Groupe Forage MAJOR Drilling Group International Inc.

NEWS RELEASE

Major Drilling Reports Strong Growth in its Second Quarter Results

MONCTON, New Brunswick (December 7, 2010) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its second quarter of fiscal year 2011 ended October 31, 2010.

Highlights

In millions of Canadian dollars (except earnings per share)	Q2-11	Q2-10	YTD-11	YTD-10
Revenue	$127.8	$75.5	$237.3	$138.0
Gross profit	35.1	22.8	61.6	40.0
As percentage of sales	27.5%	30.2%	26.0%	29.0%
Net earnings	11.4	4.1	16.5	0.8
Earnings per share	0.48	0.17	0.69	0.03
Cash flow from operations (before changes in non-cash working capital items)	18.6	12.3	30.7	19.9

- Major Drilling posted quarterly revenue of $127.8 million, up nearly 70 percent from the $75.5 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 27.5 percent, compared to 30.2 percent for the corresponding period last year, an increase from the 24.2 percent in the first quarter of 2011.
- Net earnings were $11.4 million or $0.48 per share for the quarter, compared to net earnings of $4.1 million or $0.17 per share for the prior year quarter.
- The Board of Directors is recommending to shareholders a three for one stock split in order to help enhance liquidity.

"We continued to see a strong recovery during the quarter in all of our operating regions although pricing remained relatively stable. The actual number of rigs working in the field increased by 18 in the quarter and revenue grew by nearly 70 percent year-over-year to $127.8 million. The utilization rate of our fleet was relatively flat compared to the first quarter as a significant part of our revenue growth came from increased activity at existing projects translating into more shifts worked per drill. Our utilization rates are expected to rise as we

respond to what is shaping up to be a much busier 2011 calendar year," said Francis McGuire, President and CEO of Major Drilling.

"Margins improved significantly from the first quarter but were still impacted by training costs and additional consumable purchases to support increased activity. Going forward, increased pricing should help margins improve, although the shortage of experienced drill crews will put some pressure on labour costs and productivity, especially in our most active markets."

"Recent announcements of significant increases in exploration budgets from senior mining companies, combined with a recent increase in financing for junior mining companies, indicate that activity levels in calendar 2011 should be robust. To meet the labour availability challenge coming from this pick-up in activity, we have stepped up our training efforts around the world, and have re-instated many of the initiatives that were successful in the last industry upturn. Many of our senior drillers are returning to their function of trainers, extra trainees are being assigned to rigs and retention programs are being re-instated. With a truly global workforce, we see opportunities to shift employees between regions to mitigate inter-regional seasonal fluctuations. Wage increases will be required in certain areas to retain and attract the most experienced drillers, which are key to high quality customer service, particularly in specialized circumstances," observed Mr. McGuire.

"Net capital expenditures for the quarter were $13.3 million as we purchased 22 rigs, 7 of which are for our environmental division. We also retired 8 rigs through our modernization program. During the quarter, we added a significant amount of support vehicles and other support equipment to meet changing patterns of demand and our new safety standards. Through these additions, we hope to further improve rig utilization and reliability."

"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. 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, which impacts third quarter revenue."

"The Company is pleased to announce it has appointed Catherine McLeod-Seltzer to its Board of Directors. Ms. McLeod-Seltzer has enjoyed a broad and successful career in the mining industry, including co-founding and/or directing numerous successful mining ventures."

"Finally, in a separate release issued today, the Board of Directors is recommending to shareholders a three for one stock split in order to help enhance liquidity," said Mr. McGuire.

Second quarter ended October 31, 2010

Total revenue for the quarter was $127.8 million up 69.3 percent from the $75.5 million recorded in the same quarter last year. Most of the Company's branches exhibited strong growth, mainly coming from an increased number of shifts per drill and increased utilization.

Revenue for the quarter from Canada-U.S. drilling operations increased by 110 percent to $50.6 million compared to $24.1 million for the same period last year. Both countries contributed to this increase.

South and Central American revenue was at $42.0 million for the quarter, up 74 percent from the $24.2 million posted for the prior year quarter. Argentina, Mexico and Chile continued to be the main drivers in that region.

Australian, Asian and African operations reported revenue of $35.2 million, up 29 percent from the $27.3 million reported in the same period last year. Mongolia accounted for a large part of the region's growth while we saw increased activity in Australia and Indonesia. The Company also started operations in Kazakhstan.

