President's Report to Shareholders – Second Quarter 2013

During the quarter, the Company had revenue of $199.6 million, down 7% from the $213.9 million recorded in Q2 last year. Net earnings were $22.3 million, or $0.28 per share, down from $31.6 million, or $0.43 per share, recorded last year. Quarterly EBITDA remained strong at 24% of revenue. The overall gross margin percentage for the quarter was 33.4% as compared to 34.6% for the same period last year.

Capital expenditures for the quarter were $17.8 million as we purchased 21 rigs while retiring 8 rigs through our modernization program. Sixteen of these rigs are specialized as we continue to foresee the need to expand our specialized fleet. We also see opportunities to expand our underground operation as more mines progress through the next stage of their mine life. In fact, 60% of our rigs are now less than five years old in an industry where rigs tend to last 20 years. Also, subsequent to quarter-end, we purchased the Canadian assets of Landdrill International Limited. Through this purchase we acquired 15 compatible rigs that are less than three years old, as well as ancillary equipment and inventory for a total purchase price of approximately $4.0 million. This will help reduce our capital expenditures in fiscal 2014 by some $10 million.

As expected during the quarter, two general factors contributed to a decline in revenue. First, many mining companies did not extend their activities beyond their original budgets. Last year, many senior companies continued their drilling efforts well into November and December. While revenue from senior and intermediate companies actually increased year-over-year by some $20 million, we saw a decline in our activities with junior mining companies. In fact, 78% of our revenue during the quarter came from senior and intermediate customers. Many of these projects are slated to continue and are expected to create a solid base for our operations in calendar 2013.

During the quarter, four branches faced specific challenges. Australia had many projects canceled due to high costs, the high Australian dollar and new mining taxes. Mongolia and Argentina were affected by political uncertainty, although both started to recover somewhat late in the quarter. Finally, Mexico had many projects delayed or canceled as this region has a larger proportion of junior customers.

Looking forward, if customers go ahead with their stated plans, we see consistent levels of activity coming in calendar 2013 from both the senior and intermediate mining houses as well as junior companies with projects in development. The bidding activity in most regions has been very similar to last year with the exceptions of Australia and Argentina. We do note that the requested start date in many of these bids is slightly later than last year. Based on current customer plans, we expect demand for specialized drilling to continue in the year ahead. Specialized drilling continues to form the cornerstone of our corporate strategy. Although there has been a recent increase in junior financing activity, we have not yet seen any significant increase in their activity levels. With this in mind, we have also been able to reduce our general and administrative costs by 9% over the past three months, in part related to the integration of the Bradley operations.

In terms of our financial position, we have one of the most solid balance sheets in our industry and are now debt free net of cash. Our total net cash position, net of debt, was at $30 million at the end of the quarter, an improvement of $43 million from the previous quarter. This situation allows us to respond to well-priced opportunities as they arise.

It is important to note that we are now in our third quarter, seasonally the weakest quarter of our fiscal year as mining and exploration companies shut down, often for extended periods over the holiday season. Holiday breaks are expected to be longer this year and November will not have the benefit of the program extensions that we had last year. This will lead to a drop in activity as compared to Q3 last year. Weather can also play an important role in affecting operations. As we have experienced in some past years, we expect to generate a seasonal loss in the upcoming third quarter before recovering to Q2 activity levels in the fourth quarter.

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

Francis P. McGuire
President & CEO

MAJOR

Partners on the Ground

Management's Discussion and Analysis

Second Quarter Fiscal 2013

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER FISCAL 2013

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, 2012. All amounts in this MD&A are in Canadian dollars, except where otherwise noted. These quarterly unaudited interim 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, 2012 as compared to the corresponding period in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited consolidated interim financial statements as at and for the three months ended October 31, 2012, 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, 2012.

This MD&A is dated November 23, 2012. 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, 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 this MD&A.

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 service 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, South and Central America, Australia, 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 and shallow gas.

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 will also seek to diversify by investing in energy and environmental drilling services that 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 latter stages of the mining cycle as clients develop underground mines.

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.

Several years ago, high commodity prices drove the industry to record levels of activity, with worldwide mineral exploration expenditures in calendar 2008 surpassing US$14 billion. During the recession, which began in calendar 2009, drilling was significantly impacted, particularly on base metal projects, with worldwide mineral exploration expenditures that year falling to US$8 billion. Most senior and intermediate base metal companies were leveraged and reduced their exploration spending in calendar 2009, in order to conserve cash. Many gold producers delayed exploration plans at that time due to the uncertainty in the economy.

