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	
	2017	2016	**2017**	2016
TOTAL REVENUE	**$ 87,992**	$ 79,913	**$ 171,944**	$ 149,002
DIRECT COSTS	**66,815**	63,825	**134,000**	117,773
GROSS PROFIT	**21,177**	16,088	**37,944**	31,229
OPERATING EXPENSES				
General and administrative	**11,343**	10,902	**23,324**	21,531
Other expenses	**833**	920	**1,263**	1,643
Loss (gain) on disposal of property, plant and equipment	**33**	27	**(139)**	185
Foreign exchange gain	**(144)**	(126)	**(940)**	(300)
Finance costs	**184**	97	**365**	144
Depreciation of property, plant and equipment	**11,779**	12,540	**23,577**	24,496
Amortization of intangible assets	**-**	654	**657**	1,304
	24,028	25,014	**48,107**	49,003
LOSS BEFORE INCOME TAX	**(2,851)**	(8,926)	**(10,163)**	(17,774)
INCOME TAX - PROVISION (RECOVERY) (note 7)				
Current	**2,370**	2,043	**4,854**	5,728
Deferred	**(2,499)**	(1,212)	**(5,405)**	(3,963)
	(129)	831	**(551)**	1,765
NET LOSS	**$ (2,722)**	$ (9,757)	**$ (9,612)**	$ (19,539)
LOSS PER SHARE (note 8)				
Basic	**$ (0.03)**	$ (0.12)	**$ (0.12)**	$ (0.24)
Diluted	**$ (0.03)**	$ (0.12)	**$ (0.12)**	$ (0.24)

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

	Three months ended October 31		Six months ended October 31	
	2017	2016	**2017**	2016
NET LOSS	**$ (2,722)**	$ (9,757)	**$ (9,612)**	$ (19,539)
OTHER COMPREHENSIVE EARNINGS (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on foreign currency translations (net of tax)	**8,198**	8,816	**(16,687)**	20,184
Unrealized loss on derivatives (net of tax)	**(313)**	(152)	**(209)**	(289)
COMPREHENSIVE EARNINGS (LOSS)	**$ 5,163**	$ (1,093)	**$ (26,508)**	$ 356

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2017 and 2016
(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, 2016	$ 239,726	$ 326	$ 18,317	$ 105,876	$ 61,896	$ 426,141
Share-based compensation	-	-	477	-	-	477
	239,726	326	18,794	105,876	61,896	426,618
Comprehensive earnings:						
Net loss	-	-	-	(19,539)	-	(19,539)
Unrealized gain on foreign currency translations	-	-	-	-	20,184	20,184
Unrealized loss on derivatives	-	(289)	-	-	-	(289)
Total comprehensive earnings	-	(289)	-	(19,539)	20,184	356
BALANCE AS AT OCTOBER 31, 2016	$ 239,726	$ 37	$ 18,794	$ 86,337	$ 82,080	$ 426,974
BALANCE AS AT MAY 1, 2017	**$ 239,751**	**$ 163**	**$ 19,250**	**$ 63,812**	**$ 86,787**	**$409,763**
Exercise of stock options	**1,513**	**-**	**(310)**	**-**	**-**	**1,203**
Share-based compensation	**-**	**-**	**428**	**-**	**-**	**428**
	241,264	**163**	**19,368**	**63,812**	**86,787**	**411,394**
Comprehensive loss:						
Net loss	**-**	**-**	**-**	**(9,612)**	**-**	**(9,612)**
Unrealized loss on foreign currency translations	**-**	**-**	**-**	**-**	**(16,687)**	**(16,687)**
Unrealized loss on derivatives	**-**	**(209)**	**-**	**-**	**-**	**(209)**
Total comprehensive loss	**-**	**(209)**	**-**	**(9,612)**	**(16,687)**	**(26,508)**
BALANCE AS AT OCTOBER 31, 2017	**$ 241,264**	**$ (46)**	**$ 19,368**	**$ 54,200**	**$ 70,100**	**$384,886**