The overall gross margin percentage for the quarter was 27.5 percent, down from 30.2 percent for the same period last year, but up from the 24.2 percent margins in the first quarter of fiscal 2011. Although still a factor, the impact of training costs and consumable purchases was reduced this quarter.

General and administrative costs were $9.9 million or 7.7 percent of revenue for the quarter, compared to $8.1 million or 10.7 percent of revenue in the same period last year. The increase was due to the addition of the new environmental division and also increased costs to support the strong growth in activity levels.

Other expenses for the quarter were $1.4 million, up from $1.1 million in the prior year quarter, due primarily to higher incentive compensation expenses given the Company's increased profitability in the current year.

Foreign exchange gain in the quarter was $1.3 million compared to $0.1 million in the prior year quarter.

Short-term interest expense was $0.1 million this quarter compared to nil for the same quarter last year, while interest expense on long-term debt was down to $0.2 million compared to $0.3 million for the same quarter last year due to lower debt levels.

Amortization expense was $7.8 million for the quarter compared to $7.7 million for the same quarter last year.

Income tax expense was $5.6 million in the quarter compared to $1.7 million for the prior year quarter as a result of increased earnings.

Net earnings were $11.4 million or $0.48 per share ($0.48 per share diluted) compared to $4.1 million or $0.17 per share ($0.17 per share diluted) for the same period last year.

Year to date ended October 31, 2010

Revenue for the six months ended October 31, 2010 increased 72 percent to $237.3 million from $138.0 million for the corresponding period last year.

Canada-U.S. revenue increased by 105 percent or $46.7 million to $91.0 million compared to $44.3 million last year with both countries contributing to this growth.

Revenue in South and Central America increased by 94 percent to $82.1 million, compared to $42.4 million in the prior year period. Most of the growth in the region came from Mexico, Chile and Argentina.

Revenue in Australia, Asia and Africa increased 25 percent to $64.2 million from $51.3 million in the prior year period. Mongolia and Indonesia were the main drivers of growth in the region while Australia was flat as compared to the same period last year.

Gross margins for the year to date were 26.0 percent compared to 29.0 percent last year, due to significant training, mobilizing and consumable costs to accommodate present growth.

General and administrative costs were $19.5 million or 8.2 percent of revenue compared to $17.0 million or 12.3 percent of revenue in the same period last year. The increase was due to the addition of our U.S. based environmental division and also increased costs to support the strong growth in activity levels.

Other expenses were $3.3 million for the year compared to $2.0 million for the same period last year due primarily to higher incentive compensation expenses given the Company's increased profitability in the current year.

Foreign exchange gain was $1.2 million compared to $0.8 million in the prior year period.

Short-term interest expense was $0.2 million for the year compared to a revenue of $0.1 million last year, while interest expense on long-term debt was $0.4 million compared to $0.6 million last year due to lower debt levels.

Amortization expense decreased to $15.1 million compared to $15.4 million in the previous period.

The provision for income tax for the year was $7.9 million compared to $1.9 million for the prior year, reflecting the increased profitability of the operations.

Last year, the Company recorded a restructuring charge of $1.2 million to account for retrenchment and closedown costs, primarily in Australia. The Company also recorded a net non-cash goodwill impairment charge of $2.0 million relating to the Paragon del Ecuador S.A. acquisition.

Net earnings were $16.5 million or $0.69 per share ($0.69 per share diluted) compared to $0.8 million or $0.03 per share ($0.03 per share diluted) last year.

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 starting on pages 15 to 17 of the 2010 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 service companies. To support its customers' mining operations, mineral exploration and environmental activities, Major Drilling maintains operations in Canada, the United States, South and Central America, Australia, Asia, and Africa.

Financial statements are attached.