In calendar 2011, senior mining companies announced significant increases in exploration budgets as they had an urgent need to replenish their diminishing reserves in light of their lack of exploration in 2009 and 2010. Also, in calendar 2011 there was a significant increase in financing of junior mining companies particularly in the first half of the year. All of this combined for a record year in exploration with Metals Economics Group ("MEG") estimating that total global expenditures for non-ferrous metals exploration was a record US$18.2 billion.

With the current volatility in the financial markets, many junior mining companies are experiencing financing difficulties and slowing down their exploration efforts. However, at the present time, most senior and intermediate mining companies remain committed to the large majority of their projects in order to replace their reserves. For the most part, these mining companies are in a much better financial position than three years ago. In addition, the price of gold is almost double what it was in 2008, the price of copper remains relatively high by historical standards, and both are well above average costs of production.

In the longer-term, the fundamental drivers of the business 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. The prospects for gold-related drilling, which generally accounts for approximately 50% of the drilling market, also remains positive.

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.

OVERALL PERFORMANCE

As expected during the quarter, two general factors contributed to a decline in revenue. Many mining companies did not extend their activities beyond their original budgets. Last year, most senior companies continued their drilling efforts well into November and December. While revenue from senior and intermediate companies actually increased year-over-year by some $20 million, we saw a decline in our activities with junior mining companies. In fact, 78% of our revenue during the quarter came from senior and intermediate customers. Many of these projects are slated to continue and are expected to create a solid base for operations in calendar 2013.

During the quarter, four branches faced specific challenges. Australia had many projects canceled due to high costs, the high Australian dollar and new mining taxes. Mongolia and Argentina were affected by political uncertainty, although both started to recover somewhat late in the quarter. Finally, Mexico had many projects delayed or canceled as this region has a larger proportion of junior customers.

The overall gross margin percentage for the quarter was 33.4% compared to 34.6% for the same period last year. A higher proportion of demobilizations due to contract shutdowns was the main contributor to this slight margin decrease.

Net earnings were $22.3 million or $0.28 per share ($0.28 per share diluted) for the quarter, compared to net earnings of $31.6 million or $0.43 per share ($0.42 per share diluted) for the prior year quarter.

RESULTS OF OPERATIONS – SECOND QUARTER ENDED OCTOBER 31, 2012

Total revenue for the quarter was $199.6 million, down 7% from the $213.9 million recorded in the same quarter last year. The reduction in revenue came mainly from four branches: Australia where projects have been canceled due to high costs and new mining taxes, Mongolia and Argentina, which were affected by political uncertainty and Mexico, which has a higher proportion of junior customers.

Revenue for the quarter from Canada-U.S. drilling operations increased by 12% to $94.0 million compared to the same period last year. In Canada, operations from the Bradley acquisition accounted for the increase as the Company's U.S. operations were relatively flat.

South and Central American revenue was down 25% to $50.9 million for the quarter, compared to the prior year quarter. Almost all of this decrease is attributable to Mexico, which has a larger proportion of junior customers struggling with financing and Argentina, which is affected by political uncertainty.

Australian, Asian and African operations reported revenue of $54.8 million, down 11% from the same period last year. The decrease came mainly from Australia where projects have been canceled due to high costs and new mining taxes and Mongolia, which was affected by political uncertainty. These decreases offset new or increased operations in the Philippines (Bradley), Burkina Faso and Mozambique.

The overall gross margin percentage for the quarter was 33.4% compared to 34.6% for the same period last year. A higher proportion of demobilizations due to contract shutdowns was the main contributor to this slight margin decrease.

General and administrative costs were $15.8 million for the quarter compared to $13.1 million in the same period last year. The increase was mainly due to the acquisition of Bradley and the addition of new operations in Burkina Faso. As compared to the first quarter just passed, general and administrative costs have decreased by 9% over the past three months.

Other expenses for the quarter were $3.3 million, down $2.7 million from the $6.0 million reported in the prior year quarter, due primarily to lower incentive compensation expenses given the Company's decreased profitability compared to Q2 last year.

The provision for income tax for the quarter was $11.4 million compared to $12.9 million for the prior year period. The tax expense for the quarter was impacted by differences in tax rates between regions.

