MAJOR *Partners on the Ground*

NEWS RELEASE

Major Drilling Announces Second Quarter Results

MONCTON, New Brunswick (December 4, 2014) – Major Drilling Group International Inc. (TSX: MDI) (the "Company") today reported results for its second quarter of fiscal year 2015, ended October 31, 2014.

Highlights

In millions of Canadian dollars (except loss per share)	Q2-15	Q2-14	YTD-15	YTD-14
Revenue	$87.2	$92.3	$154.7	$200.5
Gross profit	20.7	30.0	37.4	65.1
As percentage of sales	23.8%	32.5%	24.2%	32.5%
EBITDA(1)	8.4	15.7	13.1	35.3
As percentage of revenue	9.6%	17.0%	8.5%	17.6%
Net loss	(10.1)	(19.1)	(17.5)	(17.6)
Loss per share	(0.13)	(0.24)	(0.22)	(0.22)

(1) Earnings before interest, taxes, depreciation and amortization, excluding restructuring charges and goodwill impairment (see "non-GAAP financial measures")

- Cash on hand at quarter-end was $51 million while total debt was $19 million, for a net cash position of $32 million, following payments of $21 million for the Taurus acquisition.
- Major Drilling posted quarterly revenue of $87.2 million, down 6% from the $92.3 million recorded for the same quarter last year, but up 29% from $67.6 million in the previous quarter.
- Gross margin percentage for the quarter was 23.8%, compared to 32.5% for the corresponding period last year.
- 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.
- Taurus Drilling acquisition was effective as of August 1, 2014, complementing our underground services.

"Despite a very difficult environment, we have been able to increase our revenue by 29% and our EBITDA by 75% over our first quarter of fiscal 2015, with slightly more than half of the increases coming from our Taurus acquisition. Our existing coring business has seen increased utilization, although still at depressed prices. We should note 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 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," said Francis McGuire, President and CEO of Major Drilling.

"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 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. As the outlook for 2015 becomes clearer, we will continue to evaluate each of our operations and continue to review the appropriate levels for our dividend."

"While many branches continue to be profitable in the quarter, there are some unprofitable branches, including Chile, Colombia, Mongolia, West Africa and Brazil, which we continue to support because we believe that they have potential. We continue to hope that the political stalemate in Mongolia around mining projects will get resolved shortly, and we will continue to build our operation in Brazil. Our most profitable branches are located in high tax jurisdictions, and in a number of unprofitable jurisdictions we have not recorded additional tax loss provisions. As a consequence, net income tax expense was $2.4 million during the quarter."

"As we go through this challenging period, we continue to focus on cash generation. Major Drilling remains debt free, with a net cash position of $32 million at the end of the quarter. Although we paid $20.9 million on the Taurus acquisition during the quarter, our net cash only decreased by $10.6 million."

"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. Also, we are 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."

"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," added Mr. McGuire.

"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."

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.

Non-GAAP Financial Measures

In this news release, the Company uses the non-GAAP financial measure, EBITDA, excluding restructuring charges and goodwill impairment. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Forward-Looking Statements

Some of the statements contained in this press release may be forward-looking statements, such as, but not limited to, those relating to worldwide demand for gold and base metals and overall commodity prices, the level of activity in the minerals and metals industry and the demand for the Company’s services, the Canadian and international economic environments, the Company’s ability to attract and retain customers and to manage its assets and operating costs, sources of funding for its clients, particularly for junior mining companies, competitive pressures, currency movements, which can affect the Company’s revenue in Canadian dollars, the geographic distribution of the Company’s operations, the impact of operational changes, changes in jurisdictions in which the Company operates (including changes in regulation), failure by counterparties to fulfill contractual obligations, and other factors as may be set forth, as well as objectives or goals, and including words to the effect that the Company or management expects a stated condition to exist or occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements by reason of factors such as, but not limited to, the factors set out in the discussion on pages 15 to 18 of the 2014 Annual Report entitled “General Risks and Uncertainties”, and such other documents as available on SEDAR at www.sedar.com. All such factors should be considered carefully when making decisions with respect to the Company. The Company does not undertake to update any forward-looking statements, including those statements that are incorporated by reference herein, whether written or oral, that may be made from time to time by or on its behalf, except in accordance with applicable securities laws.

Based in Moncton, New Brunswick, Major Drilling Group International Inc. is one of the world's largest metals and minerals contract drilling services companies. To support its customers’ mining operations, mineral exploration and environmental activities, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, and Africa.

Financial statements are attached.

Webcast/Conference Call Information

Major Drilling will provide a simultaneous webcast and conference call of its quarterly conference call on ***Friday, December 5, 2014 at 9:00 AM (EST).*** *To access the webcast please go to the investors/webcast section of Major Drilling's website at www.majordrilling.com and click the attached link, or go directly to the CNW Group website at www.newswire.ca for directions. Participants will require Windows MediaPlayer, which can be downloaded prior to accessing the call. Please note that this is listen only mode.*

To access the conference call, please dial 647-427-7450 and ask for Major Drilling's Second Quarter Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled call.

For those unable to participate, a taped rebroadcast will be available approximately two hours after the completion of the call until midnight, Friday, December 12, 2014. To access the rebroadcast, dial 416-849-0833, 514-807-9274, 403-451-9481 or 902-455-3955 and enter the passcode 35519099. The webcast will also be archived for 90 days and can be accessed on the Major Drilling website at www.majordrilling.com or on the CNW Group website at www.newswire.ca.

-- 30 --

For further information:
Denis Larocque, Chief Financial Officer
Tel: (506) 857-8636
Fax: (506) 857-9211
ir@majordrilling.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