President's Report to Shareholders – Second Quarter 2015

During the quarter, the Company generated revenue of $87.2 million, down 6% from the $92.3 million in revenue recorded in Q2 last year, but up 29% from $67.6 million recorded in Q1. Net loss was $10.1 million or $0.13 per share, compared to a net loss of $19.1 million, or $0.24 per share, for the same quarter last year, when the Company recorded a goodwill impairment of $12.1 million related to its Chilean operations. EBITDA, excluding restructuring charges and goodwill impairment, was $8.4 million for the quarter, as compared to $15.7 million last year. EBITDA, however, increased by 75% from the $4.8 million recorded in Q1. The overall gross margin percentage for the quarter was 23.8% as compared to 32.5% for the same period last year.

Our existing coring business has seen increased utilization, although still at depressed prices. We should note that last year's Q2 revenue included some $9 million from Australia and the Democratic Republic of Congo ("DRC"), branches where operations have since closed. Lower levels of demand have significantly increased competitive pressures and our margins continue to be affected as we find it difficult to improve productivity beyond all the gains we have been able to make over the last two years.

Capital expenditures were limited to $2.9 million this quarter, including purchases of support equipment for our new percussive underground business, as we see opportunities for this type of service. Additionally, during the quarter, the Company added 39 percussive underground drills from the acquisition while retiring 9 rigs.

The operating environment in 2014 has been very difficult as customers have focused their work almost exclusively on mine sites. We expect this trend to continue into 2015. As a result, we have seen a significant decrease in higher margin specialized drilling and a much greater focus on production related drilling such as underground drilling, which is less expensive and has lower margins. We are continuing to adapt to the current market conditions as demonstrated recently with our acquisition of Taurus Drilling. With underground activities currently representing 26% of our revenue, and depressed pricing in our other operations, margins have decreased. Also, during the quarter the Company recorded a restructuring charge of $2.8 million, primarily relating to the decision to close its operations in the DRC due to ongoing administrative difficulties associated with operating in that country.

Despite the difficult environment, Major Drilling remains net debt free, with net cash at the end of the quarter standing at $32 million. Net cash decreased by only $10.6 million, despite a payment of $20.9 million made in relation to the Taurus acquisition. We continue to focus on cash generation, and remain in a unique position to react quickly when the industry begins to recover as the Company's financial strength has allowed it to invest in safety and to maintain its equipment in excellent condition.

Due to the uncertainty around economic matters impacting the mining market, it is very difficult to forecast customer demand over the next twelve months, as senior customers are still very cautious about investing in future projects. In the immediate future, however, we are adding revenue from the Taurus acquisition, which has allowed us to provide an even wider range of complementary services, adding underground production drilling to our existing underground core drilling.

It is important to note that we are now in our third quarter, traditionally the weakest quarter of our fiscal year, as mining and exploration companies shut down, often for extended periods over the holiday season. At this time, most senior and intermediate companies are still working through their budget process and have yet to decide on post-holiday start-up dates. As usual, due to the time it takes to mobilize once contracts are awarded, a slow pace of start-ups is expected in January, which will impact overall third quarter revenue. We expect pricing to remain competitive until utilization rates pick up significantly, especially in conventional drilling. Therefore, as we have experienced in some past years, we expect to generate a seasonal loss in the upcoming third quarter.

As always, we value the continued support of our customers, employees, and shareholders.

Francis P. McGuire
President & CEO

Management's Discussion and Analysis

Second Quarter Fiscal 2015

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER FISCAL 2015

This Management's Discussion and Analysis ("MD&A") relates to the results of operations, financial condition and cash flows of Major Drilling Group International Inc. ("Major Drilling" or the "Company") as at and for the three-month period ended October 31, 2014. All amounts in this MD&A are in Canadian dollars, except where otherwise noted. These quarterly unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is a review of activities and results for the quarter ended October 31, 2014 as compared to the corresponding period in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited interim condensed consolidated financial statements as at and for the three months ended October 31, 2014, and also in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis contained in the Company's annual report for the fiscal year ended April 30, 2014.

This MD&A is dated November 30, 2014. Disclosure contained in this document is current to that date, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These 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.

Such forward-looking statements are subject to a number of risks and uncertainties, which include, but are not limited to: cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, dependence on key customers, safety performance, expansion and acquisition strategy, legal and regulatory risk, corruption, bribery and fraud by employees and agents, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. These factors and other risk factors, as described under "General Risks and Uncertainties" of the Company's Annual Information Form, represent risks the Company believes are material. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

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 in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in the Company's Annual Information Form.

Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed financial year, can be found on the SEDAR website at www.sedar.com.

CORPORATE OVERVIEW

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. To support its customers' varied exploration drilling requirements, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, and Africa. Major Drilling provides all types of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas and underground percussive/longhole drilling.