RESULTS OF OPERATIONS – YEAR TO DATE ENDED OCTOBER 31, 2012

Revenue for the six months ended October 31, 2012 increased 16% to $437.2 million from $378.0 million for the corresponding period last year.

Canada-U.S. revenue increased by 42% to $206.8 million compared to $145.6 million last year. The acquisition of the Bradley operations combined with increased levels of activity in the U.S. accounted for this increase.

Revenue in South and Central America was relatively flat year-over-year at $120.3 million. Revenue increase from the new Bradley operations was mitigated by a reduction in activity levels in Argentina and Mexico.

Revenue in Australia, Asia and Africa decreased 3% to $110.1 million from the prior year period. Australian and Mongolian operations were the main drivers of this decrease somewhat mitigated with new operations in Burkina Faso and the Philippines (Bradley), and increased operations in Mozambique and the DRC.

Gross margins for the year to date were 33.8% compared to 33.2% last year. Contracts that were signed or renewed this year reflected a stronger pricing environment.

General and administrative expenses increased to $33.1 million compared to $25.4 million for the same period last year. The increase was mainly due to the acquisition of Bradley and the addition of new operations in Burkina Faso.

Other expenses were flat at $8.6 million compared to the same period last year.

Depreciation and amortization expense increased to $26.6 million compared to $17.9 million in the previous period, as a result of the Bradley acquisition and the increased direct investment in equipment.

Net earnings were $54.2 million or $0.69 per share ($0.68 per share diluted) compared to $49.5 million or $0.68 per share ($0.67 per share diluted) last year.

SUMMARY OF QUARTERLY RESULTS

(in $000 CAD, except per share)	Fiscal 2011		Fiscal 2012				Fiscal 2013	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	$ 107,720	$ 137,258	$ 164,152	$ 213,854	$ 182,188	$ 237,238	$ 237,565	$ 199,637
Gross profit	23,873	34,913	51,499	74,055	47,120	78,452	81,278	66,699
Gross margin	22.2%	25.4%	31.4%	34.6%	25.9%	33.1%	34.2%	33.4%
Net (loss) earnings	1,671	9,466	17,892	31,560	9,566	30,731	31,875	22,349
Per share - basic	0.02	0.13	0.25	0.43	0.12	0.39	0.40	0.28
Per share - diluted	0.02	0.13	0.25	0.42	0.12	0.38	0.40	0.28

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 $48.4 million for the quarter compared to $55.4 million generated in the same period last year.

The change in non-cash operating working capital items was an inflow of $19.1 million for the quarter compared to an outflow of $13.5 million for the same period last year. The inflow in non-cash operating working capital in the quarter ended October 31, 2012 was primarily impacted by:

- A decrease in accounts receivable of $21.9 million due to decreased activity in the second quarter;
- A decrease in inventory of $5.1 million; and
- A decrease in accounts payable of $10.1 million (net of dividend payable).

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 period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

Operating Credit Facilities

The credit facilities related to operations total $28.6 million ($25.0 million from a Canadian chartered bank and $3.6 million in various credit facilities) and are primarily secured by corporate guarantees of companies within the group. At October 31, 2012, the Company had utilized $2.5 million of these lines mainly for stand-by letters of credit. The Company also has a credit facility of $3.8 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-Term Debt

Total long-term debt decreased by $2.4 million during the quarter to $47.2 million at October 31, 2012. Debt repayments were $4.1 million during the quarter.

As of October 31, 2012, the Company had the following long-term debt facilities:

- $19.6 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, 2012, the Company had utilized $11.2 million of this line. Draws on this line are due on maturity in September 2016.

- $8.8 million non-revolving facility. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

- $5.5 million note payable, carrying interest at a fixed rate of 4% repayable over three years ending in September 2014.

- The Company also has various other loans and capital lease facilities related to equipment purchases that totaled $2.1 million at October 31, 2012, which were fully drawn and mature through 2016.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure, dividend and debt obligations. As at October 31, 2012, the Company had unused borrowing capacity under its credit facilities of $64.9 million and cash of $77.0 million, for a total of $141.9 million in available funds.

Investing Activities

Net capital expenditures were $16.1 million for the quarter ended October 31, 2012 compared to $16.1 million for the same period last year.