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	
	2017	2016	**2017**	2016
OPERATING ACTIVITIES				
Loss before income tax	**$ (2,851)**	$ (8,926)	**$ (10,163)**	$ (17,774)
Operating items not involving cash				
Depreciation and amortization	**11,779**	13,194	**24,234**	25,800
Loss (gain) on disposal of property, plant and equipment	**33**	27	**(139)**	185
Share-based compensation	**189**	187	**428**	477
Finance costs recognized in loss before income tax	**184**	97	**365**	144
	9,334	4,579	**14,725**	8,832
Changes in non-cash operating working capital items	**(4,285)**	(1,742)	**(2,068)**	(9,366)
Finance costs paid	**(184)**	(97)	**(365)**	(144)
Income taxes paid	**(1,383)**	(2,110)	**(2,066)**	(2,745)
Cash flow from (used in) operating activities	**3,482**	630	**10,226**	(3,423)
FINANCING ACTIVITIES				
Repayment of long-term debt	**(805)**	(1,681)	**(1,646)**	(3,753)
Proceeds from draw on long-term debt	**-**	-	**15,000**	-
Issuance of common shares due to exercise of stock options	**510**	-	**1,203**	-
Cash flow (used in) from financing activities	**(295)**	(1,681)	**14,557**	(3,753)
INVESTING ACTIVITIES				
Business acquisition (note 10)	**(5,135)**	(3,881)	**(5,135)**	(3,881)
Acquisition of property, plant and equipment (net of direct financing) (note 6)	**(5,937)**	(4,794)	**(10,193)**	(7,571)
Proceeds from disposal of property, plant and equipment	**844**	265	**1,620**	1,437
Cash flow used in investing activities	**(10,228)**	(8,410)	**(13,708)**	(10,015)
Effect of exchange rate changes	**681**	748	**(2,733)**	1,870
(DECREASE) INCREASE IN CASH	**(6,360)**	(8,713)	**8,342**	(15,321)
CASH, BEGINNING OF THE PERIOD	**40,677**	43,620	**25,975**	50,228
CASH, END OF THE PERIOD	**$ 34,317**	$ 34,907	**$ 34,317**	$ 34,907

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2017 and April 30, 2017
(in thousands of Canadian dollars)
(unaudited)

	October 31, 2017	April 30, 2017
ASSETS		
CURRENT ASSETS		
Cash	$ **34,317**	$ 25,975
Trade and other receivables	**73,028**	72,385
Note receivable	**486**	476
Income tax receivable	**3,394**	5,771
Inventories	**84,178**	88,047
Prepaid expenses	**5,790**	3,210
	201,193	195,864
NOTE RECEIVABLE	**809**	1,055
PROPERTY, PLANT AND EQUIPMENT (note 6)	**197,836**	221,524
DEFERRED INCOME TAX ASSETS	**20,397**	17,026
GOODWILL	**57,867**	58,432
INTANGIBLE ASSETS	**-**	669
	$ **478,102**	$ 494,570
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	$ **51,344**	$ 48,359
Income tax payable	**3,570**	3,036
Contingent consideration (note 10)	**-**	5,135
Current portion of long-term debt	**2,811**	3,291
	57,725	59,821
LONG-TERM DEBT	**18,213**	4,544
DEFERRED INCOME TAX LIABILITIES	**17,278**	20,442
	93,216	84,807
SHAREHOLDERS' EQUITY		
Share capital	**241,264**	239,751
Reserves	**(46)**	163
Share-based payments reserve	**19,368**	19,250
Retained earnings	**54,200**	63,812
Foreign currency translation reserve	**70,100**	86,787
	384,886	409,763
	$ **478,102**	$ 494,570

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, Mexico, South America, Asia, Africa and Europe.

2. BASIS OF PRESENTATION

Statement of compliance
These Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies as outlined in the Company's annual Consolidated Financial Statements for the year ended April 30, 2017.

On November 30, 2017, the Board of Directors authorized the financial statements for issue.

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

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

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

Basis of preparation
These Interim Condensed Consolidated Financial Statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the Company's annual Consolidated Financial Statements for the year ended April 30, 2017.

3. APPLICATION OF NEW AND REVISED IFRS

The following IASB standards, now in effect, have had no significant impact on the Company's Consolidated Financial Statements:

IAS 7 *(amended) Statement of Cash Flows*
IAS 12 *(amended) Income Taxes*

The Company has not applied the following IASB standards that have been issued, but are not yet effective:

IFRS 2 *Share-based Payment ("IFRS 2")*
IFRS 2, amended in June 2016, clarifies the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. These final amendments to IFRS 2 are effective for annual periods beginning on or after January 1, 2018. The Company has completed its assessment of IFRS 2 and the amendments are not expected to have a significant impact on the Consolidated Financial Statements.

