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NEWS RELEASE

Major Drilling Reports Fourth Quarter Results

MONCTON, New Brunswick (June 7, 2011) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its fourth quarter of fiscal 2011, ended April 30, 2011.

Highlights

In millions of Canadian dollars (except earnings per share)	Q4-11	Q4-10	Fiscal 2011	Fiscal 2010
Revenue	$137.3	$97.4	$482.3	$307.9
Gross profit	34.9	22.4	120.4	74.4
As percentage of sales	25.4%	23.0%	25.0%	24.2%
Net earnings (loss)	9.4	3.2	27.6	(0.5)
Earnings (loss) per share	$0.13	$0.05	$0.39	($0.01)
Cash flow from operations (before changes in non-cash working capital items)	$19.2	$9.4	$60.9	$30.6

- Major Drilling posted quarterly revenue of $137.3 million, up 41 percent from the $97.4 million recorded for the same quarter last year.

- Net earnings were $9.4 million or $0.13 per share ($0.13 per share diluted) for the quarter, compared to net earnings of $3.2 million or $0.05 per share ($0.04 per share diluted) for the prior year quarter.

- During the quarter, the Company enacted a 3 for 1 stock split. Amounts per share have been adjusted accordingly and are now presented post-split.

"As expected, demand for drilling services continued to grow during the quarter although weather conditions prevented us from fully capitalizing on our contracts in hand. In Australia, we continued to be affected by floods in Queensland where weather conditions caused a third of our contracted rigs to remain idle during the quarter. In Canada, extreme winter conditions impacted revenue, while in the U.S., floods in North Dakota affected our energy operations. In both Australia and the U.S., these conditions affected the most specialized and productive rigs in our fleet. These operations should recover during the quarter," said Francis McGuire, President and CEO of Major Drilling.

"In addition to the weather, the strong pickup in activity in the industry has brought transitional issues, which affected our margins during the quarter. Also, many suppliers in the industry are facing the same transitional issues as drilling firms. This has created temporary bottlenecks, which will gradually get resolved as the whole industry grapples with the ramp-up. For example, fuel shortages in Mongolia have caused clients to declare a "force majeure" temporarily affecting many of our rigs. The clients have advised that they plan to drill these meters when local conditions allow and we will be employing all of our efforts to meet our clients' needs. Despite these delays, our utilization rates are climbing and we are experiencing pricing improvements on all new contracts."

"During the quarter, we have invested heavily in building up our labour force. In October 2010, we had 3,400 people on our weekly payroll. By April, we had 4,000. Wage increases were required to retain and attract the most experienced drillers, which are key to high-quality customer service. As the pool of available experienced drillers is drying up, we have had to increase the number of trainee drillers, which has and will continue to temporarily affect productivity as they gain experience. In the four key areas where the labour shortage is most problematic (Canada, the USA, Australia and Chile) we have now established four new training centres. The goals for these centres are to improve our retention rate for new entrants but also to speed up their learning curve to minimize the impact on productivity."

"Activity levels in the current fiscal year should be robust. Intermediate and junior mining companies with advanced projects continue to ramp up their already busy drilling programs by adding rigs. Most senior mining companies have significantly increased their exploration budgets for calendar 2011, and junior mining companies have had good access to capital markets. Also, we continue to see inquiries from all categories of customers. As demand expands, the industry is nearing capacity in terms of labour and pricing should continue to improve as the year progresses."

"Net capital expenditures for the quarter were $22.1 million as we purchased 25 rigs while retiring 21 rigs through our modernization program. We also added 15 drills through our Mozambique acquisition. In fiscal 2012, the Company expects to spend approximately $70 million in capital expenditures, with the intent of purchasing 40 rigs, approximately 30 being replacements of older rigs with low utilization rates. The rigs we intend to purchase will help improve productivity and safety while reducing training time for crews. With the shortage of crews re-emerging as an issue, our focus turns to increasing the earning power of each crew and each rig. Also, this year we will be investing heavily in support equipment and vehicles, which are key to utilization and productivity."