BUSINESS STRATEGY

Major Drilling continues to base its business premise on the following: mining companies continue to deplete the more easily accessible mineral reserves around the world and attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. For this reason, Major Drilling's strategy is to focus its services on projects that have these characteristics, calling these services "specialized drilling". Over the years, the Company has positioned itself as one of the largest specialized operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, long-standing relationships with the world's largest mining companies and access to capital.

Although the Company's main focus remains specialized services, it also intends to continue to modernize its conventional fleet and expand its footprint in strategic areas while maintaining prudent debt levels and remaining best in class in safety and human resources. The Company is also diversifying into energy and additional underground drilling services, such as percussive/longhole services, which are complementary to its skill set.

The Company categorizes its mineral drilling services into three types: specialized drilling, conventional drilling, and underground drilling.

Specialized drilling can be defined as any drilling project that, by virtue of its scope, technical complexity or location, creates significant barriers to entry for smaller drilling companies. This would include, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to continue to fuel future growth, and over the next two decades, the Company believes these skills will be in greater and greater demand.

Conventional drilling tends to be more affected by the industry cycle as the barriers to entry are not as significant as with specialized drilling. This part of the industry is highly fragmented and has numerous competitors. Because the Company offers only limited differentiation in this sector, it is not its priority for investment.

Underground drilling takes on greater importance in the later stages of the mining cycle as clients develop underground mines. The Company just entered a new type of underground service with the acquisition of Taurus Drilling Services, a provider of underground percussive/longhole drilling to mining companies. Percussive/longhole drilling is more related to the production function of a mine. Offering both underground production drilling and its existing underground core drilling, the Company can now provide an even wider range of complementary services to its clients.

A key part of the Company's strategy is to maintain a strong balance sheet. The Company is in a unique position to react quickly when the industry begins to recover as its financial strength allows it to invest in safety and to maintain its equipment in excellent condition. The Company also has a variable cost structure whereby most of its direct costs, including field staff, go up or down with contract revenue, and a large part of the Company's other expenses relate to variable incentive compensation based on the Company's profitability.

INDUSTRY OVERVIEW

The metals and minerals drilling industry is reliant primarily on demand from two metal groups, gold on the one hand and base metals on the other. Each commodity group is influenced by distinct market forces.

Gold has always been a significant driver in the mining industry accounting for 40 to 50% of the exploration spend carried out around the world. Exploration activity generally varies up or down with the trend in gold prices.

The demand for base metals is dependent on economic activity. In the longer-term, the fundamental drivers of base metals remain positive, with worldwide supply for most metals expected to tighten and higher demand coming from the emergence of the BRIC countries (Brazil, Russia, India and China) over the last 10 years. As these countries continue to urbanize, the requirement for base metals will continue to increase at the same time as the easily accessible reserves are being depleted.

One of the realities of the mining industry is that future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. This should improve demand for specialized services in the future.

In terms of customer base, the Company has two categories of customers: senior and intermediate companies with operating mines, and junior exploration companies.

The industry is currently in a cyclical downturn. At this point in time, most senior and intermediate mining companies are more cautious with their investments in exploration. Large base metal producers will eventually need to expand existing mines and develop new ones to meet the world's growth, especially in emerging markets. Activity from senior gold producers is likely to show greater volatility as gold prices vary, which will impact their exploration budgets.

Many junior mining companies continue to experience financing difficulties and thus have slowed down their exploration efforts. Junior mining companies can account for some 50% of the drilling market in cyclical upturns. While it is expected that some of the more advanced projects will be able to obtain financing as needed, it will be necessary for investors to once again support exploration projects in order for drilling activities to regain the momentum that they had at their peak.

BUSINESS ACQUISITION

Acquisition of Taurus Drilling Services

Effective August 1, 2014, the Company entered into the underground percussive/longhole drilling sector with its purchase of the operations of Taurus Drilling Services ("Taurus"), based in Canada and the United States. The acquisition was accounted for using the acquisition method and the results of this operation were included in the Interim Condensed Consolidated Statements of Operations as of the closing date. Through this purchase, the Company acquired 39 percussive underground drill rigs, support equipment and inventory, existing contracts and receivables, the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $29.6 million (consisting of $20.7 million in cash, $8.7 million in Major Drilling shares, and $0.2 million in assumption of debt), and an additional maximum amount of $11.5 million tied to performance. The additional payout period extends for three years, commencing on August 1, 2014, and payments are contingent on growing EBITDA run rates above current levels.

OVERALL PERFORMANCE

Total revenue for the quarter was $87.2 million, down 6% from the same quarter last year. Uncertainty around economic matters impacting the mining market continues to cause delays in customers' exploration drilling plans, and in a number of jurisdictions, uncertainty as to the policies of host governments or issues of land tenure also had an impact on quarterly results. Also, many junior customers have scaled back or suspended drilling activities due to a lack of capital.

