assets and liabilities", are computed and recognized based on carry forwards of unused tax losses, unused tax credits and the differences between the carrying amount of balance sheet items and their corresponding tax values using the enacted, or substantively enacted, income tax rates in effect when the assets are expected to be realized or the liabilities are expected to be settled.

The Company's primary temporary differences arise between the tax carrying value and net book value of PP&E. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of foreign currencies
The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's presentation currency, and the functional currency of the parent company.

Financial statements of foreign operations are translated using the rate in effect at the balance sheet date for assets and liabilities, and using the average exchange rates during the period for revenue and expenses. Adjustments arising from foreign currency translation are recorded in other comprehensive earnings.

Foreign currency transactions are transactions in a currency other than the Company's functional currency. Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. Translation gains and losses on assets and liabilities denominated in a foreign currency are included in the statement of comprehensive earnings.

Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in other comprehensive earnings and foreign currency translation reserve.

Share-based payments
The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and Directors. The fair value of each tranche for all option grants is determined using the Black-Scholes option pricing model, which considers estimated forfeitures at time of grant, and each tranche is amortized separately to earnings over the vesting period of the tranche with an offset to the share-based payments reserve. When options are exercised, the corresponding share-based payments reserve and the proceeds received by the Company are credited to share capital.

The Company records the fair value of deferred share units as compensation expense, with offset to accrued liabilities.

Provisions
Provisions are recognized when there is a present (legal or constructive) obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties specific to the obligation.

Restructurings - A restructuring provision is recognized when the Company has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

5. KEY SOURCES OF ESTIMATION, UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the reported amounts of assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reported periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could 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 PP&E for depreciation purposes, PP&E and inventory valuation, determination of income and other taxes, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities and contingent considerations, and impairment testing of goodwill and intangible assets and long-lived assets.

Management determines the estimated useful lives of its PP&E based on historical experience of the actual lives of PP&E of similar nature and functions, and reviews these estimates at the end of each reporting period.

Management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when they are no longer suitable for use. Management's estimate of the net realizable value of such inventories is based primarily on current market conditions.

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing are subject to measurement uncertainty. Accordingly, the impact in the Consolidated Financial Statements of future periods could be material.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Compensation costs accrued for long-term share-based payment plans are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

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

The amount recognized as accrued liabilities and contingent considerations, including legal, restructuring, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities, contingencies and contingent considerations based upon the best information available, relevant tax laws and other appropriate requirements.

Judgments

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

PP&E and goodwill are aggregated into CGUs based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

The Company has applied judgment in determining the degree of componentization of PP&E. Each part of an item of PP&E with a cost that is significant in relation to the total cost of the item and has a separate useful life has been identified as a separate component and is depreciated separately.

The Company has applied judgment in recognizing provisions and accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings. This determination is subject to management judgment.

6. INVENTORIES

The cost of inventory recognized as an expense and included in direct costs for the year ended April 30, 2015 was $38,681 (2014 - $47,545). During the year, except for the inventory write-downs as detailed in Note 20, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

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

6. INVENTORIES (Continued)

The following is a breakdown of inventory by category:

	2015	2014
Rods and casings	**$ 26,479**	$ 27,313
Consumables	**4,912**	5,149
Machine parts	**26,480**	25,038
Wireline and downhole tools	**7,445**	7,130
Diamond bits	**6,524**	6,686
Other	**7,408**	9,992
	$ 79,248	$ 81,308

The Company's credit facility related to operations is in part secured by a general assignment of a portion of the Company's inventory in certain regions.