During the quarter, the Company added 21 drill rigs through its capital expenditure program while retiring or disposing of 8 drill rigs through its modernization program. This brings the total drill rig count to 752 at quarter-end. Also, subsequent to quarter-end, the Company purchased the Canadian assets of Landdrill International Limited. Through this, the Company acquired 15 compatible rigs that are less than three years old, as well as ancillary equipment and inventory for a total purchase price of approximately $4.0 million. This will help reduce the Company's capital expenditures for fiscal 2014 by some $10 million.

OUTLOOK

Looking forward, if customers go ahead with their stated plans, the Company sees consistent levels of activity coming in calendar 2013 from both the senior and intermediate mining houses as well as junior companies with projects in development. The bidding activity in most regions has been very similar to last year with the exceptions of Australia and Argentina. It is important to note that the requested start date in many of these bids is slightly later than last year. Based on current customer plans, it is expected that demand for specialized drilling should continue in the year ahead. Specialized drilling continues to form the cornerstone of the Company's corporate strategy. Although there has been a recent increase in junior financing activity, there has not been any significant increase in their activity levels.

It is important to note that the Company is now in its third quarter, seasonally the weakest quarter of its fiscal year, as mining and exploration companies shut down, often for extended periods over the holiday season. Holiday breaks are expected to be longer this year and November will not have the benefit of the program extensions that the Company had last year. This will lead to a drop in activity as compared to Q3 last year. Weather can also play an important role in affecting operations. As we have experienced in some past years, the Company expects to generate a seasonal loss in the upcoming third quarter before recovering to Q2 activity levels in the fourth quarter.

FOREIGN EXCHANGE

Year-over-year revenue comparisons continue to be affected by the variations of the Canadian dollar against the U.S. dollar. The unfavourable impact of U.S. dollar 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, 2012, is estimated at $3 million on revenue but negligible on net earnings.

COMPREHENSIVE EARNINGS

The consolidated statements of other comprehensive earnings for the quarter include $1.7 million in unrealized loss on translating the financial statements of the Company's foreign operations compared to a gain of $5.8 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, 2012, 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, 2012, 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 internal controls over financial reporting during the period beginning on May 1, 2012 and ended on October 31, 2012 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

OUTSTANDING SHARE DATA

As of November 23, 2012, there were 79,147,378 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 31, 2012).

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	
	2012	2011	**2012**	2011
TOTAL REVENUE	**$ 199,637**	$ 213,854	**$ 437,202**	$ 378,006
DIRECT COSTS	**132,938**	139,799	**289,225**	252,452
GROSS PROFIT	**66,699**	74,055	**147,977**	125,554
OPERATING EXPENSES				
General and administrative	**15,763**	13,116	**33,062**	25,434
Other expenses	**3,323**	6,045	**8,593**	8,648
(Gain) loss on disposal of property, plant and equipment	**(141)**	81	**(133)**	681
Foreign exchange (gain) loss	**(112)**	44	**(1,481)**	365
Finance costs	**728**	964	**1,466**	1,786
Depreciation of property, plant and equipment	**12,416**	9,072	**24,538**	17,467
Amortization of intangible assets	**955**	294	**2,020**	479
	32,932	29,616	**68,065**	54,860
EARNINGS BEFORE INCOME TAX	**33,767**	44,439	**79,912**	70,694
INCOME TAX - PROVISION (note 7)				
Current	**11,394**	11,303	**24,903**	17,287
Deferred	**24**	1,576	**785**	3,955
	11,418	12,879	**25,688**	21,242
NET EARNINGS	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452
EARNINGS PER SHARE (note 8)				
Basic	**$ 0.28**	$ 0.43	**$ 0.69**	$ 0.68
Diluted	**$ 0.28**	$ 0.42	**$ 0.68**	$ 0.67

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

	Three months ended October 31		Six months ended October 31	
	2012	2011	**2012**	2011
NET EARNINGS	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452
OTHER COMPREHENSIVE EARNINGS				
Unrealized (losses) gains on foreign currency translations (net of tax)	**(1,726)**	5,765	**5,925**	7,574
Unrealized loss on interest swap (net of tax)	**(9)**	-	**(153)**	-
COMPREHENSIVE EARNINGS	**$ 20,614**	$ 37,325	**$ 59,996**	$ 57,026