Despite this very difficult environment, the Company has been able to increase its revenue by 29% and its EBITDA by 75% over the first quarter of fiscal 2015, with slightly more than half of the increases coming from the Taurus acquisition. The Company's existing coring business has seen increased utilization, although still at depressed prices. It should be noted that last year's revenue included some $9 million from Australia and the Democratic Republic of Congo ("DRC"), branches where operations have since closed.

Lower levels of demand have significantly increased competitive pressures and margins continue to be affected as it is difficult to improve productivity beyond the gains the Company has been able to make over the last two years. With underground activities currently representing 26% of revenue, and depressed pricing in other operations, margins were lower at 23.8%.

Also, during the quarter the Company recorded a restructuring charge of $2.8 million, primarily relating to the decision to close its operations in the DRC due to ongoing administrative difficulties associated with operating in that country.

Net loss was $10.1 million or $0.13 per share ($0.13 per share diluted) for the quarter, compared to a net loss of $19.1 million or $0.24 per share ($0.24 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS – SECOND QUARTER ENDED OCTOBER 31, 2014

Total revenue for the quarter was $87.2 million, down 6% from revenue of $92.3 million recorded in the same quarter last year, but up 29% from the first quarter. Uncertainty around economic matters impacting the mining market continues to cause delays in customers' exploration drilling plans, and in a number of jurisdictions, uncertainty as to the policies of host governments or issues of land tenure also had an impact on quarterly results. Also, many junior customers have scaled back or suspended drilling activities due to a lack of capital.

Revenue for the quarter from Canada-U.S. drilling operations increased by 14% to $49.8 million compared to the same period last year. Both countries continue to be affected by the slowdown in the industry, but decreased revenue in exploration drilling was more than offset by the additional revenue provided by the Taurus acquisition.

South and Central American revenue was up 33% to $23.3 million for the quarter, compared to the same quarter last year. Mexico, Chile and Argentina, all showed increased activity levels although at lower prices. In Brazil, the Company had its first full quarter of operations, although it is expected that it will take a few months to attain an adequate volume to become profitable.

Australian, Asian and African operations reported revenue of $14.0 million, down 55% from the same period last year. Several factors affected the region's revenue this quarter compared to last year. The Company closed its operations in Australia earlier in the year, and has also closed its operations in the DRC due to ongoing administrative difficulties associated with operating in that country. Also, Mongolia continues to be affected by political uncertainty around mining laws.

The overall gross margin percentage for the quarter was 23.8%, down from 32.5% for the same period last year. Margins continue to be affected by reduced pricing due to increased competitive pressures. As well, our customers are focusing on mine site drilling, especially underground drilling, which tends to have lower margins.

General and administrative costs were down 8% from last year at $11.3 million for the quarter despite adding the operations of Taurus Drilling. With the decrease in activity, the Company has reduced its general and administrative costs by implementing reductions of salaried employees and restructuring certain branches.

The Company recorded a restructuring charge of $2.8 million, primarily relating to the decision to shut down operations in the DRC. This consists primarily of a non-cash write-down of assets and close-down costs relating to severance and moving costs.

The provision for income tax for the quarter was an expense of $2.4 million compared to $8.7 million for the prior year period. The tax expense for the quarter was impacted by non-tax affected losses, non-deductible expenses and tax audit settlements relating to prior years.

Net loss was $10.1 million or $0.13 per share ($0.13 per share diluted) for the quarter, compared to a net loss of $19.1 million or $0.24 per share ($0.24 per share diluted) for the prior year quarter, as the Company recorded a goodwill impairment of $12.1 million last year related to its Chilean operations.

RESULTS OF OPERATIONS – YEAR-TO-DATE ENDED OCTOBER 31, 2014

Revenue for the six months ended October 31, 2014 decreased 23% to $154.7 million from $200.5 million for the corresponding period last year.

Revenue from Canada-U.S. drilling operations decreased by 11% to $86.2 million compared to the same period last year as both countries were affected by the slowdown in the industry, which was somewhat offset by the additional revenue provided by the Taurus acquisition.

South and Central American revenue was down 5% to $37.4 million compared to the same period last year.

Australian, Asian and African operations reported revenue of $31.1 million, down 52% from the same period last year. Four main factors affected the region's revenue: 1) Australia, where the Company has shut down operations, 2) Mongolia, which is affected by political uncertainty around mining laws, 3) DRC where the Company has closed its operation due to ongoing administrative difficulties associated with operating in that country, and 4) Mozambique, where the cancellation of one large project had a significant impact on that operation.

Gross margin for the year-to-date was 24.2% compared to 32.5% last year. Margins were affected by reduced pricing due to increased competitive pressures. As well, margins were affected by higher than normal repair costs this quarter, as the Company continued to prepare rigs in order to be able to respond rapidly to any customer requests.

General and administrative expenses decreased by $3.1 million or 12% to $22.2 million compared to the prior year. With the decrease in activity, the Company has reduced its general and administrative costs by implementing reductions of salaried employees and restructuring certain branches.