7. PROPERTY, PLANT AND EQUIPMENT

Changes in the PP&E balance were as follows for the year:

Cost	**Land**	**Buildings**	**Drills**	**Auto**	**Other**	**Total**
Balance as at April 30, 2014	$ 3,310	$ 22,021	$ 364,780	$ 129,253	$ 29,960	$ 549,324
Additions	-	166	15,223	695	5	16,089
Disposals	(75)	(2,496)	(28,892)	(22,003)	(10,664)	(64,130)
Business acquisition	-	-	8,847	421	-	9,268
Effect of exchange rate changes and other	213	338	9,465	5,328	2,180	17,524
Balance as at April 30, 2015	$ 3,448	$ 20,029	$ 369,423	$ 113,694	$ 21,481	$ 528,075
Accumulated Depreciation	**Land**	**Buildings**	**Drills**	**Auto**	**Other**	**Total**
Balance as at April 30, 2014	$ (47)	$ (6,966)	$ (136,076)	$ (76,920)	$ (22,027)	$ (242,036)
Disposals	-	2,220	18,436	17,806	8,691	47,153
Impairment (Note 20)	-	-	(1,511)	(372)	(70)	(1,953)
Depreciation	-	(1,786)	(36,763)	(11,234)	(1,297)	(51,080)
Effect of exchange rate changes and other	47	71	455	(2,388)	(1,750)	(3,565)
Balance as at April 30, 2015	$ -	$ (6,461)	$ (155,459)	$ (73,108)	$ (16,453)	$ (251,481)
Carrying value April 30, 2014	**$ 3,263**	**$ 15,055**	**$ 228,704**	**$ 52,333**	**$ 7,933**	**$ 307,288**
Carrying value April 30, 2015	**$ 3,448**	**$ 13,568**	**$ 213,964**	**$ 40,586**	**$ 5,028**	**$ 276,594**

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company has assessed whether there is any indication that an impairment loss recognized in prior periods for PP&E may no longer exist or may have decreased. There were no impairments requiring reversal as at April 30, 2015 or 2014.

Capital expenditures were $16,089 and $23,304, respectively, for the years ended April 30, 2015 and 2014. The Company obtained direct financing of $1,335 and $678, respectively, for the years ended April 30, 2015 and 2014.

The carrying value of PP&E under finance leases for the year ended April 30, 2015 was $2,086 (2014 - $1,976).

8. GOODWILL

Changes in the goodwill balance were as follows:

	2015	2014
Opening balance	**$ 38,056**	$ 52,736
Goodwill on acquisition (Note 18)	**18,367**	-
Impairment charge (Note 19)	**-**	(14,326)
Effect of movement in exchange rates	**851**	(354)
Ending balance	**$ 57,274**	$ 38,056

Allocation of goodwill to CGUs

The carrying amount of goodwill was allocated to CGUs as follows:

	2015	2014
Canada	**$ 48,548**	$ 38,056
U.S.	**8,726**	-
	$ 57,274	$ 38,056

Canada

The recoverable amount of the "Canadian Branch" as a CGU is determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets and forward projections approved by management covering a five-year period, and a discount rate of 14.6% per annum. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. While the mining services market in Canada is cyclical in nature, this organic growth rate has been achieved across two business cycles and is seen by management as a fair and conservative long-term average growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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

8. GOODWILL (Continued)

U.S.
The recoverable amount of the "U.S. Branch" as a CGU is determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets and forward projections approved by management covering a five-year period, and a discount rate of 15.0% per annum. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. While the mining services market in the U.S. is cyclical in nature, this organic growth rate has been achieved across two business cycles and is seen by management as a fair and conservative long-term average growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Key assumptions
The key assumptions in the value-in-use calculations are as follows:

Revenue - The values assigned to the assumptions reflect past experience. The effect of the incorporation of the acquired drill fleets and significant levels of capital expenditure since 2007 that have on average been higher than the sustaining level, have provided the basis on which to grow. The growth expected is consistent with management's plans for focusing operations and growing share in the specialized drilling market.

Gross margin - Management expects that gross margins will remain in a range in line with historically achieved levels.

9. INTANGIBLE ASSETS

Changes in the intangible assets balance were as follows:

	Cost	Accumulated amortization	Total
Balance as at May 1, 2013	$ 9,710	$ (6,431)	$ 3,279
Amortization	-	(1,359)	(1,359)
Effect of movement in exchange rates	-	3	3
Balance as at April 30, 2014	**$ 9,710**	**$ (7,787)**	**$ 1,923**
Amortization	**-**	**(3,158)**	**(3,158)**
Business acquisition (Note 18)	**7,095**	**-**	**7,095**
Effect of movement in exchange rates	**476**	**(76)**	**400**
Balance as at April 30, 2015	**$ 17,281**	**$ (11,021)**	**$ 6,260**

Intangible assets consist of customer relationships/contracts.

