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

	Three months ended July 31	
	2012	2011
TOTAL REVENUE	**$ 237,565**	$ 164,152
DIRECT COSTS	**156,287**	112,653
GROSS PROFIT	**81,278**	51,499
OPERATING EXPENSES		
General and administrative	**17,299**	12,318
Other expenses	**5,270**	2,603
Loss on disposal of property, plant and equipment	**8**	600
Foreign exchange (gain) loss	**(1,369)**	321
Finance costs	**738**	822
Depreciation of property, plant and equipment	**12,122**	8,395
Amortization of intangible assets	**1,065**	185
	35,133	25,244
EARNINGS BEFORE INCOME TAX	**46,145**	26,255
INCOME TAX - PROVISION (note 7)		
Current	**13,509**	5,984
Deferred	**761**	2,379
	14,270	8,363
NET EARNINGS	**$ 31,875**	$ 17,892
EARNINGS PER SHARE (note 8)		
Basic	**$ 0.40**	$ 0.25
Diluted	**$ 0.40**	$ 0.25

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

	Three months ended July 31	
	2012	2011
NET EARNINGS	**$ 31,875**	$ 17,892
OTHER COMPREHENSIVE EARNINGS (LOSS)		
Unrealized gains on foreign currency translations (net of tax)	**7,651**	1,809
Unrealized loss on interest swap (net of tax)	**(144)**	-
COMPREHENSIVE EARNINGS	**$ 39,382**	$ 19,701

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

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

	Share capital	Reserves	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2011	$ 150,642	$ -	$ 10,280	$ 170,425	$ (3,662)	$ 327,685
Share-based payments reserve	-	-	554	-	-	554
	150,642	-	10,834	170,425	(3,662)	328,239
Comprehensive earnings:						
Net earnings	-	-	-	17,892	-	17,892
Unrealized gains on foreign currency translations	-	-	-	-	1,809	1,809
Total comprehensive earnings	-	-	-	17,892	1,809	19,701
BALANCE AS AT JULY 31, 2011	$ 150,642	$ -	$ 10,834	$ 188,317	$ (1,853)	$ 347,940
BALANCE AS AT MAY 1, 2012	**$ 230,763**	**$ 121**	**$ 11,797**	**$ 246,809**	**$ (1,791)**	**$ 487,699**
Share-based payments reserve	**(93)**	**-**	**860**	**-**	**-**	**767**
	230,670	**121**	**12,657**	**246,809**	**(1,791)**	**488,466**
Comprehensive earnings (loss):						
Net earnings	**-**	**-**	**-**	**31,875**	**-**	**31,875**
Unrealized loss on interest swap	**-**	**(144)**	**-**	**-**	**-**	**(144)**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**-**	**7,651**	**7,651**
Total comprehensive earnings (loss)	**-**	**(144)**	**-**	**31,875**	**7,651**	**39,382**
BALANCE AS AT JULY 31, 2012	**$ 230,670**	**$ (23)**	**$ 12,657**	**$ 278,684**	**$ 5,860**	**$ 527,848**

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

	Three months ended July 31	
	2012	2011
OPERATING ACTIVITIES		
Earnings before income tax	**$ 46,145**	$ 26,255
Operating items not involving cash		
Depreciation and amortization	**13,187**	8,580
Loss on disposal of property, plant and equipment	**8**	600
Share-based payments reserve	**767**	554
Finance costs recognized in earnings before income tax	**738**	822
	60,845	36,811
Changes in non-cash operating working capital items	**(19,695)**	(8,833)
Finance costs paid	**(735)**	(822)
Income taxes paid	**(7,889)**	(5,013)
Cash flow from operating activities	**32,526**	22,143
FINANCING ACTIVITIES		
Repayment of long-term debt	**(1,564)**	(2,190)
Proceeds from long-term debt	**-**	10,000
Dividends paid	**(7,123)**	(5,283)
Cash flow (used in) from financing activities	**(8,687)**	2,527
INVESTING ACTIVITIES		
Payment of consideration for previous business acquisition	**(813)**	-
Acquisition of property, plant and equipment (note 6)	**(23,401)**	(21,410)
Proceeds from disposal of property, plant and equipment	**268**	684
Cash flow used in investing activities	**(23,946)**	(20,726)
Effect of exchange rate changes	**(395)**	(367)
(DECREASE) INCREASE IN CASH	**(502)**	3,577
CASH, BEGINNING OF THE PERIOD	**37,237**	16,215
CASH, END OF THE PERIOD	**$ 36,735**	$ 19,792