The Company recorded a restructuring charge of $3.4 million, primarily relating to the decision to shut down operations in the DRC. This consists primarily of a non-cash write-down of assets and close-down costs relating to severance and moving costs. Last year's restructuring charge of $2.7 million consisted primarily of retrenchment costs following additional staff reduction initiatives implemented across the Company.

Net loss was $17.5 million or $0.22 per share ($0.22 per share diluted) compared to a loss of $17.6 million or $0.22 per share ($0.22 per share diluted) last year.

SUMMARY OF QUARTERLY RESULTS

(in $000 CAD, except per share)	Fiscal 2013		Fiscal 2014				Fiscal 2015	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	$ 123,189	$ 135,537	$ 108,211	$ 92,268	$ 71,830	$ 82,637	$ 67,551	$ 87,192
Gross profit	29,275	43,087	35,122	30,011	17,770	21,524	16,667	20,736
Gross margin	23.8%	31.8%	32.5%	32.5%	24.7%	26.0%	24.7%	23.8%
Net (loss) earnings	(4,288)	2,174	1,522	(19,100)	(12,797)	(24,935)	(7,331)	(10,148)
Per share - basic	(0.05)	0.03	0.02	(0.24)	(0.16)	(0.31)	(0.09)	(0.13)
Per share - diluted	(0.05)	0.03	0.02	(0.24)	(0.16)	(0.31)	(0.09)	(0.13)

With the exception of the third quarter, the Company exhibits comparatively less seasonality in quarterly revenue than in the past. The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities, often for extended periods over the holiday season, particularly in South and Central America.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes) was $5.8 million for the quarter compared to $15.7 million generated in the same period last year.

The change in non-cash operating working capital items was an inflow of $3.6 million for the quarter compared to an inflow of $9.7 million for the same period last year. The inflow in non-cash operating working capital in the quarter ended October 31, 2014 was primarily impacted by:

- An increase in accounts receivable of $6.0 million due to increased activity in the second quarter;
- A decrease in inventory of $4.8 million;
- A decrease in prepaid expenses of $1.4 million; and
- An increase in accounts payable of $4.1 million (net of dividend payable of $8.0 million).

Financing Activities

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 quarter, 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.

<u>Operating Credit Facilities</u>

The credit facilities related to operations total $33.2 million ($25.0 million from a Canadian chartered bank, $3.9 million for a Chilean pesos facility and $4.3 million in various credit facilities) and are primarily secured by corporate guarantees of companies within the group. At October 31, 2014, the Company had utilized $7.4 million of these lines mainly for stand-by letters of credit. The Company also has a credit facility of $3.1 million for credit cards for which interest rate and repayment are as per cardholder agreements.

<u>Long-Term Debt</u>

Total long-term debt decreased by $4.5 million during the quarter to $17.6 million at October 31, 2014. Debt repayments were $4.8 million during the quarter.

As of October 31, 2014, the Company had the following long-term debt facilities:

- $9.6 million non-revolving facility for financing the acquisition of Bradley Group. This facility is amortized over five years ending in September 2016.

- $50.0 million revolving facility for financing the cost of equipment purchases or acquisition costs of related businesses. At October 31, 2014, this facility had not been utilized.

- $6.8 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

- The Company also has various other loans and capital lease facilities related to equipment purchases that totaled $1.2 million at October 31, 2014, which were fully drawn and mature through 2017.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future debt obligations and appropriate levels of working capital, capital expenditures, and dividends. As at October 31, 2014, the Company had unused borrowing capacity under its credit facilities of $75.8 million and cash of $51.1 million, for a total of $126.9 million in available funds.

Investing Activities

Capital expenditures were $2.9 million for the quarter ended October 31, 2014 compared to $6.0 million for the same period last year.

The disposal of equipment generated proceeds of $5.2 million during the quarter compared to $1.1 million for the same period last year.

During the quarter, the Company added 39 drill rigs through its Taurus acquisition while retiring or disposing of 9 drill rigs through its modernization program. This brings the total drill rig count to 720 at quarter-end.

OUTLOOK

Due to the uncertainty around economic matters impacting the mining market, it is very difficult to forecast customer demand over the next twelve months, as senior customers are still very cautious about investing in future projects. In the immediate future, however, the Company is adding revenue from the Taurus acquisition, which has allowed the Company to provide an even wider range of complementary services, adding underground production drilling to existing underground core drilling. Also, the Company is in a unique position to react quickly when the industry begins to recover as the Company's financial strength has allowed it to invest in safety and to maintain its equipment in excellent condition.