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

10. DEMAND CREDIT FACILITIES

The Company has credit facilities available in Canada of $25,000 bearing interest at the bank's prime lending rate plus 0.75% or the bankers' acceptance fee plus 2.25% for Canadian dollar draws and the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's London interbank offer rate ("LIBOR") plus 2.25% for U.S. dollar draws. The demand credit facilities are primarily secured by corporate guarantees of companies within the group. The Company has a credit facility of $1,825 for credit cards, with interest rates and repayments as per the cardholder agreement. As at April 30, 2015, the Company had utilized $4,475 (2014 - $5,157) of these lines for stand-by letters of credit.

The Company also has various credit facilities amounting to $6,329 (2014 - $7,851) bearing interest at rates ranging from 2.8% to 6.9% secured by corporate guarantees of companies within the group. As at April 30, 2015 the amount drawn on these lines was $1,035 (2014 - $4,749).

11. LONG-TERM DEBT

	2015	2014
Non-revolving term loan, bearing interest at either the bank's prime rate plus 0.75% or the bankers' acceptance rate plus 2.25% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's LIBOR plus 2.25% for U.S. dollar draws, payable in monthly installments of $417, maturing in September 2016, secured by corporate guarantees of companies within the group.	**$ 7,083**	$ 12,083
Term loan bearing interest at 5.9%, payable in monthly installments of $83, unsecured, maturing in August 2021.	**6,333**	7,333
Term loans bearing interest at rates ranging from 0% to 6.95%, payable in monthly installments of $117, secured by certain equipment, maturing through 2018.	**1,953**	1,439
Note payable bearing interest at 4%, repayable over three years, matured in September 2014.	-	3,000
Derivative financial instrument with a notional principal amount of $7,083, swapping Canadian-Bankers' Acceptance - Canadian Dealer Offered Rate for an annual fixed rate of 3.665%, maturing in September 2016.	**(24)**	(13)
	15,345	23,842
Current portion	**6,776**	9,655
	$ 8 569	$ 14,187

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

11. LONG-TERM DEBT (Continued)

The required annual principal repayments on long-term debt are as follows:

2016	$ 6,776
2017	3,771
2018	1,363
2019	1,102
2020	1,000
thereafter	1,333
	$15,345

The Company hedges its exposure to floating rates under the non-revolving term loan via an interest rate swap, exchanging a variable rate interest payment for a fixed rate interest payment. As at April 30, 2015, the swap is deemed effective and is recognized as a cash flow hedge.

12. INCOME TAXES

Income taxes vary from amounts that would be determined by applying the combined statutory Canadian corporate income tax rate to earnings before income tax with details as follows:

	2015	2014
Loss before income tax	**$ (46,162)**	$ (44,734)
Income tax recovery calculated at 27% (2014 - 27%)	**(12,464)**	(12,078)
Non-recognition of tax benefits related to losses	**8,202**	9,602
De-recognition of previously recognized tax losses	**2,636**	3,462
Other foreign taxes paid	**635**	1,172
Effect of rate variances in foreign jurisdictions	**(411)**	(70)
Permanent differences and other	**4,273**	6,393
	2,871	8,481
Adjustments recognized in the current year in relation to the current tax in prior years	**532**	2,095
Income tax expense recognized in net loss	**$ 3,403**	$ 10,576

The tax rate used for the 2015 and 2014 reconciliations herein is the effective federal and provincial Canadian corporate tax rate of 27% in 2015 (27% in 2014).