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets

As at July 31, 2012 and April 30, 2012

(in thousands of Canadian dollars)

(unaudited)

	July 31, 2012	April 30, 2012
ASSETS		
CURRENT ASSETS		
Cash	**$ 36,735**	$ 37,237
Trade and other receivables	**161,798**	159,770
Income tax receivable	**4,841**	3,314
Inventories	**98,752**	95,905
Prepaid expenses	**11,792**	7,476
	313,918	303,702
PROPERTY, PLANT AND EQUIPMENT	**334,586**	318,171
DEFERRED INCOME TAX ASSETS	**2,630**	2,859
GOODWILL	**55,366**	54,946
INTANGIBLE ASSETS	**5,249**	6,295
	$ 711,749	$ 685,973
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**$ 95,096**	$ 115,805
Income tax payable	**10,330**	3,142
Current portion of long-term debt	**8,675**	8,712
	114,101	127,659
CONTINGENT CONSIDERATION	**2,159**	2,760
LONG-TERM DEBT	**40,890**	42,274
DEFERRED INCOME TAX LIABILITIES	**26,751**	25,581
	183,901	198,274
SHAREHOLDERS' EQUITY		
Share capital	**230,670**	230,763
Reserves	**(23)**	121
Share-based payments reserve	**12,657**	11,797
Retained earnings	**278,684**	246,809
Foreign currency translation reserve	**5,860**	(1,791)
	527,848	487,699
	$ 711,749	$ 685,973

1. NATURE OF ACTIVITIES

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

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of consolidation

These interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

Basis of preparation

These interim condensed consolidated financial statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the annual consolidated financial statements for the year ended April 30, 2012.

3. FUTURE ACCOUNTING CHANGES

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas requiring the use of management estimates relate to the useful lives of property, plant and equipment for amortization purposes, property, plant and equipment and inventory valuation, determination of income and other taxes, assumptions used in compilation of share-based payments, fair value of assets acquired and liabilities assumed in business acquisitions, amounts recorded as accrued liabilities, and impairment testing of goodwill and intangible assets.

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

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

5. SEASONALITY OF OPERATIONS

With the exception of the third quarter, the Company exhibits comparatively less seasonality in quarterly revenue than in the past. The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities, often for extended periods over the holiday season, particularly in South and Central America.

6. PROPERTY PLANT & EQUIPMENT

Capital expenditures were $23,401 for the quarter ended July 31, 2012 compared to $21,410 for the same period last year. During the quarter, the Company added 24 drill rigs through its capital expenditure program while retiring or disposing of 10 drill rigs through its modernization program.

7. INCOME TAXES

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

	2013 Q1	2012 Q1
Earnings before income tax	**$ 46,145**	$ 26,255
Statutory Canadian corporate income tax rate	**29%**	29%
Expected income tax expense based on statutory rate	**$ 13,382**	$ 7,614
Non-recognition of tax benefits related to losses	**315**	48
Other foreign taxes paid	**355**	51
Rate variances in foreign jurisdictions	**119**	(298)
Other	**99**	948
	$ 14,270	$ 8,363

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

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

8. EARNINGS PER SHARE

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

	2013 Q1	2012 Q1
Net earnings for the period	**$ 31,875**	$ 17,892
Weighted average shares outstanding – basic (000's)	**79,147**	72,040
Net effect of dilutive securities:		
Stock options (000's)	**637**	881
Weighted average number of shares – diluted (000's)	**79,784**	72,921
Earnings per share:		
Basic	**$ 0.40**	$ 0.25
Diluted	**$ 0.40**	$ 0.25

There were no anti-dilutive options for the three months ended July 31, 2012. The calculation of the diluted earnings per share for the period ended July 31, 2011 exclude the effect of 75,271 options as they were anti-dilutive.