Major Drilling will provide a simultaneous webcast of its quarterly conference call on ***Wednesday, December 8, 2010 at 8:30 AM (EST).*** *To access the webcast please go to the 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.*

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Major Drilling Group International Inc.
Consolidated Statements of Operations

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

	Six months ended October 31		Three months ended October 31	
	2010	2009	**2010**	2009
TOTAL REVENUE	**$ 237,298**	$ 138,017	**$ 127,818**	$ 75,528
DIRECT COSTS	**175,665**	97,995	**92,717**	52,736
GROSS PROFIT	**61,633**	40,022	**35,101**	22,792
OPERATING EXPENSES				
General and administrative	**19,502**	16,998	**9,946**	8,126
Other expenses	**3,310**	2,032	**1,419**	1,147
Foreign exchange gain	**(1,248)**	(829)	**(1,340)**	(149)
Interest expense (revenue)	**231**	(95)	**145**	(26)
Interest expense on long-term debt	**380**	574	**180**	271
Amortization	**15,114**	15,440	**7,759**	7,713
Restructuring charge	**-**	1,220	**-**	-
Goodwill impairment	**-**	2,032	**-**	-
	37,289	37,372	**18,109**	17,082
EARNINGS BEFORE INCOME TAX	**24,344**	2,650	**16,992**	5,710
INCOME TAX - PROVISION (RECOVERY)				
Current	**8,850**	1,302	**5,907**	1,587
Future	**(979)**	584	**(335)**	63
	7,871	1,886	**5,572**	1,650
NET EARNINGS	**$ 16,473**	$ 764	**$ 11,420**	$ 4,060
EARNINGS PER SHARE				
Basic *	**$ 0.69**	$ 0.03	**$ 0.48**	$ 0.17
Diluted **	**$ 0.69**	$ 0.03	**$ 0.48**	$ 0.17

*Based on 23,795,973 and 23,717,467 daily weighted average shares outstanding for the fiscal year to date 2011 and 2010, respectively, and on 23,807,033 and 23,718,861 daily weighted average shares outstanding for the quarter ended October 31, 2010 and 2009, respectively. The total number of shares outstanding on October 31, 2010 was 23,854,042.

**Based on 23,955,179 and 24,025,755 daily weighted average shares outstanding for the fiscal year to date 2011 and 2010, respectively, and on 24,019,713 and 23,894,788 daily weighted average shares outstanding for the second quarter ended October 31, 2010 and 2009, respectively.

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

	Six months ended October 31		Three months ended October 31	
	2010	2009	**2010**	2009
NET EARNINGS	**$ 16,473**	$ 764	**$ 11,420**	$ 4,060
OTHER COMPREHENSIVE EARNINGS (LOSS)				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	**8,595**	(24,016)	**2,958**	412
COMPREHENSIVE EARNINGS (LOSS)	**$ 25,068**	$ (23,252)	**$ 14,378**	$ 4,472

Consolidated Statements of Retained Earnings
(in thousands of Canadian dollars)
(unaudited)

	Six months ended October 31	
	2010	2009
RETAINED EARNINGS, BEGINNING OF THE PERIOD	**$ 209,025**	$ 218,983
Net earnings	**16,473**	764
Dividend	**(5,243)**	(4,745)
RETAINED EARNINGS, END OF THE PERIOD	**$ 220,255**	$ 215,002

Consolidated Statements of Accumulated Other Comprehensive Loss
(in thousands of Canadian dollars)
(unaudited)

	Six months ended October 31	
	2010	2009
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF THE PERIOD	**$ (44,333)**	$ (5,079)
Unrealized gains (losses) on translating financial statements of self-sustaining foreign operations	**8,595**	(24,016)
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF THE PERIOD	**$ (35,738)**	$ (29,095)

Major Drilling Group International Inc.
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Six months ended October 31		Three months ended October 31	
	2010	2009	**2010**	2009
OPERATING ACTIVITIES				
Net earnings	**$ 16,473**	$ 764	**$ 11,420**	$ 4,060
Operating items not involving cash				
Amortization	**15,114**	15,440	**7,759**	7,713
(Gain) loss on disposal of property, plant and equipment	**(817)**	1	**(705)**	(66)
Future income tax (recovery)	**(979)**	584	**(335)**	63
Stock-based compensation	**907**	1,044	**460**	539
Goodwill impairment	**-**	2,032	**-**	-
	30,698	19,865	**18,599**	12,309
Changes in non-cash operating working capital items	**(4,178)**	(325)	**(3,961)**	213
Cash flow from operating activities	**26,520**	19,540	**14,638**	12,522
FINANCING ACTIVITIES				
Repayment of long-term debt	**(5,234)**	(6,469)	**(2,953)**	(3,393)
Acquisition of short-term debt (note 8)	**10,400**	-	**-**	-
Issuance of common shares	**1,280**	28	**1,146**	28
Dividend paid	**(4,750)**	(4,743)	**-**	-
Cash flow from (used in) financing activities	**1,696**	(11,184)	**(1,807)**	(3,365)
INVESTING ACTIVITIES				
Business acquisition (note 5)	**(2,537)**	-	**(185)**	-
Acquisition of property, plant and equipment	**(22,208)**	(7,208)	**(13,289)**	(3,904)
Proceeds from disposal of property, plant and equipment	**3,357**	1,497	**2,817**	602
Cash flow used in investing activities	**(21,388)**	(5,711)	**(10,657)**	(3,302)
OTHER ACTIVITIES				
Foreign exchange translation adjustment	**(1,213)**	(3,157)	**(1,545)**	(484)
INCREASE (DECREASE) IN CASH	**5,615**	(512)	**629**	5,371
CASH POSITION, BEGINNING OF THE PERIOD	**30,232**	58,035	**35,218**	52,152
CASH POSITION, END OF THE PERIOD	**$ 35,847**	$ 57,523	**$ 35,847**	$ 57,523