"When we experience significant increases in activity, the Company's working capital requirements increase. These working capital requirements, combined with our investments in capital expenditures during the quarter, brought our net debt levels, net of cash, to $16.7 million. We are forecasting significant investments in capex in the upcoming first quarter to gear up for present demand but these investments will diminish as the year progresses."

"Finally, as announced on March 24, 2011, we are very pleased to welcome Resource Drilling (Mozambique) and its employees into the Major Drilling group. Not only does this acquisition provide us with assets, experienced drillers and existing contracts in Mozambique, it also provides a foundation for our expansion in this exciting region, which shows great mining potential, particularly for coal projects," said Francis McGuire.

Fourth quarter ended April 30, 2011

Total revenue for the fourth quarter was $137.3 million compared to $97.4 million recorded for the prior year period. All of the Company's regions contributed to this growth although Australia, Canada and U.S. revenue was affected by weather issues.

Revenue from Canada-U.S. drilling operations was up 40 percent to $52.1 million for the quarter compared to the same period last year. U.S. operations saw a strong recovery, particularly from its senior mining customers, but had its energy division affected by floods in North Dakota. In Canada, activity levels continue to increase but margins were affected by extreme winter conditions.

In South and Central America, revenue for the quarter was $50.5 million, up 31 percent from the prior year quarter. The increase was primarily driven by Argentina and Mexico, where activity levels picked up substantially compared to last year.

Australian, Asian and African drilling operations reported revenue of $34.7 million, up 61 percent from the same period last year. The revenue increase came primarily from Mongolia, Australia and Tanzania, but the Company also saw increases from the recent start-up of Kazakhstan and its recent acquisition in Mozambique.

The overall gross margin percentage for the quarter was 25.4 percent compared to 23.0 percent for the same period last year. Margins were impacted by costs relating to the ramp-up of operations and additional training costs as the Company geared up for new contracts, as well as by weather issues.

General and administrative costs were $11.3 million for the quarter compared to $8.5 million in the same period last year. The increase was due to the addition of the new environmental, Mozambique and Kazakhstan divisions but also increased due to the costs of supporting the strong growth in activity levels.

Other expenses were flat at $1.2 million for the quarter compared to the same period last year.

Foreign exchange gain was $0.7 million compared to a loss of $0.5 million in the prior year period. The gain was due to the effect of exchange rate variations on monetary working capital items.

Short-term interest expense was $0.2 million for the quarter compared to a revenue of $0.1 million last year, while interest on long-term debt was $0.2 million compared to $0.3 million for the prior year quarter.

Amortization expense increased to $8.4 million for the quarter compared to $7.3 million for the same quarter last year, as additional equipment was purchased during the year.

The Company's tax expense was $4.8 million for the quarter compared to $2.0 million for the same period last year.

Net earnings were $9.4 million or $0.13 per share ($0.13 per share diluted) for the quarter compared to net earnings of $3.2 million or $0.05 per share ($0.04 per share diluted) for the prior year quarter.

Year ended April 30, 2011

Revenue for the fiscal year ended April 30, 2011 increased 57 percent to $482.3 million from $307.9 million for the corresponding period last year, with all regions contributing to this growth. Revenue growth was affected by the strengthening Canadian dollar against the U.S. dollar as compared to the same period last year. The unfavourable foreign exchange translation impact for the year, when comparing to the effective rates for the same period last year, is estimated at $15 million on revenue.

Canada-U.S. revenue increased by 75 percent to $181.3 million compared to $103.3 million last year with both countries contributing to this growth.

Revenue in South and Central America increased by 58 percent to $169.4 million, compared to $107.4 million in the prior year period. Most of the growth in the region came from Mexico, Argentina and Chile.