The total number of shares outstanding on July 31, 2012 was 79,147,378.

9. SEGMENTED INFORMATION

The Company's operations are divided into three geographic segments corresponding to its management structure, Canada - U.S., South and Central America, and Australia, Asia and Africa. The services provided in each of the reportable drilling segments are similar. The accounting policies of the segments are the same as those described in the annual consolidated financial statements for the year ended April 30, 2012. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

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

9. SEGMENTED INFORMATION (Continued)

	2013 Q1	2012 Q1
Revenue		
Canada – U.S.	**$ 112,837**	$ 61,438
South and Central America	**69,413**	51,292
Australia, Asia and Africa	**55,315**	51,422
	$ 237,565	$ 164,152
Earnings from operations		
Canada – U.S.	**$ 25,471**	$ 9,986
South and Central America	**16,751**	10,599
Australia, Asia and Africa	**9,021**	11,058
	51,243	31,643
Eliminations	**521**	(25)
	51,764	31,618
Finance costs	**738**	822
General and corporate expenses*	**4,881**	4,541
Income tax	**14,270**	8,363
Net earnings	**$ 31,875**	$ 17,892

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

Depreciation and amortization		
Canada – U.S.	**$ 5,480**	$ 3,341
South and Central America	**3,212**	2,271
Australia, Asia and Africa	**4,027**	2,664
Unallocated corporate assets	**468**	304
Total depreciation and amortization	**$ 13,187**	$ 8,580

	July 31, 2012	April 30, 2012
Identifiable assets		
Canada – U.S.	**$ 276,970**	$ 252,233
South and Central America	**220,792**	212,861
Australia, Asia and Africa	**195,951**	186,442
	693,713	651,536
Eliminations	**(771)**	(573)
Unallocated and corporate assets	**18,807**	35,010
	$ 711,749	$ 685,973

Canada – U.S. includes revenue for the period ended July 31, 2012 of $67,025 (July 31, 2011 - $33,225) for Canadian operations and property, plant and equipment at July 31, 2012 of $88,034 (April 30, 2012 - $87,629).

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

10. FINANCIAL INSTRUMENTS

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

Fair value

The carrying values of cash, trade and other receivables, demand credit facility and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The following table shows carrying values of long-term debt and contingent consideration and approximates their 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.

	July 31, 2012	April 30, 2012
Contingent consideration	**$ 2,159**	$ 2,760
Long-term debt	**49,565**	50,986

Credit risk

As at July 31, 2012, 80.5% of the Company's trade receivables were aged as current and 1.5% of the trade receivables were impaired.

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

Balance as at April 30, 2012	**$ 2,236**
Increase in impairment allowance	**38**
Foreign exchange translation differences	**25**
Balance as at July 31, 2012	**$ 2,299**

Foreign currency risk

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

	July 31, 2012	April 30, 2012
U.S. Dollars	**$ 14,688**	$ 45,555

If the Canadian dollar moved by plus or minus 10% at July 31, 2012, the unrealized foreign exchange gain or loss would move by approximately $1,469 (April 30, 2012 – $4,556).

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

10. FINANCIAL INSTRUMENTS (Continued)

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

Non-derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Trade and other payables	$ 95,096	$ -	$ -	$ -	$ 95,096
Contingent consideration	753	1,255	151	-	2,159
Long-term debt	8,659	17,679	19,121	4,083	49,542
	$104,508	$ 18,934	$ 19,272	$ 4,083	$146,797

Derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Interest rate swap	$ 16	$ 12	$ (5)	$ -	$ 23