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended October 31, 2011 and 2012
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Reserves	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2011	$ 150,642	$ -	$ 10,280	$170,425	$ (3,662)	$327,685
Exercise of stock options	743		(78)	-	-	665
Share issue (net of issue costs)	76,439	-	-	-	-	76,439
Share-based payments reserve	-		1,121	-	-	1,121
Dividends	-	-	-	(6,242)	-	(6,242)
	227,824	-	11,323	164,183	(3,662)	399,668
Comprehensive earnings:						
Net earnings	-	-	-	49,452	-	49,452
Unrealized gains on foreign currency translations	-	-	-	-	7,574	7,574
Total comprehensive earnings	-	-	-	49,452	7,574	57,026
BALANCE AS AT OCTOBER 31, 2011	$ 227,824	$ -	$ 11,323	$213,635	$ 3,912	$456,694
BALANCE AS AT MAY 1, 2012	**$ 230,763**	**$ 121**	**$ 11,797**	**$246,809**	**$ (1,791)**	**$487,699**
Share-based payments reserve	**(93)**		**1,572**	**-**	**-**	**1,479**
Dividends	**-**	**-**	**-**	**(7,915)**	**-**	**(7,915)**
	230,670	**121**	**13,369**	**238,894**	**(1,791)**	**481,263**
Comprehensive earnings:						
Net earnings	**-**	**-**	**-**	**54,224**	**-**	**54,224**
Unrealized loss on interest swap	**-**	**(153)**	**-**	**-**	**-**	**(153)**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**-**	**5,925**	**5,925**
Total comprehensive earnings	**-**	**(153)**	**-**	**54,224**	**5,925**	**59,996**
BALANCE AS AT OCTOBER 31, 2012	**$ 230,670**	**$ (32)**	**$ 13,369**	**$293,118**	**$ 4,134**	**$541,259**

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	
	2012	2011	**2012**	2011
OPERATING ACTIVITIES				
Earnings before income tax	**$ 33,767**	$ 44,439	**$ 79,912**	$ 70,694
Operating items not involving cash				
Depreciation and amortization	**13,371**	9,366	**26,558**	17,946
(Gain) loss on disposal of property, plant and equipment	**(141)**	81	**(133)**	681
Share-based payments reserve	**712**	567	**1,479**	1,121
Finance costs recognized in earnings before income tax	**728**	964	**1,466**	1,786
	48,437	55,417	**109,282**	92,228
Changes in non-cash operating working capital items	**19,053**	(13,468)	**(642)**	(22,301)
Finance costs paid	**(729)**	(964)	**(1,464)**	(1,786)
Income taxes paid	**(7,554)**	(6,312)	**(15,443)**	(11,325)
Cash flow from operating activities	**59,207**	34,673	**91,733**	56,816
FINANCING ACTIVITIES				
Repayment of long-term debt	**(4,071)**	(2,039)	**(5,635)**	(4,229)
Proceeds from long-term debt	**-**	15,000	**-**	25,000
Issuance of common shares	**-**	77,104	**-**	77,104
Dividends paid	**-**	-	**(7,123)**	(5,283)
Cash flow (used in) from financing activities	**(4,071)**	90,065	**(12,758)**	92,592
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired)	**-**	(66,519)	**(813)**	(66,519)
Acquisition of property, plant and equipment (note 6)	**(16,111)**	(16,083)	**(39,512)**	(37,493)
Proceeds from disposal of property, plant and equipment	**998**	863	**1,266**	1,547
Cash flow used in investing activities	**(15,113)**	(81,739)	**(39,059)**	(102,465)
Effect of exchange rate changes	**287**	(730)	**(108)**	(1,097)
INCREASE IN CASH	**40,310**	42,269	**39,808**	45,846
CASH, BEGINNING OF THE PERIOD	**36,735**	19,792	**37,237**	16,215
CASH, END OF THE PERIOD	**$ 77,045**	$ 62,061	**$ 77,045**	$ 62,061

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2012 and April 30, 2012
(in thousands of Canadian dollars)
(unaudited)