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

12. INCOME TAXES (Continued)

The movements in deferred income tax balances are as follows:

	2014	Tax provision	Exchange	Reclassified	2015
Deferred tax assets related to non-capital losses	$ 5,496	$ (1,844)	$ 688	$ 218	$ 4,558
Deferred tax asset related to share issuance costs	329	(165)	-	-	164
Deferred tax liabilities related to difference in tax and book basis	(24,055)	5,903	(2,477)	-	(20,629)
Net deferred tax liabilities	$ (18,230)	$ 3,894	$ (1,789)	$ 218	$ (15,907)

Income tax expense recognized in net loss:

	2015	2014
Current tax		
Current tax expense in respect of the current year	**$ 6,765**	$ 10,754
Adjustments recognized in the current year in relation to the current tax of prior years	**532**	2,095
Deferred tax		
Deferred tax expense recognized in the current year	**(6,530)**	(5,735)
Write-down of previously recorded tax assets	**2,636**	3,462
Income tax provision	**$ 3,403**	$ 10,576

The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions and in the assessment of the recoverability of deferred tax assets. Potential liabilities are recognized for anticipated tax audit issues in various tax jurisdictions based on the Company's estimate of whether, and the extent to which, additional taxes will be due.

If payment of the accrued amounts ultimately proves to be unnecessary, the elimination of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities no longer exist. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense will result.

The Company has accumulated approximately $86,936 in non-capital losses of which $34,548 is available to reduce future income taxes otherwise payable in foreign jurisdictions. These losses, if un-used, will expire in the following calendar years: 2015 - $1,381; 2016 - $3,205; 2019 - $1,385; 2034 - $11,555; 2035 - $15,370; indefinite - $54,040.

The Company has accumulated approximately $4,756 (A$4,967) of capital losses that are available to reduce income taxes otherwise payable on capital gains realized in Australia. The benefit of these losses has not been recognized in the financial statements.

The Company has approximately $194,000 of temporary differences associated with its investments in foreign subsidiaries for which no deferred taxes have been provided on the basis that the Company is able to control the timing of the reversal of such temporary differences and such reversal is not probable in the foreseeable future.

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

12. INCOME TAXES (Continued)

The repatriation of cash through dividends, from certain jurisdictions, may cause withholding tax expense for which no liability has been provided on the basis that the Company is able to control the timing of repatriation.

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 has recorded 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 favorable or unfavorable adjustments to these estimated tax liabilities in the period the assessments are made or resolved, or when the statute of limitation lapses.

13. SHARE CAPITAL

Authorized
Unlimited number of fully paid common shares, without nominal or par value, with each share carrying one vote and a right to dividends when declared.

The movement in the Company's issued and outstanding share capital during the year is as follows:

	2015		2014	
	Number of shares	**Share capital**	Number of shares	Share capital
Opening balance	**79,161,378**	**$ 230,985**	79,161,378	$ 230,985
Exercise of stock options	**9,011**	**52**	-	-
Share issue	**966,495**	**8,689**	-	-
Ending balance	**80,136,884**	**$ 239,726**	79,161,378	$ 230,985

Stock option plan
Details of the Company's stock option plan (the "Plan") for Directors, Officers and other employees of the Company and its subsidiaries can be found in the Company's 2014 Management Proxy Circular. There have been no changes to the Plan since that date.

A summary of the status of the Plan, as at April 30, 2015 and 2014, and of changes during those years, is presented below:

	2015		2014	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	**3,428,619**	**$ 9.70**	3,048,619	$ 10.04
Options granted	**444,400**	**7.57**	410,000	7.04
Options expired	**(22,500)**	**7.04**	(30,000)	7.00
Options exercised	**(9,011)**	**4.32**	-	
Outstanding, end of year	**3,841,508**	**9.49**	3,428,619	9.70

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

13. SHARE CAPITAL (Continued)

The following table summarizes information on stock options outstanding as at April 30, 2015:

Range of exercise prices	Outstanding at April 30, 2015	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at April 30, 2015	Weighted average exercise price
$6.15 - $9.16	**2,337,305**	**5.95**	**$ 7.55**	**1,634,572**	**$ 7.63**
$10.98 - $14.03	**1,360,203**	**4.97**	**11.95**	**1,230,536**	**12.03**
$15.42 - $19.72	**144,000**	**4.39**	**17.52**	**144,000**	**17.52**
	3,841,508	**5.55**	**9.49**	**3,009,108**	**9.90**