Major Drilling Group International Inc.
Consolidated Balance Sheets

As at October 31, 2010 and April 30, 2010

(in thousands of Canadian dollars)

(unaudited)

ASSETS	October 2010	April 2010
CURRENT ASSETS		
Cash	$ 35,847	$ 30,232
Accounts receivable	85,563	62,128
Income tax receivable	6,575	10,053
Inventories	64,447	63,170
Prepaid expenses	6,689	4,813
Future income tax assets	233	793
	199,354	171,189
PROPERTY, PLANT AND EQUIPMENT	223,646	210,812
FUTURE INCOME TAX ASSETS	9,450	8,117
GOODWILL AND INTANGIBLE ASSETS (note 7)	27,373	25,538
	$ 459,823	$ 415,656

LIABILITIES	October 2010	April 2010
CURRENT LIABILITIES		
Accounts payable and accrued charges	$ 65,956	$ 54,027
Income tax payable	6,486	2,830
Short-term debt (note 8)	11,148	-
Current portion of long-term debt	7,048	8,887
Future income tax liabilities	374	819
	91,012	66,563
LONG-TERM DEBT	11,741	15,041
FUTURE INCOME TAX LIABILITIES	16,789	15,783
	119,542	97,387
SHAREHOLDERS' EQUITY		
Share capital	143,715	142,435
Contributed surplus	12,049	11,142
Retained earnings	220,255	209,025
Accumulated other comprehensive loss	(35,738)	(44,333)
	340,281	318,269
	$ 459,823	$ 415,656

1. BASIS OF PRESENTATION

These interim consolidated financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended April 30, 2010. These interim consolidated financial statements conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements, with the exception of certain note disclosures. As a result, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended April 30, 2010 contained in the Company's 2010 annual report.

2. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011 for companies with a calendar year end, therefore the transition date for the Company is May 1, 2011. This will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended April 30, 2011, and of the opening balance sheet as at May 1, 2010. The Company is currently in the process of developing a conversion and implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

3. SEASONALITY OF OPERATIONS

The Company's operations tended to exhibit a seasonal pattern whereby its fourth quarter (February to April) was its strongest. With the exception of the third quarter, the Company has, over the past several years, exhibited comparatively less seasonality in quarterly revenue. 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. Coming out of the recent economic and industry downturn, it is not yet clear whether or not the Company's revenue will return to more historical seasonal patterns, or whether a recent lack of seasonality will continue.

4. FUNCTIONAL CURRENCY

Effective May 1, 2010, the Company's operation in Chile changed its functional currency from the U.S. dollar to the Chilean peso. Factors considered when changing the functional currency included contract revenue being determined in local currency, the currency of operating costs and local regulations requiring invoicing and settlement of these being performed in the local currency. This change has been done in accordance with CICA Handbook Section 1651, Foreign Currency Translation, and consequently applied prospectively. All items were translated to the new functional currency using the exchange rate at the date of the change.

5. BUSINESS ACQUISITIONS

North Star Drilling
Effective June 30, 2010, the Company acquired the assets of North Star Drilling, which provides contract drilling services to the fresh water and geothermal markets in certain mid-western states in the USA, and operates from its head office in Little Falls, Minnesota, as well as from satellite offices in Brainerd and Bemidji, Minnesota. The acquired business includes drilling equipment, contracts and employees. The purchase price for the transaction was USD $2,428 (CAD $2,537), including customary working capital adjustments, financed with cash. There is also a contingent consideration of USD $750 to the purchase price, based on future earnings.