Revenue in Australia, Asia and Africa increased 36 percent to $131.6 million from $97.1 million in the prior year period. Mongolia and Indonesia were the main drivers of growth in the region while the Company added operations in Kazakhstan and Mozambique.

Gross margins for the year were 25.0 percent compared to 24.2 percent last year representing general improvements in pricing, partially offset by increased training, mobilization and consumable costs, to accommodate the present growth.

General and administrative costs were $40.9 million or 8.5 percent of revenue compared to $33.4 million or 10.9 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 $6.3 million for the year compared to $5.0 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 $0.9 million for the year compared to $0.1 million in the prior year period as a result of favorable currency variations during the year on net monetary items.

Short-term interest expense was $0.6 million for the year compared to a revenue of $0.2 million last year, while interest expense on long-term debt was $0.7 million compared to $1.1 million for the same period last year.

Amortization expense increased to $31.8 million for the year, compared to $30.1 million for the same period last year, as a result of additional equipment being purchased during the year.

Last year, the Company recorded a restructuring charge of $1.2 million, relating mainly to Australia. Also last year, the Company recorded a non-cash goodwill and intangible assets impairment charge of $1.5 million in Ecuador.

The income tax provision for the year was $13.4 million compared to $2.9 million for the prior year period.

Net earnings for the year were $27.6 million or $0.39 per share ($0.38 per share diluted) compared to a net loss of $0.5 million or $0.01 per share ($0.01 per share diluted) for the same period 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, June 8, 2011 at 9:00 AM (EDT).*** *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.*

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Major Drilling Group International Inc.
Consolidated Statements of Operations
(in thousands of Canadian dollars, except per share information)
(unaudited)

	Twelve months ended April 30		Three months ended April 30	
	2011	2010	**2011**	2010
TOTAL REVENUE	**$ 482,276**	$ 307,856	**$ 137,258**	$ 97,368
DIRECT COSTS	**361,857**	233,483	**102,345**	74,996
GROSS PROFIT	**120,419**	74,373	**34,913**	22,372
OPERATING EXPENSES				
General and administrative	**40,947**	33,437	**11,333**	8,507
Other expenses	**6,331**	5,000	**1,196**	1,172
Foreign exchange (gain) loss	**(892)**	(138)	**(672)**	525
Interest expense (revenue)	**557**	(214)	**226**	(86)
Interest expense on long-term debt	**718**	1,068	**173**	255
Amortization	**31,759**	30,058	**8,388**	7,275
Restructuring charge	**-**	1,220	**-**	-
Goodwill impairment	**-**	1,519	**-**	(513)
	79,420	71,950	**20,644**	17,135
EARNINGS BEFORE INCOME TAX	**40,999**	2,423	**14,269**	5,237
INCOME TAX - PROVISION (RECOVERY)				
Current	**13,548**	5,946	**4,101**	2,732
Future	**(108)**	(3,059)	**746**	(720)
	13,440	2,887	**4,847**	2,012
NET EARNINGS (LOSS)	**$ 27,559**	$ (464)	**$ 9,422**	$ 3,225
<u>EARNINGS (LOSS) PER SHARE</u>				
Basic *	**$ 0.39**	$ (0.01)	**$ 0.13**	$ 0.05
Diluted **	**$ 0.38**	$ (0.01)	**$ 0.13**	$ 0.04

*Based on 71,530,882 and 71,179,311 daily weighted average shares outstanding for the fiscal year to date 2011 and 2010, respectively and on 71,794,149 and 71,242,719 daily weighted average shares for the quarter ended April 30, 2011 and 2010, respectively. The total number of shares outstanding on April 30, 2011 was 72,040,376.

**Based on 72,253,581 daily weighted average shares outstanding for the fiscal year to date 2011 and on 72,984,266 and 71,896,533 daily weighted average shares outstanding for the fourth quarter ended April 30, 2011 and 2010, respectively.

For the year ended April 30, 2010 the exercise of stock options would have been anti-dilutive.