	October 31, 2012	April 30, 2012
ASSETS		
CURRENT ASSETS		
Cash	$ **77,045**	$ 37,237
Trade and other receivables	**139,259**	159,770
Income tax receivable	**2,955**	3,314
Inventories	**93,248**	95,905
Prepaid expenses	**9,193**	7,476
	321,700	303,702
PROPERTY, PLANT AND EQUIPMENT	**338,031**	318,171
DEFERRED INCOME TAX ASSETS	**2,280**	2,859
GOODWILL	**55,380**	54,946
INTANGIBLE ASSETS	**4,291**	6,295
	$ **721,682**	$ 685,973
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ **92,660**	$ 115,805
Income tax payable	**12,297**	3,142
Current portion of long-term debt	**9,333**	8,712
	114,290	127,659
CONTINGENT CONSIDERATION	**2,152**	2,760
LONG-TERM DEBT	**37,873**	42,274
DEFERRED INCOME TAX LIABILITIES	**26,108**	25,581
	180,423	198,274
SHAREHOLDERS' EQUITY		
Share capital	**230,670**	230,763
Reserves	**(32)**	121
Share-based payments reserve	**13,369**	11,797
Retained earnings	**293,118**	246,809
Foreign currency translation reserve	**4,134**	(1,791)
	541,259	487,699
	$ **721,682**	$ 685,973

1. NATURE OF ACTIVITIES

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

2. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the annual notes to consolidated financial statements for the year ended April 30, 2012.

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 where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement 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 annual consolidated financial statements for the year ended April 30, 2012.

3. FUTURE ACCOUNTING CHANGES

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 7 *(as amended in 2011) Financial Instruments: Disclosures*
IFRS 9 *(as amended in 2010) Financial Instruments*
IFRS 10 *Consolidated Financial Statements*
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 13 *Fair Value Measurement*
IAS 1 *Presentation of Financial Statements*
IAS 12 *(amended) Income Taxes – recovery of underlying assets*
IAS 19 *Employee Benefits*
IAS 27 *(reissued) Separate Financial Statements*
IAS 28 *(reissued) Investments in Associates and Joint Ventures*
IAS 32 *(amended) Financial Instruments: Presentation*

The Company is currently evaluating the impact of applying these standards to its consolidated financial statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements in conformity with 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 depreciation purposes, the useful lives of intangible assets 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 impairment testing of goodwill and intangible assets.

The Company applies judgment in determining the functional currency of the Company and its subsidiaries, determination of cash generating units (“CGUs”), the degree of componentization of property, plant and equipment, and the recognition of provisions and accrued liabilities.

5. SEASONALITY OF OPERATIONS

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.

6. PROPERTY PLANT & EQUIPMENT

Capital expenditures for the three months ended October 31, 2012 were $17,815 (2011 - $16,230) and for the six months ended October 31, 2012 were $41,216 (2011 - $37,640). The Company obtained direct financing for the three and six months ended October 31, 2012 of $1,704 (2011 - $147).

7. INCOME TAXES

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

	2013 Q2	2012 Q2	**YTD 2013**	YTD 2012
Earnings before income tax	**$ 33,767**	$ 44,439	**$ 79,912**	$ 70,694
Statutory Canadian corporate income tax rate	**28%**	29%	**28%**	29%
Expected income tax expense based on statutory rate	**$ 9,455**	$ 12,887	**$ 22,375**	$ 20,501
Non-recognition of tax benefits related to losses	**316**	265	**631**	313
Other foreign taxes paid	**343**	236	**698**	287
Rate variances in foreign jurisdictions	**810**	(190)	**1,391**	(488)
Other	**494**	(319)	**593**	629
	$ 11,418	$ 12,879	**$ 25,688**	$ 21,242

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 recorded its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favorable or unfavorable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statute of limitation lapses.

8. EARNINGS PER SHARE

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

	2013 Q2	2012 Q2	**YTD 2013**	YTD 2012
Net earnings for the period	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452
Weighted average shares outstanding – basic (000's)	**79,147**	74,246	**79,147**	73,143
Net effect of dilutive securities:				
Stock options (000's)	**453**	662	**537**	901
Weighted average number of shares – diluted (000's)	**79,600**	74,908	**79,684**	74,044
Earnings per share:				
Basic	**$ 0.28**	$ 0.43	**$ 0.69**	$ 0.68
Diluted	**$ 0.28**	$ 0.42	**$ 0.68**	$ 0.67

The calculation of the diluted earnings per share for the three months ended October 31, 2012 exclude the effect of 349,252 options (2011- 313,502), and the six months ended October 31, 2012 exclude the effect of 126,820 options (2011 - 93,304) as they are anti-dilutive.

The total number of shares outstanding on October 31, 2012 was 79,147,378 (2011 - 78,910,376).