The Company's calculations of share-based compensation for options granted were made using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	2015	2014
Risk-free interest rate	**1.74%**	1.64%
Expected life	**6.0 years**	5.9 years
Expected volatility (based on historical volatility)	**44.0%**	54.0%
Expected dividend yield	**2.5%**	2.9%

The weighted average grant date fair value of options granted during the year ended April 30, 2015 was $2.80 (2014 - $2.78). For the year ended April 30, 2015, the amount of compensation cost recognized in earnings and credited to share-based payments reserve was $1,310 (2014 - $1,733).

Deferred share units

The Company has a Deferred Share Unit Plan (the "DSU Plan") for Directors and certain designated Officers as described in detail in the Company's 2014 Management Proxy Circular. There have been no changes to the DSU Plan since that date.

The following table summarizes information on DSUs earned under the DSU Plan at April 30, 2015 and 2014:

	2015 Number of units	2014 Number of units
Outstanding, beginning of year	**64,713**	49,365
DSUs issued during year	**7,036**	15,348
Outstanding, end of year	**71,749**	64,713

As at April 30, 2015, the total value of DSUs outstanding was $445 (2014 - $474).

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

14. LOSS PER SHARE

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

	2015	2014
Net loss	**$ (49,565)**	$ (55,310)
Weighted average shares outstanding (000's)	**79,887**	79,161
Net effect of dilutive securities:		
Stock options	**2**	66
Weighted average number of shares - diluted (000's)	**79,889**	79,227
Loss per share:		
Basic	**$ (0.62)**	$ (0.70)
Diluted	**$ (0.62)**	$ (0.70)

The calculation of diluted loss per share for the year ended April 30, 2015 and 2014 excludes the effect of 3,809,567 and 2,585,434 options, respectively, as they were anti-dilutive.

15. SEGMENTED INFORMATION

The Company's operations are divided into three geographic segments corresponding to its management structure, Canada - U.S., South and Central America, and Australia, 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 Note 4. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income tax. Data relating to each of the Company's reportable segments is presented as follows:

	2015	2014
Revenue		
Canada - U.S.*	**$ 177,210**	$ 175,882
South and Central America	**75,604**	73,583
Australia, Asia and Africa	**52,904**	105,481
	$ 305,718	$ 354,946
Loss from operations		
Canada - U.S.	**$ (5,250)**	$ 9,315
South and Central America	**(10,828)**	(25,125)
Australia, Asia and Africa	**(18,871)**	(19,776)
	(34,949)	(35,586)
Eliminations	**-**	(554)
	(34,949)	(36,140)
Finance costs	**686**	1,002
General and corporate expenses**	**10,527**	7,592
Income tax	**3,403**	10,576
Net loss	**$ (49,565)**	$ (55,310)

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

15. SEGMENTED INFORMATION (Continued)

*Canada - U.S. includes revenue in 2015 of $106,081 (2014 - $112,899) for Canadian operations.

**General and corporate expenses include expenses for corporate offices, stock options and certain unallocated costs.

Goodwill and intangible asset impairment charges for the year ended April 30, 2014 are included in above figures as follows: South and Central America $12,057; Australia, Asia and Africa $2,269. Restructuring charges, as detailed in Note 20, for the current year are included in above figures as follows: Canada - U.S. $367 (2014 - $503); South and Central America $882 (2014 - $1,665); Australia, Asia and Africa $3,221 (2014 - $18,286); General and corporate expenses $140 (2014 - nil).

Capital expenditures for the year ended April 30, 2015 are as follows: Canada - U.S. $9,445 (2014 - $17,254); South and Central America $3,443 (2014 - $3,452); Australia, Asia and Africa $2,514 (2014 - $2,266) and Corporate $687 (2014 – $332).