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

	Twelve months ended April 30		Three months ended April 30	
	2011	2010	**2011**	2010
NET EARNINGS (LOSS)	**$ 27,559**	$ (464)	**$ 9,422**	$ 3,225
OTHER COMPREHENSIVE LOSS				
Unrealized loss on translating financial statements of self-sustaining foreign operations	**(3,662)**	(39,254)	**(7,942)**	(14,277)
COMPREHENSIVE EARNINGS (LOSS)	**$ 23,897**	$ (39,718)	**$ 1,480**	$ (11,052)

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

	Twelve months ended April 30	
	2011	2010
RETAINED EARNINGS, BEGINNING OF THE YEAR	**$ 209,025**	$ 218,983
Net earnings (loss)	**27,559**	(464)
Dividends	**(10,525)**	(9,494)
RETAINED EARNINGS, END OF THE YEAR	**$ 226,059**	$ 209,025

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

	Twelve months ended April 30	
	2011	2010
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF THE YEAR	**$ (44,333)**	$ (5,079)
Unrealized losses on translating financial statements of self-sustaining foreign operations	**(3,662)**	(39,254)
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF THE YEAR	**$ (47,995)**	$ (44,333)

Major Drilling Group International Inc.
Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
(unaudited)

	Twelve months ended April 30		Three months ended April 30	
	2011	2010	**2011**	2010
OPERATING ACTIVITIES				
Net earnings (loss)	**$ 27,559**	$ (464)	**$ 9,422**	$ 3,225
Operating items not involving cash				
Amortization	**31,759**	30,058	**8,388**	7,275
(Gain) loss on disposal of property, plant and equipment	**(377)**	662	**49**	(272)
Future income tax (recovery)	**(108)**	(3,059)	**746**	(720)
Stock-based compensation	**2,041**	1,933	**578**	448
Goodwill impairment	**-**	1,519	**-**	(513)
	60,874	30,649	**19,183**	9,443
Changes in non-cash operating working capital items	**(13,023)**	(9,872)	**(18,759)**	(21,434)
Cash flow from (used in) operating activities	**47,851**	20,777	**424**	(11,991)
FINANCING ACTIVITIES				
Repayment of long-term debt	**(8,939)**	(11,522)	**(1,815)**	(2,496)
Repayment of short-term debt	**(3,131)**	-	**(3,131)**	-
Proceeds from long-term debt	**10,000**	-	**10,000**	-
Proceeds from short-term debt	**10,400**	-	**-**	-
Issuance of common shares	**4,165**	202	**2,753**	174
Dividends paid	**(9,993)**	(9,488)	**-**	-
Cash flow from (used in) financing activities	**2,502**	(20,808)	**7,807**	(2,322)
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 5)	**(3,776)**	(1,974)	**(1,209)**	(1,974)
Acquisition of property, plant and equipment, net of direct financing	**(62,568)**	(24,532)	**(22,053)**	(7,250)
Proceeds from disposal of property, plant and equipment	**4,498**	2,932	**569**	1,322
Cash flow used in investing activities	**(61,846)**	(23,574)	**(22,693)**	(7,902)
OTHER ACTIVITIES				
Foreign exchange translation adjustment	**(2,524)**	(4,198)	**(1,490)**	(1,244)
DECREASE IN CASH	**(14,017)**	(27,803)	**(15,952)**	(23,459)
CASH POSITION, BEGINNING OF THE PERIOD	**30,232**	58,035	**32,167**	53,691
CASH POSITION, END OF THE PERIOD	**$ 16,215**	$ 30,232	**$ 16,215**	$ 30,232

Major Drilling Group International Inc.
Consolidated Balance Sheets

As at April 30, 2011 and April 30, 2010

(in thousands of Canadian dollars)

(unaudited)