It is important to note that the Company is now in its third quarter, traditionally the weakest quarter of its fiscal year, as mining and exploration companies shut down, often for extended periods over the holiday season. At this time, most senior and intermediate companies are still working through their budget process and have yet to decide on post-holiday start-up dates. As usual, due to the time it takes to mobilize once contracts are awarded, a slow pace of start-ups is expected in January, which will impact overall third quarter revenue. Pricing is expected to remain competitive until utilization rates pick up significantly, especially in conventional drilling. Therefore, as the Company has experienced in some past years, it expects to generate a seasonal loss in the upcoming third quarter. As the outlook for 2015 becomes clearer, the Company will continue to evaluate each of its operations and continue to review the appropriate levels for its dividend.

FOREIGN EXCHANGE

Year-over-year revenue comparisons continue to be affected by the variations of the Canadian dollar against the U.S. dollar and other functional reporting currencies. The favourable impact of foreign exchange translation, for the quarter, when comparing to the effective rates for the same period last year, is estimated at $2 million on revenue but negligible on net earnings. The favourable impact of foreign exchange translation, for the six-month period ended October 31, 2014, is estimated at $4 million on revenue but negligible on net earnings.

COMPREHENSIVE EARNINGS

The consolidated statements of other comprehensive earnings for the quarter include $8.8 million in unrealized gain on translating the financial statements of the Company's foreign operations compared to a gain of $9.7 million for the same period last year. The change relates to translating the net assets of the Company's foreign operations, which have a functional currency other than the Canadian dollar, to the Company's Canadian dollar currency presentation.

GENERAL RISKS AND UNCERTAINTIES

A complete discussion of general risks and uncertainties may be found in the Company's Annual Information Form for the fiscal year ended April 30, 2014, which can be found on the SEDAR website at www.sedar.com, and which continue to apply to the business of the Company. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

OFF BALANCE SHEET ARRANGEMENTS

Except for operating leases discussed in the annual MD&A for the year ended April 30, 2014, where there were no significant changes, the Company does not have any other off balance sheet arrangements.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's disclosure and internal controls over financial reporting during the period beginning on May 1, 2014 and ending on October 31, 2014 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

OUTSTANDING SHARE DATA

As of November 30, 2014, there were 80,135,883 common shares issued and outstanding in the Company. This is the same number as reported in our first quarter MD&A (reported as of August 29, 2014).

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Operations

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

(unaudited)

	Three months ended October 31		Six months ended October 31	
	2014	2013	**2014**	2013
TOTAL REVENUE	**$ 87,192**	$ 92,268	**$ 154,743**	$ 200,479
DIRECT COSTS	**66,456**	62,257	**117,340**	135,346
GROSS PROFIT	**20,736**	30,011	**37,403**	65,133
OPERATING EXPENSES				
General and administrative	**11,261**	12,269	**22,240**	25,316
Other expenses	**1,673**	1,018	**2,544**	2,083
(Gain) loss on disposal of property, plant and equipment	**(2,015)**	263	**(2,030)**	433
Foreign exchange loss	**1,445**	780	**1,518**	2,004
Finance costs	**190**	224	**394**	538
Depreciation of property, plant and equipment	**12,609**	12,801	**25,962**	25,976
Amortization of intangible assets	**527**	342	**848**	684
Impairment of goodwill	**-**	12,057	**-**	12,057
Restructuring charge	**2,830**	678	**3,421**	2,712
	28,520	40,432	**54,897**	71,803
LOSS BEFORE INCOME TAX	**(7,784)**	(10,421)	**(17,494)**	(6,670)
INCOME TAX - PROVISION (RECOVERY) (note 7)				
Current	**4,187**	4,684	**4,515**	8,475
Deferred	**(1,823)**	3,995	**(4,530)**	2,433
	2,364	8,679	**(15)**	10,908
NET LOSS	**$ (10,148)**	$ (19,100)	**$ (17,479)**	$ (17,578)
LOSS PER SHARE (note 8)				
Basic	**$ (0.13)**	$ (0.24)	**$ (0.22)**	$ (0.22)
Diluted	**$ (0.13)**	$ (0.24)	**$ (0.22)**	$ (0.22)

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Comprehensive Loss

(in thousands of Canadian dollars)

(unaudited)

	Three months ended October 31		Six months ended October 31	
	2014	2013	**2014**	2013
NET LOSS	**$ (10,148)**	$ (19,100)	**$ (17,479)**	$ (17,578)
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized gains on foreign currency translations (net of tax)	**8,846**	9,677	**6,346**	4,580
COMPREHENSIVE LOSS	**$ (1,302)**	$ (9,423)	**$ (11,133)**	$ (12,998)

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2013 and 2014

(in thousands of Canadian dollars)

(unaudited)