The Company is in the process of finalizing the valuation of assets. As at October 31, 2010, $1,475 of the purchase price was allocated to net tangible assets and $1,062 was allocated to goodwill. These values are preliminary and are subject to adjustments as additional information is obtained.

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

Assets acquired and liabilities assumed	
Accounts receivable	$ **774**
Inventories	**385**
Prepaid expenses	**18**
Property, plant and equipment	**1,075**
Goodwill	**1,062**
Accounts payable	**(777)**
Net assets	**$ 2,537**
Consideration	
Cash	**$ 2,537**

SMD Services
Effective February 26, 2010, the Company acquired SMD Services based in Huntsville, Alabama. Through this purchase, Major Drilling entered the environmental drilling sector and acquired a small fleet of sonic, probe and auger drill rigs, as well as a skilled management team and personnel. The purchase price for the transaction was USD $1,953 (CAD $2,064), including customary working capital adjustments, financed with cash. There is also a contingent consideration of USD $2,000 to the purchase price, based on future earnings.

5. BUSINESS ACQUISITIONS (Continued)

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

Assets acquired and liabilities assumed	
Cash	**$ 90**
Accounts receivable	**234**
Prepaid expenses	**46**
Property, plant and equipment	**1,605**
Intangible assets	**249**
Accounts payable	**(160)**
Net assets	**$ 2,064**
Consideration	
Cash	**$ 2,064**

6. INVENTORY

The cost of inventory recognized as an expense and included in direct costs for the six and three months ended October 31, 2010 was $42,164 and $23,446 respectively. During the period, there were no significant write-downs of inventory as a result of net realizable value being lower than cost and no inventory write-downs recognized in previous years were reversed.

7. GOODWILL AND INTANGIBLE ASSETS

	October 2010	April 2010
Goodwill	**$ 26,321**	$ 24,464
Intangible assets	**1,052**	1,074
	$ 27,373	$ 25,538

Intangible assets include the carrying value of customer relationships and a non-compete agreement, which are amortized on a straight-line basis between a three and five year period.

Changes in the goodwill and intangible assets balance were as follows for the six and three months ending October 31, 2010 and 2009:

	2011 YTD	2010 YTD	**2011 Q2**	2010 Q2
Balance at beginning of the period	**$ 25,538**	$ 32,072	**$ 26,434**	$ 26,692
Goodwill and intangible assets acquired	**1,062**	-	**374**	-
Amortization of intangible assets	**(297)**	(264)	**(165)**	(132)
Goodwill adjustment	**-**	(1,690)	**-**	-
Goodwill impairment	**-**	(2,032)	**-**	-
Effect of foreign currency exchange rate changes	**1,070**	(1,789)	**730**	(263)
	$ 27,373	$ 26,297	**$ 27,373**	$ 26,297

8. SHORT-TERM DEBT

In the first quarter of the current fiscal year, the Company borrowed 5,375 million Chilean pesos (CAD $10.4 million), secured by a USD $10 million stand-by letter of credit drawn from the Company's demand credit facility, carrying interest at an annual rate of 5.18% and maturing in May 2011.

9. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding accumulated other comprehensive loss), short and long-term borrowings and demand credit facility net of cash in the definition of capital.

Total managed capital was as follows:

	October 2010	April 2010
Short-term debt	**$ 11,148**	$ -
Long-term debt	**18,789**	23,928
Share capital	**143,715**	142,435
Contributed surplus	**12,049**	11,142
Retained earnings	**220,255**	209,025
Cash	**(35,847)**	(30,232)
	$ 370,109	$ 356,298

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

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. During the period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

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

The Company's objectives with regards to capital management remain unchanged from fiscal 2010.

10. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, accounts receivable and accounts payable and accrued charges approximate their fair value due to the relatively short period to maturity of the instruments. Long-

10. FINANCIAL INSTRUMENTS (Continued)

term debt has a carrying value of $18,789 as at October 31, 2010 (April 30, 2010 - $23,928) which also approximates its fair value.

Risk management
The Company is exposed to various risks related to its financial assets and liabilities. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them, from previous periods, unless otherwise stated in this note.