ASSETS		April 2011		April 2010
CURRENT ASSETS				
Cash	**$**	**16,215**	$	30,232
Accounts receivable		**100,300**		62,128
Income tax receivable		**2,720**		10,053
Inventories		**69,864**		63,170
Prepaid expenses		**8,439**		4,813
Future income tax assets		**194**		793
		197,732		171,189
PROPERTY, PLANT AND EQUIPMENT		**246,509**		210,812
FUTURE INCOME TAX ASSETS		**11,085**		8,117
GOODWILL AND INTANGIBLE ASSETS (note 7)		**26,939**		25,538
	$	**482,265**	$	415,656

LIABILITIES

CURRENT LIABILITIES				
Accounts payable and accrued charges	**$**	**88,618**	$	54,027
Income tax payable		**4,297**		2,830
Short-term debt (note 8)		**7,919**		-
Current portion of long-term debt		**8,402**		8,887
Future income tax liabilities		**472**		819
		109,708		66,563
LONG-TERM DEBT (note 9)		**16,630**		15,041
FUTURE INCOME TAX LIABILITIES		**18,080**		15,783
		144,418		97,387
SHAREHOLDERS' EQUITY				
Share capital		**146,600**		142,435
Contributed surplus		**13,183**		11,142
Retained earnings		**226,059**		209,025
Accumulated other comprehensive loss		**(47,995)**		(44,333)
		337,847		318,269
	$	**482,265**	$	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 expects the transition to IFRS to impact accounting, financial reporting, internal control over financial reporting, disclosure controls and procedures, taxes, and information systems and processes. The Company has established a transition plan to ensure the timely conversion to IFRS.

3. 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.

(in thousands of Canadian dollars)

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

Resource Drilling
Effective March 24, 2011, the Company acquired the assets of Resource Drilling, which provides contract drilling services in Mozambique, where Major Drilling did not have a presence. The acquired business includes drilling equipment, inventory, contracts and employees. The purchase price for the transaction was USD $9,733 (CAD $9,512), including customary working capital adjustments, financed with cash.

The Company is in the process of finalizing the valuation of assets. As at April 30, 2011, the values allocated to net tangible assets 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		
Inventories	**$**	**946**
Prepaid expenses		**23**
Property, plant and equipment		**8,543**
Net assets	**$**	**9,512**
Consideration		
Cash	**$**	**1,209**
Due to vendor		**8,303**
	$	**9,512**

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 US, 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 $2,449 (CAD $2,567), 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.

(in thousands of Canadian dollars)

5. BUSINESS ACQUISITIONS (Continued)

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

Assets acquired and liabilities assumed		
Accounts receivable	$	776
Inventories		382
Prepaid expenses		18
Property, plant and equipment		1,078
Goodwill		329
Intangible assets		763
Accounts payable		(779)
Net assets	$	2,567
Consideration		
Cash	$	2,567

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.

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 twelve and three months ended April 30, 2011 was $73,463 and $15,755 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.

(in thousands of Canadian dollars)

7. GOODWILL AND INTANGIBLE ASSETS

	April 2011	April 2010
Goodwill	**$ 25,704**	$ 24,464
Intangible assets	**1,235**	1,074
	$ 26,939	$ 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 twelve and three months ending April 30, 2011 and 2010:

	2011 YTD	2010 YTD	**2011 Q4**	2010 Q4
Balance at beginning of the period	**$ 25,538**	$ 32,072	**$ 27,058**	$ 26,137
Goodwill and intangible assets acquired	**1,092**	249	**-**	249
Amortization of intangible assets	**(761)**	(528)	**(189)**	(132)
Goodwill adjustment	**-**	(2,203)	**-**	(513)
Goodwill impairment	**-**	(1,519)	**-**	513
Effect of foreign currency exchange rate changes	**1,070**	(2,533)	**70**	(716)
	$ 26,939	$ 25,538	**$ 26,939**	$ 25,538

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), initially secured by a USD $10 million stand-by letter of credit drawn from the Company's demand credit facility. In the third quarter, the stand-by letter of credit was increased to USD $11 million due to the weakening of the US dollar. In the fourth quarter, the Company re-financed this facility, reducing the borrowing to 3,835 million Chilean pesos (CAD $7.3 million), secured by the same stand-by letter of credit adjusted to USD $8 million and carrying interest at an annual rate of 7.7 percent, maturing in April 2012.