	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	-	981	-	-	981
Dividends	-	-	(7,916)	-	(7,916)
	230,985	15,185	275,172	10,052	531,394
Comprehensive loss:					
Net loss	-	-	(17,578)	-	(17,578)
Unrealized gains on foreign currency translations	-	-	-	4,580	4,580
Total comprehensive loss	-	-	(17,578)	4,580	(12,998)
BALANCE AS AT OCTOBER 31, 2013	$ 230,985	$ 15,185	$257,594	$ 14,632	$518,396
BALANCE AS AT MAY 1, 2014	**$ 230,985**	**$ 15,937**	**$211,945**	**$ 25,480**	**$484,347**
Exercise of stock options	**46**	**(12)**	**-**	**-**	**34**
Share issue (note 10)	**8,689**	**-**	**-**	**-**	**8,689**
Share-based payments reserve	**-**	**702**	**-**	**-**	**702**
Dividends	**-**	**-**	**(8,014)**	**-**	**(8,014)**
	239,720	**16,627**	**203,931**	**25,480**	**485,758**
Comprehensive loss:					
Net loss	**-**	**-**	**(17,479)**	**-**	**(17,479)**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**6,346**	**6,346**
Total comprehensive loss	**-**	**-**	**(17,479)**	**6,346**	**(11,133)**
BALANCE AS AT OCTOBER 31, 2014	**$ 239,720**	**$ 16,627**	**$186,452**	**$ 31,826**	**$474,625**

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Three months ended October 31		Six months ended October 31	
	2014	2013	**2014**	2013
OPERATING ACTIVITIES				
Loss before income tax	**$ (7,784)**	$ (10,421)	**$ (17,494)**	$ (6,670)
Operating items not involving cash				
Depreciation and amortization	**13,136**	13,143	**26,810**	26,660
(Gain) loss on disposal of property, plant and equipment	**(2,015)**	263	**(2,030)**	433
Share-based payments reserve	**347**	451	**702**	981
Impairment of goodwill	**-**	12,057	**-**	12,057
Restructuring charge	**1,953**	-	**1,953**	665
Finance costs recognized in loss before income tax	**190**	224	**394**	538
	5,827	15,717	**10,335**	34,664
Changes in non-cash operating working capital items	**3,596**	9,683	**2,401**	107
Finance costs paid	**(187)**	(217)	**(388)**	(527)
Income taxes paid	**(2,009)**	(3,109)	**(4,209)**	(9,460)
Cash flow from operating activities	**7,227**	22,074	**8,139**	24,784
FINANCING ACTIVITIES				
Increase in demand loan	**658**	-	**658**	-
Repayment of demand loan	**-**	-	**(3,354)**	-
Repayment of long-term debt	**(4,760)**	(3,968)	**(6,499)**	(17,034)
Issuance of common shares	**25**	-	**34**	-
Dividends paid	**-**	-	**(7,916)**	(7,916)
Cash flow used in financing activities	**(4,077)**	(3,968)	**(17,077)**	(24,950)
INVESTING ACTIVITIES				
Business acquisition (note 10)	**(20,891)**	-	**(20,891)**	(205)
Acquisition of property, plant and equipment (net of direct financing) (note 6)	**(2,912)**	(6,005)	**(10,057)**	(11,209)
Proceeds from disposal of property, plant and equipment	**5,246**	1,067	**15,880**	2,883
Cash flow used in investing activities	**(18,557)**	(4,938)	**(15,068)**	(8,531)
Effect of exchange rate changes	**985**	897	**815**	1,510
(DECREASE) INCREASE IN CASH	**(14,422)**	14,065	**(23,191)**	(7,187)
CASH, BEGINNING OF THE PERIOD	**65,475**	61,059	**74,244**	82,311
CASH, END OF THE PERIOD	**$ 51,053**	$ 75,124	**$ 51,053**	$ 75,124

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2014 and April 30, 2014
(in thousands of Canadian dollars)
(unaudited)

	October 31, 2014	April 30, 2014
ASSETS		
CURRENT ASSETS		
Cash	$ 51,053	$ 74,244
Trade and other receivables	72,369	66,211
Income tax receivable	9,494	12,179
Inventories	77,542	81,308
Prepaid expenses	4,699	4,690
	215,157	238,632
PROPERTY, PLANT AND EQUIPMENT	287,803	307,288
DEFERRED INCOME TAX ASSETS	7,374	5,825
GOODWILL	65,041	38,056
INTANGIBLE ASSETS	1,212	1,923
	$ 576,587	$ 591,724
LIABILITIES		
CURRENT LIABILITIES		
Demand loan	$ 1,236	$ 3,909
Trade and other payables	49,345	52,155
Income tax payable	818	3,416
Current portion of long-term debt	6,507	9,655
	57,906	69,135
CONTINGENT CONSIDERATION (note 10)	11,500	-
LONG-TERM DEBT	11,055	14,187
DEFERRED INCOME TAX LIABILITIES	21,501	24,055
	101,962	107,377
SHAREHOLDERS' EQUITY		
Share capital	239,720	230,985
Share-based payments reserve	16,627	15,937
Retained earnings	186,452	211,945
Foreign currency translation reserve	31,826	25,480
	474,625	484,347
	$ 576,587	$ 591,724

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. (the "Company" or "Major Drilling") is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Suite 100, Moncton, NB, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, Mexico, South America, Asia and Africa.

