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

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

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

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

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2011 and 2012
(in thousands of Canadian dollars)
(unaudited)

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

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

	Three months ended October 31		Six months ended October 31	
	2012	2011	**2012**	2011
OPERATING ACTIVITIES				
Earnings before income tax	**$ 33,767**	$ 44,439	**$ 79,912**	$ 70,694
Operating items not involving cash				
Depreciation and amortization	**13,371**	9,366	**26,558**	17,946
(Gain) loss on disposal of property, plant and equipment	**(141)**	81	**(133)**	681
Share-based payments reserve	**712**	567	**1,479**	1,121
Finance costs recognized in earnings before income tax	**728**	964	**1,466**	1,786
	48,437	55,417	**109,282**	92,228
Changes in non-cash operating working capital items	**19,053**	(13,468)	**(642)**	(22,301)
Finance costs paid	**(729)**	(964)	**(1,464)**	(1,786)
Income taxes paid	**(7,554)**	(6,312)	**(15,443)**	(11,325)
Cash flow from operating activities	**59,207**	34,673	**91,733**	56,816
FINANCING ACTIVITIES				
Repayment of long-term debt	**(4,071)**	(2,039)	**(5,635)**	(4,229)
Proceeds from long-term debt	**-**	15,000	**-**	25,000
Issuance of common shares	**-**	77,104	**-**	77,104
Dividends paid	**-**	-	**(7,123)**	(5,283)
Cash flow (used in) from financing activities	**(4,071)**	90,065	**(12,758)**	92,592
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired)	**-**	(66,519)	**(813)**	(66,519)
Acquisition of property, plant and equipment (note 6)	**(16,111)**	(16,083)	**(39,512)**	(37,493)
Proceeds from disposal of property, plant and equipment	**998**	863	**1,266**	1,547
Cash flow used in investing activities	**(15,113)**	(81,739)	**(39,059)**	(102,465)
Effect of exchange rate changes	**287**	(730)	**(108)**	(1,097)
INCREASE IN CASH	**40,310**	42,269	**39,808**	45,846
CASH, BEGINNING OF THE PERIOD	**36,735**	19,792	**37,237**	16,215
CASH, END OF THE PERIOD	**$ 77,045**	$ 62,061	**$ 77,045**	$ 62,061

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets

As at October 31, 2012 and April 30, 2012

(in thousands of Canadian dollars)

(unaudited)

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

1. NATURE OF ACTIVITIES

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

2. BASIS OF PRESENTATION

Statement of compliance

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

Basis of consolidation

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

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

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

Basis of preparation

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

3. FUTURE ACCOUNTING CHANGES

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

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

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

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

7. INCOME TAXES

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

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

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

7. INCOME TAXES (Continued)

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

8. EARNINGS PER SHARE

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

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

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

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

9. SEGMENTED INFORMATION

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

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

9. SEGMENTED INFORMATION (Continued)

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

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

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

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

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

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

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

10. BUSINESS ACQUISITION

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

11. FINANCIAL INSTRUMENTS

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

Fair value

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

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

Credit risk

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

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

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

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

11. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

Non-derivative financial liabilities:

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

Derivative financial liabilities:

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