9. LONG-TERM DEBT

In the fourth quarter of the current fiscal year, the Company increased its equipment and acquisition loan by $10 million.

10. 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.

(in thousands of Canadian dollars)

10. CAPITAL MANAGEMENT (Continued)

Total managed capital was as follows:

	April 2011	April 2010
Short-term debt	**$ 7,919**	$ -
Long-term debt	**25,032**	23,928
Share capital	**146,600**	142,435
Contributed surplus	**13,183**	11,142
Retained earnings	**226,059**	209,025
Cash	**(16,215)**	(30,232)
	$ 402,578	$ 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.

11. 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-term debt has a carrying value of $25,032 as at April 30, 2011 (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.

11. FINANCIAL INSTRUMENTS (Continued)

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 19.6 percent (27 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 April 30, 2011, 84.8 percent of the Company's trade receivables were aged as current and 0.7 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 April 30, 2011, the Company has estimated that a one percentage point increase in interest rates would cause a quarterly decrease in net income of approximately $61 and a one percentage point decrease in interest rates would cause a quarterly increase in net income of $61.

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.

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.

(in thousands of Canadian dollars)

11. FINANCIAL INSTRUMENTS (Continued)

Based on the Company's foreign currency net monetary exposures and net assets as at April 30, 2011, 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	**$ (1,460)**	**$ 1,460**

	Increase (decrease) in comprehensive earnings	
	Canadian dollar appreciates 10%	Canadian dollar depreciates 10%
U.S. Dollar	**$ (23,282)**	**$ 23,282**
Chilean Peso	**(3,904)**	**3,904**
Australian Dollar	**(844)**	**844**

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 April 30, 2011 are as follows:

	Total	**1 year**	**2-3 years**	**4-5 years**
Accounts payable & accrued charges	**$ 88,618**	**$ 88,618**	**$ -**	**$ -**
Short-term debt	**7,919**	**7,919**	**-**	**-**
Long-term debt	**25,032**	**8,402**	**12,499**	**4,131**
	$ 121,569	**$104,939**	**$ 12,499**	**$ 4,131**

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIODS ENDED APRIL 30, 2011 AND 2010
(in thousands of Canadian dollars)

12. SEGMENTED INFORMATION

	2011 YTD	2010 YTD	**2011 Q4**	2010 Q4
Revenue				
Canada - U.S.	**$ 181,280**	$ 103,337	**$ 52,069**	$ 37,257
South and Central America	**169,381**	107,434	**50,485**	38,545
Australia, Asia and Africa	**131,615**	97,085	**34,704**	21,566
	$ 482,276	$ 307,856	**$ 137,258**	$ 97,368
Earnings (loss) from operations				
Canada - U.S.	**$ 21,429**	$ 10,098	**$ 4,858**	$ 4,704
South and Central America	**20,233**	10,884	**9,668**	5,484
Australia, Asia and Africa	**14,033**	(3,823)	**3,935**	(1,506)
	55,695	17,159	**18,461**	8,682
Eliminations	**(921)**	(1,342)	**(222)**	(318)
	54,774	15,817	**18,239**	8,364
Interest expense, net	**1,275**	854	**399**	169
General corporate expenses	**12,500**	9,801	**3,571**	3,471
Restructuring charge	**-**	1,220	**-**	-
Goodwill impairment	**-**	1,519	**-**	(513)
Income tax	**13,440**	2,887	**4,847**	2,012
Net earnings (loss)	**$ 27,559**	$ (464)	**$ 9,422**	$ 3,225

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