2. BASIS OF PRESENTATION

Statement of compliance

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2014.

On December 4, 2014 the Board of Directors authorized the financial statements for issue.

Basis of consolidation

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

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

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

Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2014, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable for fiscal years beginning on or after January 1, 2014.

3. APPLICATION OF NEW AND REVISED IFRS

The following IASB standards, now in effect, 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*

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*
IFRS 10 *(amended) Consolidated Financial Statements*
IFRS 11 *(amended) Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
IFRS 15 *Revenue from Contracts with Customers*
IAS 16 *(amended) Property, Plant and Equipment*
IAS 27 *(amended) Separate Financial Statements*
IAS 28 *(amended) Investments in Associates and Joint Ventures*
IAS 38 *(amended) Intangible Assets*

The Company is currently in the process of assessing the impact of the adoption of these standards on the Consolidated Financial Statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that 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 amortization purposes, property, plant and equipment 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.

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, and the recognition of provisions and accrued liabilities.

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

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT & EQUIPMENT

Capital expenditures for the three months ended October 31, 2014 were $3,124 (2013 - $6,005) and for the six months ended October 31, 2014 were $10,269 (2013 - $11,209). The Company obtained direct financing of $212 for the three and six months ended October 31, 2014 and nil for the three and six months ended October 31, 2013.

7. INCOME TAXES

The income tax expense for the period can be reconciled to accounting loss as follows:

	Q2 2015	Q2 2014	**YTD 2015**	YTD 2014
Loss before income tax	**$ (7,784)**	$(10,421)	**$ (17,494)**	$ (6,670)
Statutory Canadian corporate income tax rate	**27%**	28%	**27%**	28%
Expected income tax recovery based on statutory rate	**(2,102)**	(2,918)	**(4,723)**	(1,868)
Non-recognition of tax benefits related to losses	**2,814**	1,005	**3,564**	1,081
Other foreign taxes paid	**77**	77	**171**	202
Rate variances in foreign jurisdictions	**(19)**	1,390	**(276)**	1,844
Permanent differences	**95**	3,308	**434**	3,668
De-recognition of previously recognized tax losses	**-**	4,536	**-**	4,536
Other	**1,499**	1,281	**815**	1,445
Income tax expense (recovery) recognized in net loss	**$ 2,364**	$ 8,679	**$ (15)**	$ 10,908

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

7. INCOME TAXES (Continued)

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 favorable or unfavorable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statutes of limitations lapse.

8. LOSS PER SHARE

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

	Q2 2015	Q2 2014	**YTD 2015**	YTD 2014
Net loss	**$ (10,148)**	$ (19,100)	**$ (17,479)**	$ (17,578)
Weighted average shares outstanding – basic (000's)	**80,124**	79,161	**79,643**	79,161
Net effect of dilutive securities:				
Stock options (000's)	**-**	-	**-**	-
Weighted average number of shares – diluted (000's)	**80,124**	79,161	**79,643**	79,161
Loss per share:				
Basic	**$ (0.13)**	$ (0.24)	**$ (0.22)**	$ (0.22)
Diluted	**$ (0.13)**	$ (0.24)	**$ (0.22)**	$ (0.22)

There were no anti-dilutive options for the three and six months ended October 31, 2014 and 2013.

The total number of shares outstanding on October 31, 2014 was 80,135,883 (2013 - 79,161,378).

9. 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 the Company's annual Consolidated Financial Statements for the year ended April 30, 2014. Management evaluates performance based on (loss) 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:

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

9. SEGMENTED INFORMATION (Continued)

	Q2 2015	Q2 2014	**YTD 2015**	YTD 2014
Revenue				
Canada – U.S.	**$ 49,813**	$ 43,665	**$ 86,232**	$ 97,032
South and Central America	**23,331**	17,524	**37,436**	39,262
Australia, Asia and Africa	**14,048**	31,079	**31,075**	64,185
	$ 87,192	$ 92,268	**$ 154,743**	$ 200,479
Earnings (loss) from operations				
Canada – U.S.	**$ 2,580**	$ 4,161	**$ 1,967**	$ 11,524
South and Central America	**(794)**	(14,486)	**(5,512)**	(16,573)
Australia, Asia and Africa	**(6,528)**	2,250	**(8,810)**	3,697
	(4,742)	(8,075)	**(12,355)**	(1,352)
Eliminations	**-**	(133)	**-**	(285)
	(4,742)	(8,208)	**(12,355)**	(1,637)
Finance costs	**190**	224	**394**	538
General corporate expenses*	**2,852**	1,989	**4,745**	4,495
Income tax	**2,364**	8,679	**(15)**	10,908
Net loss	**$(10,148)**	$(19,100)	**$ (17,479)**	$ (17,578)

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

Canada – U.S. includes revenue of $29,187 and $24,442 for Canadian operations for the three months ended October 31, 2014 and 2013, respectively, and $51,637 and $62,786 for the six months ended October 31, 2014 and 2013, respectively.