3. APPLICATION OF NEW AND REVISED IFRS (Continued)

IFRS 9 *Financial Instruments ("IFRS 9")*
IFRS 9, completed by the IASB in phases, with the final version issued in July 2014, replaces IAS 39, Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and de-recognition. This final version of IFRS 9, which supersedes all previous versions, is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently in the process of assessing the impact of the adoption of IFRS 9, however, it is not expected to have a significant impact on the Consolidated Financial Statements.

IFRS 15 *Revenue from Contracts with Customers ("IFRS 15")*
IFRS 15, issued in May 2014, clarifies the principles for recognizing revenue from contracts with customers. It provides a comprehensive framework for recognition and measurement of revenue from contracts with customers and will also result in enhanced disclosures around revenue. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently in the process of assessing the impact of the adoption of IFRS 15, however, it is not expected to have a significant impact on the Consolidated Financial Statements.

IFRS 16 *Leases ("IFRS 16")*
IFRS 16, issued in January 2016, replaces IAS 17, Leases. Early adoption is permitted if IFRS 15 has been applied or is applied on the same date. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains substantially unchanged as they continue to classify leases as operating or finance. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company is in the process of quantifying the impact IFRS 16 will have on the Consolidated Financial Statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements, in conformity with International Financial Reporting Standards ("IFRS"), requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which 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, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in the compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, contingent consideration and allowance for doubtful accounts, and impairment testing of goodwill and intangible assets.

The Company applied judgment in determining the functional currency of the Company and its subsidiaries, the determination of cash-generating units ("CGUs"), the degree of componentization of property, plant and equipment, the recognition of provisions and accrued liabilities, and the determination of the probability that deferred income tax assets will be realized from future taxable earnings.

5. SEASONALITY OF OPERATIONS

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

6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three months ended October 31, 2017 were $5,937 (2016 - $4,829) and $10,244 (2016 - $7,606) for the six months ended October 31, 2017. The Company obtained direct financing of nil for the three months ended October 31, 2017 (2016 - $35) and $51 for the six months ended October 31, 2017 (2016 - $35).

7. INCOME TAXES

The income tax (recovery) provision for the period can be reconciled to accounting loss before income tax as follows:

	Q2 2018	Q2 2017	**YTD 2018**	YTD 2017
Loss before income tax	**$ (2,851)**	$ (8,926)	**$ (10,163)**	$ (17,774)
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax recovery based on statutory rate	**(770)**	(2,410)	**(2,744)**	(4,799)
Non-recognition of tax benefits related to losses	**694**	1,342	**1,811**	2,549
Utilization of previously unrecognized losses	**(811)**	-	**(811)**	-
Other foreign taxes paid	**64**	82	**199**	373
Rate variances in foreign jurisdictions	**201**	483	**253**	620
Permanent differences	**86**	1,158	**299**	2,328
Other	**407**	176	**442**	694
Income tax (recovery) provision recognized in net loss	**$ (129)**	$ 831	**$ (551)**	$ 1,765

The Company periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Company records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favorable or unfavorable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statutes of limitations lapse.

8. LOSS PER SHARE

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

	Q2 2018	Q2 2017	**YTD 2018**	YTD 2017
Net loss	**$ (2,722)**	$ (9,757)	**$ (9,612)**	$ (19,539)
Weighted average number of shares:				
Basic and diluted (000s)	**80,291**	80,137	**80,222**	80,137
Loss per share				
Basic	**$ (0.03)**	$ (0.12)	**$ (0.12)**	$ (0.24)
Diluted	**$ (0.03)**	$ (0.12)	**$ (0.12)**	$ (0.24)

The calculation of diluted loss per share for the three and six months ended October 31, 2017, respectively, excludes the effect of 2,726,606 and 2,385,593 options (2016 - 3,994,927 and 3,638,174) as they were anti-dilutive.

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

8. LOSS PER SHARE (Continued)

The total number of shares outstanding on October 31, 2017 was 80,299,984 (2016 - 80,136,884).