Credit risk
The Company is exposed to credit risk from its accounts receivable. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. The Company also diversifies its credit risk by dealing with a large number of customers in various countries. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper. The Company's five largest customers account for 24 percent (25 percent in 2010) of total quarterly revenue, with no one customer representing more than 10 percent of its revenue for 2011 or 2010.

The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aged analyses of receivables, past experience, specific risks associated with the customer and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

As at October 31, 2010, 70 percent of the Company's trade receivables were aged as current (less than 30 days) and 2.2 percent of the trade receivables were impaired.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. This risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Interest rate risk
The demand loan and long-term debt of the Company bear a floating rate of interest, which exposes the Company to interest rate fluctuations.

As at October 31, 2010, the Company has estimated that a one percentage point increase in interest rates would have caused a quarterly decrease in net income of approximately $46 and a one percentage decrease in interest rates would have caused a quarterly increase in net income of $46.

Foreign currency risk
Foreign currency risk arises as the Company has operations located internationally where local operational currency is not the same as the functional currency of the Company.

10. FINANCIAL INSTRUMENTS (Continued)

A significant portion of the Company's operations are located outside of Canada. The accounting impact of foreign currency exposure is minimized since the operations are classified as self-sustaining operations. In certain developing countries, the Company mitigates its risk of large exchange rate fluctuations by conducting business primarily in U.S. dollars. U.S. dollar revenue exposure is partially mitigated by offsetting U.S. dollar labour and material expenses. Monetary assets denominated in foreign currencies are exposed to foreign currency fluctuations.

Based on the Company's foreign currency net monetary exposures and net assets as at October 31, 2010, and assuming that all other variables remain constant, a 10 percent rise or fall in the Canadian dollar against the other foreign currencies would have resulted in increases (decreases) in the net earnings and comprehensive earnings as follows:

	Increase (decrease) in net earnings	
	Canadian dollar appreciates 10%	Canadian dollar depreciates 10%
U.S. Dollar	$ **(1,478)**	$ **1,478**

	Increase (decrease) in comprehensive earnings	
	Canadian dollar appreciates 10%	Canadian dollar depreciates 10%
U.S. Dollar	$ **(22,661)**	$ **22,661**
Chilean Peso	**(3,602)**	**3,602**
Australian Dollar	**(1,003)**	**1,003**

Liquidity risk
Liquidity risk, the risk that the Company would not be able to meet its financial obligations as they become due, arises from the Company's management of working capital, finance charges and principal repayments on its debt instruments.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Total financial liabilities, by due date, as at October 31, 2010 are as follows:

	Total	**1 year**	**2-3 years**	**4-5 years**
Accounts payable & accrued charges	$ **65,956**	$ **65,956**	$ **-**	$ **-**
Short-term debt	**11,148**	**11,148**	**-**	**-**
Long-term debt	**18,789**	**7,048**	**10,855**	**886**
	$ **95,893**	$ **84,152**	$ **10,855**	$ **886**

11. SEGMENTED INFORMATION

	2011 YTD	2010 YTD	2011 Q2	2010 Q2
Revenue				
Canada - U.S.	**$ 91,020**	$ 44,279	**$ 50,569**	$ 24,091
South and Central America	**82,060**	42,403	**42,043**	24,160
Australia, Asia and Africa	**64,218**	51,335	**35,206**	27,277
	$ 237,298	$ 138,017	**$ 127,818**	$ 75,528
Earnings from operations				
Canada - U.S.	**$ 15,077**	$ 5,381	**$ 9,506**	$ 3,768
South and Central America	**9,158**	5,268	**4,626**	3,362
Australia, Asia and Africa	**7,272**	566	**6,278**	1,270
	31,507	11,215	**20,410**	8,400
Eliminations	**(465)**	(657)	**(234)**	(333)
	31,042	10,558	**20,176**	8,067
Interest expense, net	**611**	479	**325**	245
General corporate expenses	**6,087**	4,177	**2,859**	2,112
Restructuring charge	**-**	1,220	**-**	-
Goodwill impairment	**-**	2,032	**-**	-
Income tax	**7,871**	1,886	**5,572**	1,650
Net earnings	**$ 16,473**	$ 764	**$ 11,420**	$ 4,060

Goodwill impairment relates to the South and Central American segment for the fiscal year 2010.