	Q2 2015	Q2 2014	**YTD 2015**	YTD 2014
Depreciation and amortization				
Canada – U.S.	**$ 6,440**	$ 5,662	**$ 12,484**	$ 11,472
South and Central America	**2,930**	2,980	**6,584**	5,994
Australia, Asia and Africa	**3,390**	3,970	**6,995**	8,093
Unallocated corporate assets	**376**	531	**747**	1,101
Total depreciation and amortization	**$ 13,136**	$ 13,143	**$ 26,810**	$ 26,660

	October 31, 2014	April 30, 2014
Identifiable assets		
Canada – U.S.	**$ 229,994**	$ 197,673
South and Central America	**182,503**	178,026
Australia, Asia and Africa	**116,980**	148,806
	529,477	524,505
Unallocated and corporate assets	**47,110**	67,219
	$ 576,587	$ 591,724

Canada – U.S. includes property, plant and equipment at October 31, 2014 of $87,721 (April 30, 2014 - $88,347) for Canadian operations.

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

10. BUSINESS ACQUISITION

Taurus Drilling Services

Effective August 1, 2014, the Company entered into the underground percussive/longhole drilling sector with its purchase of the operations 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 this operation have been included in the Interim Condensed Consolidated Statements of Operations from the closing date. Through this purchase, which fits with the Company's strategic focus on specialized drilling, the Company acquired 39 underground drill rigs, support equipment and inventory, existing contracts and receivables, the operation's management team, and other employees, including experienced drillers.

The purchase price for the transaction was $29.6 million (consisting of $20.7 million in cash, $8.7 million in Major Drilling shares, and $0.2 million in assumption of debt), and an additional maximum amount of $11.5 million tied to performance. The additional payout period extends for three years, commencing on August 1, 2014, and payments are contingent on growing EBITDA run rates above current levels.

As the acquisition occurred early in the current quarter, the Company is in the process of finalizing the valuation of assets. As at October 31, 2014, 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 will represent the excess of the total consideration paid over the fair market 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.

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

Assets acquired		
Trade and other receivables	$	5,511
Inventories		606
Prepaid expenses		40
Property, plant and equipment		9,287
Goodwill		26,650
Trade and other payables		(1,014)
Total assets	**$**	**41,080**
Consideration		
Cash	$	20,680
Trade and other payable		211
Contingent consideration		11,500
Shares of Major Drilling		8,689
	$	**41,080**

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

10. BUSINESS ACQUISITION (Continued)

The above consideration includes non-cash investing activities, which are not reflected in the Interim Condensed Consolidated Statements of Cash Flows, including the issuance of 966,495 shares of Major Drilling at $8.99 for a total of $8,689 and contingent consideration of $11,500.

The Company incurred acquisition-related costs of $308 relating to external legal fees and due diligence costs. These acquisition costs have been included in the other expense line of the Interim Condensed Consolidated Statements of Operations.

The revenue for the three months ended October 31, 2014 attributable to the additional business generated by Taurus was $11,151. 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.

11. FINANCIAL INSTRUMENTS

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 the carrying value of long-term debt, which approximates its fair value, as most debts carry variable interest rates and the remaining fixed rate debts continue to reflect fair value. The fair value of the interest rate swap included in long-term debt is measured using quoted interest rates.

	October 31, 2014	April 30, 2014
Long-term debt	**$ 17,562**	$ 23,842

During the current quarter, 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.

Credit risk

As at October 31, 2014, 81.6% of the Company's trade receivables were aged as current (April 30, 2014 - 79.8%) and 5.1% of the trade receivables were impaired (April 30, 2014 - 5.1%).

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

11. FINANCIAL INSTRUMENTS (Continued)

The movement in the allowance for impairment of trade receivables during the six month periods were as follows:

	October 31, 2014	October 31, 2013
Opening balance	**$ 3,016**	$ 2,790
Increase in impairment allowance	**1,258**	445
Recovery of amounts previously impaired	**(186)**	-
Write-off charged against allowance	**(814)**	(844)
Foreign exchange translation differences	**(52)**	14
Ending balance	**$ 3,222**	$ 2,405

Foreign currency risk
The 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 US $12,922 as of October 31, 2014.

If the Canadian dollar moved by plus or minus 10% at October 31, 2014, the unrealized foreign exchange gain or loss recognized in net loss would move by approximately US $1,292.

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

	1 year	2-3 years	4-5 years	thereafter	Total
Demand loan	$ 1,236	$ -	$ -	$ -	$ 1,236
Trade and other payables	49,345	-	-	-	49,345
Long-term debt	6,761	7,473	2,149	1,942	18,325
	$ 57,342	$ 7,473	$ 2,149	$ 1,942	$ 68,906