9. SEGMENTED INFORMATION

The Company's operations are divided into the following three geographic segments, corresponding to its management structure: Canada - U.S.; South and Central America; and Asia and Africa. The services provided in each of the reportable segments are essentially the same. The accounting policies of the segments are the same as those described in the Company's annual Consolidated Financial Statements for the year ended April 30, 2017. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs, general corporate expenses and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	Q2 2018	Q2 2017	**YTD 2018**	YTD 2017
Revenue				
Canada - U.S.*	**$ 52,688**	$ 50,645	**$ 104,870**	$ 94,442
South and Central America	**19,394**	16,169	**38,268**	29,665
Asia and Africa	**15,910**	13,099	**28,806**	24,895
	$ 87,992	$ 79,913	**$ 171,944**	$ 149,002
Earnings (loss) from operations				
Canada - U.S.	**$ 2,066**	$ (508)	**$ 800**	$ (3,826)
South and Central America	**(2,442)**	(4,691)	**(5,530)**	(6,591)
Asia and Africa	**249**	(1,667)	**(1,917)**	(3,292)
	(127)	(6,866)	**(6,647)**	(13,709)
Finance costs	**184**	97	**365**	144
General corporate expenses**	**2,540**	1,963	**3,151**	3,921
Income tax (recovery) provision	**(129)**	831	**(551)**	1,765
Net loss	**$ (2,722)**	$ (9,757)	**$ (9,612)**	$ (19,539)

*Canada - U.S. includes revenue of $26,314 and $22,260 for Canadian operations for the three months ended October 31, 2017 and 2016, respectively, and $51,341 and $42,200 for the six months ended October 31, 2017 and 2016, respectively.

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

	Q2 2018	Q2 2017	**YTD 2018**	YTD 2017
Capital expenditures				
Canada - U.S.	**$ 4,078**	$ 2,394	**$ 7,102**	$ 3,753
South and Central America	**464**	2,085	**1,096**	3,055
Asia and Africa	**1,395**	350	**2,046**	798
Total capital expenditures	**$ 5,937**	$ 4,829	**$ 10,244**	$ 7,606
Depreciation and amortization				
Canada - U.S.	**$ 5,349**	$ 7,304	**$ 11,795**	$ 14,437
South and Central America	**3,159**	3,232	**6,361**	6,341
Asia and Africa	**2,446**	1,977	**5,150**	3,988
Unallocated and corporate assets	**825**	681	**928**	1,034
Total depreciation and amortization	**$ 11,779**	$ 13,194	**$ 24,234**	$ 25,800

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

9. SEGMENTED INFORMATION (Continued)

	October 31, 2017	April 30, 2017
Identifiable assets		
Canada - U.S.*	$ 202,981	$ 216,391
South and Central America	133,596	151,894
Asia and Africa	92,930	99,850
Unallocated and corporate assets	48,595	26,435
Total identifiable assets	$ 478,102	$ 494,570

*Canada - U.S. includes property, plant and equipment at October 31, 2017 of $51,649 (April 30, 2017 - $57,689) for Canadian operations.

10. BUSINESS ACQUISITION

During the current quarter, the Company made the final payment on the contingent consideration arising out of the Taurus Drilling Services acquisition, for $5,135 (2016 - $3,881).

11. FINANCIAL INSTRUMENTS

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 carrying value of long-term debt approximates its fair value 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. Contingent consideration is recorded at fair value and is classified as level 2 in accordance with the fair value hierarchy.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers of amounts between level 1, level 2 and level 3 financial instruments for the quarter ended October 31, 2017. Additionally, there are no financial instruments classified as level 3.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Credit risk

As at October 31, 2017, 88.1% (April 30, 2017 - 87.3%) of the Company's trade receivables were aged as current and 1.5% (April 30, 2017 - 1.4%) of the trade receivables were impaired.

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

11. FINANCIAL INSTRUMENTS (Continued)

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

	October 31, 2017	April 30, 2017
Opening balance	**$ 847**	$ 3,554
Increase in impairment allowance	**186**	668
Recovery of amounts previously impaired	**-**	(92)
Write-off charged against allowance	**-**	(3,374)
Foreign exchange translation differences	**(85)**	91
Ending balance	**$ 948**	$ 847

Foreign currency risk

As at October 31, 2017, the most significant carrying amounts of net monetary assets that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; (ii) cause foreign exchange rate exposure; and (iii) may include intercompany balances with other subsidiaries, including the impact on earnings before income taxes ("EBIT"), if the corresponding rate changes by 10%, are as follows:

	Rate variance	MNT/USD	CFA/USD	COP/USD	USD/CAD	Other
Net exposure on monetary assets		$ 5,368	$ 3,601	$ 2,027	$ 642	$ 498
EBIT impact	+/-10%	596	400	225	71	56

Liquidity risk

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

	1 year	2-3 years	4-5 years	Total
Trade and other payables	$ 51,344	$ -	$ -	$ 51,344
Long-term debt (interest included)	3,472	18,412	923	22,807
	$ 54,816	**$ 18,412**	**$ 923**	**$ 74,151**