	2015	2014
Depreciation and amortization		
Canada - U.S.	**$ 26,755**	$ 22,928
South and Central America	**12,749**	12,072
Australia, Asia and Africa	**12,996**	16,161
Unallocated and corporate assets	**1,738**	2,145
Total depreciation and amortization	**$ 54,238**	$ 53,306
Identifiable assets		
Canada - U.S.*	**$ 226,919**	$ 197,673
South and Central America	**163,539**	178,026
Australia, Asia and Africa	**109,791**	148,806
Unallocated and corporate assets	**42,455**	67,219
Total identifiable assets	**$ 542,704**	$ 591,724

*Canada - U.S. includes property, plant and equipment in 2015 of $84,115 (2014 - $88,347) for Canadian operations.

16. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	2015	2014
Trade and other receivables	**$ 16,609**	$ 34,864
Inventories	**7,801**	6,396
Trade and other payables	**(14,495)**	(21,909)
Other items	**2,816**	1,181
	$ 12,731	$ 20,532

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

17. NET EARNINGS FOR THE YEAR

Net earnings for the year have been arrived at after charging various employee benefit expenses as follows:

	2015	2014
Direct costs:		
Salaries and wages	$ **91,737**	$ 99,442
Other employee benefits	**21,001**	18,771
General and administrative expenses:		
Salaries and wages	**20,437**	21,824
Other employee benefits	**3,523**	3,762
Other expenses:		
Share-based payments	**1,133**	1,419

18. BUSINESS ACQUISITION

Effective August 1, 2014, the Company entered into the underground percussive/longhole drilling sector with its purchase of the assets of Taurus Drilling Services ("Taurus"), based in Canada and the United States.

The acquisition has been accounted for using the acquisition method and the results of the new underground percussive/longhole drilling division have been included in the Consolidated Statements of Operations from the closing date. Through this purchase, the Company acquired 39 underground drill rigs, support equipment and inventory, existing contracts and receivables, and took on the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $29.5 million (consisting of $20.7 million in cash, $8.7 million in Major Drilling shares, and $0.1 million in assumption of debt), and an additional maximum amount of $11.5 million (undiscounted) tied to performance. The estimated fair value of the contingent consideration was $10.1 million at April 30, 2015. The additional payout period extends for three years, commencing on August 1, 2014, and payments are contingent on growing EBITDA (earnings before interest, taxes, depreciation and amortization) run rates above levels at the date of acquisition.

Trade and other receivables are recorded at fair value. Goodwill arising from this acquisition will represent the excess of the total consideration paid over the fair value of the net assets acquired and the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Taurus and Major Drilling.

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

18. BUSINESS ACQUISITION (Continued)

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

Assets acquired:	
Trade and other receivables	$ 5,500
Inventories	606
Prepaid expenses	40
Property, plant and equipment	9,268
Goodwill (tax deductible)	18,367
Intangible assets	7,095
Trade and other payables	(1,223)
Total assets	**$ 39,653**
Consideration:	
Cash	$ 20,683
Trade and other payable	151
Contingent consideration	10,130
Shares of Major Drilling	8,689
Total consideration	**$ 39,653**

The above consideration includes non-cash investing activities, which are not reflected in the Consolidated Statements of Cash Flows, including the issuance of 966,495 shares of Major Drilling at $8.99 for a total of $8,689 and contingent consideration of $10,130.

The Company incurred acquisition-related costs of $356 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expenses line of the Consolidated Statements of Operations.

Revenue since the date of acquisition attributable to the additional business generated by Taurus was $34,217. Due to the integration of the Taurus acquisition with existing operations, it is impracticable to estimate the revenue and net income of the combined entity for the year as though the acquisition date was May 1, 2014.

19. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

For the purposes of assessing impairment, the Company's assets are grouped and tested at the CGU level. The Company has operations in Canada, the United States, Mexico, South America, Asia and Africa and management has determined that its CGUs are identifiable at the country level as this is the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets, with internal reporting organized to measure performance of each country.

19. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS (Continued)

In the previous year, due to the weakness in the Chilean market caused by the changes in labor laws and the severity of the downturn in that market, the Company recorded an impairment of goodwill of $12,057 in the South and Central American segment. The Company also recorded an impairment of goodwill in the previous year of $2,269 in the Australia, Asia and African segment due to the weakness in the Mozambique market as well as the down-sizing of a significant customer in that country.

Cash flow projections were calculated over a five-year period based on budgeted earnings before interest, taxes, depreciation and amortization, forecasted from historical earnings, using the value-in-use method, with a pre-tax discount rate of 17.4%. The weighted average cost of capital (WACC) was determined to be in the range of 13% to 17% and is based on market capital structure of debt, risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a review of betas of comparable publicly traded companies, an un-systematic risk premium, and after-tax cost of debt. Maintainable debt-free net cash flow beyond the forecast period is estimated to approximate the average of the five-year forecasted cash flows, increased by a terminal growth rate in the range of 1% to 2% and is based on the industry's expected growth rates, forecast inflation rates, and management's experiences.

20. RESTRUCTURING CHARGE

During the year, the Company continued to rationalize certain operations, and due to ongoing administrative difficulties associated with operating in the Democratic Republic of Congo ("DRC"), the Company decided to close down its operation in that country. During the previous year, due to high costs being incurred by mining companies and new mining taxes, projects in Australia were cancelled, therefore the Company closed its Australian operation.

These restructuring activities 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 and specialists.

The costs related to these initiatives are recorded as part of the restructuring charge for a total of $4,610 (2014 - $20,454). This amount consists of an impairment charge of $1,953 (2014 - $5,714) relating to property, plant and equipment, employee severance charges of $1,221 (2014 - $5,043) incurred to rationalize the workforce, and a write-down of $1,832 (2014 - $4,002) to reduce inventory to net realizable value. In the current year, the remainder consists of a recovery of $396 relating to the cost of winding down operations, and in the previous year the remainder consisted of $5,695 for the winding down of operations, including an onerous provision of $2,542 to terminate lease agreements.

21. NON-CASH TRANSACTIONS

During the year, the Company entered into the following non-cash financing and investing activities, which are not reflected in the Statements of Cash Flows:

- The Company declared a dividend during the year for $1,603 that was unpaid as at April 30, 2015 (2014 - $7,916).
- The Company financed equipment purchases for $1,335 (2014 - $678).
- The consideration for the business acquisition detailed in Note 18 includes non-cash investing activities, including the issuance of 966,495 shares of Major Drilling at $8.99 for a total of $8,689 and contingent consideration of $10,130.

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

22. CONTINGENCIES

The Company is involved in various legal claims and legal notices arising in the ordinary course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution and the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, it is management's opinion that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. Any amounts awarded as a result of these actions will be reflected when known.

23. COMMITMENTS

The Company has a commitment for the purchase of equipment totaling $1,674 with a delivery date early in fiscal 2016 as well as various commitments, primarily for rental of premises, with arms-length parties as follows: 2016 - $1,495, 2017 - $713, 2018 - $485, 2019 - $383, 2020 - $284, thereafter $145.

24. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of Directors and other members of key management personnel during the year is as follows:

	2015	2014
Salaries, bonuses and fees	**$ 2,140**	$ 2,214
Post-employment benefits	**41**	112
Other long-term benefits	**86**	139
Share-based payments benefits	**795**	799
	$ 3,062	$ 3,264

25. DIVIDENDS

The Company declared two dividends during the year, $0.10 per common share paid on November 3, 2014 to shareholders of record as of October 10, 2014, and $0.02 per common share to be paid on May 1, 2015 to shareholders of record as of April 7, 2015.

The Company declared two dividends during the previous year, $0.10 per common share paid on November 1, 2013 to shareholders of record as of October 10, 2013, and $0.10 per common share paid on May 1, 2014 to shareholders of record as of April 7, 2014.

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

26. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding foreign currency translation reserve), long-term borrowings and demand loan net of cash in the definition of capital.