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 drilling segments are similar. The accounting policies of the segments are the same as those described in the annual consolidated financial statements for the year ended April 30, 2012. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

9. SEGMENTED INFORMATION (Continued)

	2013 Q2	2012 Q2	**YTD 2013**	YTD 2012
Revenue				
Canada – U.S.	**$ 93,980**	$ 84,151	**$ 206,817**	$ 145,589
South and Central America	**50,897**	68,062	**120,310**	119,354
Australia, Asia and Africa	**54,760**	61,641	**110,075**	113,063
	$ 199,637	$ 213,854	**$ 437,202**	$ 378,006
Earnings from operations				
Canada – U.S.	**$ 20,305**	$ 18,929	**$ 45,776**	$ 28,915
South and Central America	**8,622**	16,591	**25,373**	27,190
Australia, Asia and Africa	**9,813**	13,811	**18,834**	24,869
	38,740	49,331	**89,983**	80,974
Eliminations	**(987)**	(59)	**(466)**	(84)
	37,753	49,272	**89,517**	80,890
Finance costs	**728**	964	**1,466**	1,786
General and corporate expenses*	**3,258**	3,869	**8,139**	8,410
Income tax	**11,418**	12,879	**25,688**	21,242
Net earnings	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452

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

	2013 Q2	2012 Q2	**YTD 2013**	YTD 2012
Depreciation and amortization				
Canada – U.S.	**$ 5,585**	$ 4,054	**$ 11,065**	$ 7,395
South and Central America	**2,613**	2,484	**5,825**	4,755
Australia, Asia and Africa	**3,672**	2,391	**7,699**	5,055
Unallocated corporate assets	**1,501**	437	**1,969**	741
Total depreciation and amortization	**$ 13,371**	$ 9,366	**$ 26,558**	$ 17,946

Canada – U.S. includes revenue of $55,582 and $45,406 for Canadian operations for the three months ended October 31, 2012 and 2011 respectively, and $122,607 and $78,631 for the six months ended October 31, 2012 and 2011 respectively.

	October 31, 2012	April 30, 2012
Identifiable assets		
Canada – U.S.	**$ 255,790**	$ 252,233
South and Central America	**228,887**	212,861
Australia, Asia and Africa	**199,021**	186,442
	683,698	651,536
Eliminations	**(1,067)**	(573)
Unallocated and corporate assets	**39,051**	35,010
	$ 721,682	$ 685,973

Canada – U.S. includes property, plant and equipment for Canadian operations at October 31, 2012 of $98,281 (April 30, 2012 - $87,629).

10. BUSINESS ACQUISITION

The Company has finalized the valuation of assets for the Bradley Group Limited, acquired September 30, 2011. There were no material adjustments required to values allocated to net tangible and intangible assets presented in the annual consolidated financial statements for the year ended April 30, 2012.

11. FINANCIAL INSTRUMENTS

There are no significant changes to financial instruments compared to the Company's annual consolidated financial statements for the year ended April 30, 2012 except for the following:

Fair value

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

	October 31, 2012	April 30, 2012
Contingent consideration	**$ 2,152**	$ 2,760
Long-term debt	**47,206**	50,986

Credit risk

As at October 31, 2012, 86.9% of the Company's trade receivables were aged as current and 1.9% of the trade receivables were impaired.

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

Balance as at April 30, 2012	**$ 2,236**
Increase in impairment allowance	**317**
Write-off charged against allowance	**(113)**
Foreign exchange translation differences	**(6)**
Balance as at October 31, 2012	**$ 2,434**

11. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

The most significant carrying amounts of net monetary assets that: (1) are denominated in currencies other than the functional currency of the respective Company subsidiary; (2) cause foreign exchange rate exposure; and (3) may include intercompany balances with other subsidiaries, at the reporting dates are as follows:

	October 31, 2012	April 30, 2012
U.S. Dollars	**$ 8,189**	$ 45,555

If the Canadian dollar moved by plus or minus 10% at October 31, 2012, the unrealized foreign exchange gain or loss would move by approximately $819 (April 30, 2012 – $4,556).

Liquidity risk

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

Non-derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Trade and other payables	$ 92,660	$ -	$ -	$ -	$ 92,660
Contingent consideration	750	1,251	151	-	2,152
Long-term debt	9,322	15,974	18,044	3,833	47,173
	$102,732	$ 17,225	$ 18,195	$ 3,833	$141,985

Derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Interest rate swap	$ 11	$ 24	$ (2)	$ -	$ 33