Total managed capital was as follows:

	2015	2014
Long-term debt	**$ 15,345**	$ 23,842
Share capital	**239,726**	230,985
Share-based payments reserve	**17,234**	15,937
Retained earnings	**152,764**	211,945
Cash	**(44,897)**	(74,244)
	$ 380,172	$ 408,465

The Company's objective when managing its capital structure is to maintain financial flexibility in order to: (i) preserve access to capital markets; (ii) meet financial obligations; and (iii) finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debt.

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. During the year, the Company entered into an amending agreement amending the current credit agreement with its lenders. As a result, the Company is in compliance with all covenants and other conditions imposed in this credit agreement.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from 2014.

27. FINANCIAL INSTRUMENTS

Risk management objectives

The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company through analysis of the various exposures. When deemed appropriate, the Company uses financial instruments to hedge these risk exposures.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by use of interest rate swap contracts when deemed appropriate.

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

27. FINANCIAL INSTRUMENTS (Continued)

Interest rate swap contract

Under the interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. This contract enables the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held.

As at April 30, 2015 the interest rate swap had a remaining term of 17 months (2014 - 29 months), a notional principal amount of $7,083 (2014 - $12,083) and fair value of $24 (2014 - $13).

The interest rate swap settles on a monthly basis swapping Canadian-Bankers' Acceptance-Canadian Dealer Offered Rate for an annual fixed rate of 3.665%.

For the year ended April 30, 2015 there is a gain of $11 recognized in other comprehensive income relating to the hedge (2014 - loss of $27).

Fair value

The carrying values of cash, trade and other receivables, demand credit facility, demand loan and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The following table shows carrying values of contingent consideration and long-term debt, which approximates their fair value, as most debts carry variable interest rates and the remaining fixed rate debts have been acquired recently and their carrying value continues to reflect fair value. The fair value of the interest rate swap included in long-term debt is measured using quoted interest rates.

	2015	2014
Contingent consideration	**$ 10,130**	$ -
Long-term debt	**15,345**	23,842

Credit risk

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The maximum credit risk the Company was exposed to as at April 30, 2015 was $103,456 (2014 - $140,455), representing total cash, trade and other receivables. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

As at April 30, 2015, 89.0% (2014 -79.8%) of the Company's trade receivables were aged as current and 8.2% (2014 - 5.1%) of the trade receivables were impaired.

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

27. FINANCIAL INSTRUMENTS (Continued)

The movement in the allowance for impairment of trade receivables during the year was as follows:

	2015	2014
Opening balance	**$ 3,016**	$ 2,790
Increase in impairment allowance	**2,404**	1,144
Write-off charged against allowance	**(811)**	(873)
Recovery of amounts previously impaired	**(186)**	(40)
Foreign exchange translation differences	**(219)**	(5)
Ending balance	**$ 4,204**	$ 3,016

Interest rate risk
The demand credit facility of the Company bears a floating rate of interest, which exposes the Company to interest rate fluctuations. As at April 30, 2015, this facility was unused therefore a one percentage point increase in interest rates would have no impact on the Company's net income.

Foreign currency risk
In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a substantial portion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

The most significant carrying amounts of net monetary assets that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; (ii) cause foreign exchange rate exposure; and (iii) may include intercompany balances with other subsidiaries, is USD $2,201 as of April 30, 2015.

If the Canadian dollar moved by plus or minus 10% at April 30, 2015, the unrealized foreign exchange gain or loss recognized in net earnings would move by approximately $220.

Currency controls and government policies in foreign jurisdictions can restrict the Company's ability to exchange such foreign currency for other currencies, such as the U.S. dollar. To mitigate this risk, the Company has adopted a policy of carrying limited foreign currencies in local bank accounts.

Liquidity risk
The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 10 sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

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

	1 year	**2-3 years**	**4-5 years**	**thereafter**	**Total**
Trade and other payables	$ 33,820	$ -	$ -	$ -	$ 33,820
Contingent consideration	2,735	7,395	-	-	10,130
Long-term debt	7,119	5,349	2,221	1,412	16,101
	$ 43,674	**$ 12,744**	**$ 2,221**	**$ 1,412**	**$ 60,051**