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	
	2018	2017	**2018**	2017
TOTAL REVENUE	**$ 105,501**	$ 87,992	**$ 203,986**	$ 171,944
DIRECT COSTS	**76,570**	66,815	**151,655**	134,000
GROSS PROFIT	**28,931**	21,177	**52,331**	37,944
OPERATING EXPENSES				
General and administrative	**11,244**	11,343	**23,642**	23,324
Other expenses	**1,257**	833	**2,296**	1,263
(Gain) loss on disposal of property, plant and equipment	**(107)**	33	**(286)**	(139)
Foreign exchange loss (gain)	**918**	(144)	**944**	(940)
Finance costs	**208**	184	**451**	365
Depreciation of property, plant and equipment	**10,131**	11,779	**21,275**	23,577
Amortization of intangible assets	**-**	-	**-**	657
	23,651	24,028	**48,322**	48,107
EARNINGS (LOSS) BEFORE INCOME TAX	**5,280**	(2,851)	**4,009**	(10,163)
INCOME TAX - PROVISION (RECOVERY) (note 8)				
Current	**2,821**	2,370	**5,577**	4,854
Deferred	**(802)**	(2,499)	**(2,347)**	(5,405)
	2,019	(129)	**3,230**	(551)
NET EARNINGS (LOSS)	**$ 3,261**	$ (2,722)	**$ 779**	$ (9,612)
EARNINGS (LOSS) PER SHARE (note 9)				
Basic	**$ 0.04**	$ (0.03)	**$ 0.01**	$ (0.12)
Diluted	**$ 0.04**	$ (0.03)	**$ 0.01**	$ (0.12)

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	
	2018	2017	**2018**	2017
NET EARNINGS (LOSS)	**$ 3,261**	$ (2,722)	**$ 779**	$ (9,612)
OTHER COMPREHENSIVE EARNINGS				
Items that may be reclassified subsequently to profit or loss				
Unrealized (loss) gain on foreign currency translations (net of tax)	**(223)**	8,198	**2,304**	(16,687)
Unrealized loss on derivatives (net of tax)	**(199)**	(313)	**(341)**	(209)
COMPREHENSIVE EARNINGS (LOSS)	**$ 2,839**	$ 5,163	**$ 2,742**	$ (26,508)

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2018 and 2017
(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, 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 earnings:						
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
BALANCE AS AT MAY 1, 2018	**$ 241,264**	**$ 36**	**$ 19,721**	**$ 41,360**	**$ 70,021**	**$372,402**
Share-based compensation	**-**	**-**	**277**	**-**	**-**	**277**
	241,264	**36**	**19,998**	**41,360**	**70,021**	**372,679**
Comprehensive earnings:						
Net earnings	**-**	**-**	**-**	**779**	**-**	**779**
Unrealized gain on foreign currency translations	**-**	**-**	**-**	**-**	**2,304**	**2,304**
Unrealized loss on derivatives	**-**	**(341)**	**-**	**-**	**-**	**(341)**
Total comprehensive earnings	**-**	**(341)**	**-**	**779**	**2,304**	**2,742**
BALANCE AS AT OCTOBER 31, 2018	**$ 241,264**	**$ (305)**	**$ 19,998**	**$ 42,139**	**$ 72,325**	**$375,421**

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	
	2018	2017	**2018**	2017
OPERATING ACTIVITIES				
Earnings (loss) before income tax	**$ 5,280**	$ (2,851)	**$ 4,009**	$ (10,163)
Operating items not involving cash				
Depreciation and amortization	**10,131**	11,779	**21,275**	24,234
(Gain) loss on disposal of property, plant and equipment	**(107)**	33	**(286)**	(139)
Share-based compensation	**128**	189	**277**	428
Finance costs recognized in earnings (loss) before income tax	**208**	184	**451**	365
	15,640	9,334	**25,726**	14,725
Changes in non-cash operating working capital items	**(614)**	(4,285)	**(3,547)**	(2,068)
Finance costs paid	**(208)**	(184)	**(451)**	(365)
Income taxes paid	**(2,545)**	(1,383)	**(4,557)**	(2,066)
Cash flow from operating activities	**12,273**	3,482	**17,171**	10,226
FINANCING ACTIVITIES				
Repayment of long-term debt	**(538)**	(805)	**(1,273)**	(1,646)
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	**(538)**	(295)	**(1,273)**	14,557
INVESTING ACTIVITIES				
Payment of consideration for previous business acquisition	**-**	(5,135)	**-**	(5,135)
Acquisition of property, plant and equipment (net of direct financing) (note 7)	**(7,025)**	(5,937)	**(12,851)**	(10,193)
Proceeds from disposal of property, plant and equipment	**7,075**	844	**7,766**	1,620
Cash flow from (used in) investing activities	**50**	(10,228)	**(5,085)**	(13,708)
Effect of exchange rate changes	**427**	681	**900**	(2,733)
INCREASE (DECREASE) IN CASH	**12,212**	(6,360)	**11,713**	8,342
CASH, BEGINNING OF THE PERIOD	**20,757**	40,677	**21,256**	25,975
CASH, END OF THE PERIOD	**$ 32,969**	$ 34,317	**$ 32,969**	$ 34,317

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2018 and April 30, 2018
(in thousands of Canadian dollars)
(unaudited)

		October 31, 2018		April 30, 2018
ASSETS				
CURRENT ASSETS				
Cash	$	**32,969**	$	21,256
Trade and other receivables		**87,248**		88,372
Note receivable		**505**		495
Income tax receivable		**2,880**		4,517
Inventories		**87,584**		82,519
Prepaid expenses		**6,853**		2,924
		218,039		200,083
NOTE RECEIVABLE		**304**		559
PROPERTY, PLANT AND EQUIPMENT (note 7)		**170,292**		185,364
DEFERRED INCOME TAX ASSETS		**24,532**		23,196
GOODWILL		**58,052**		57,851
	$	**471,219**	$	467,053
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	$	**59,640**	$	55,906
Income tax payable		**3,161**		3,794
Current portion of long-term debt		**1,394**		1,934
		64,195		61,634
LONG-TERM DEBT		**16,651**		17,407
DEFERRED INCOME TAX LIABILITIES		**14,952**		15,610
		95,798		94,651
SHAREHOLDERS' EQUITY				
Share capital		**241,264**		241,264
Reserves		**(305)**		36
Share-based payments reserve		**19,998**		19,721
Retained earnings		**42,139**		41,360
Foreign currency translation reserve		**72,325**		70,021
		375,421		372,402
	$	**471,219**	$	467,053

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, 2018, except as noted in note 4.

On December 4, 2018, 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, 2018, except as noted in note 4.

3. APPLICATION OF NEW AND REVISED IFRS

The following IASB standards, adopted as of May 1, 2018, have had no significant impact on the Company's Consolidated Financial Statements:

- IFRS 2 Share-based Payment
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Company has not applied the following IASB standard that has been issued, but is not yet effective:

IFRS 16 Leases ("IFRS 16")
IFRS 16, issued in January 2016, replaces IAS 17, Leases. 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. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 9 Financial Instruments ("IFRS 9"), replacing IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"), includes finalized guidance on the classification and measurement of financial assets and liabilities, impairment, and hedge accounting. The Company adopted the new requirements on May 1, 2018 by applying the requirements for classification and measurement, including impairment, retrospectively with no restatement of comparative periods.

Financial instruments
Under IFRS 9, financial assets are classified and measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") and financial liabilities are classified and measured as amortized cost or FVTPL, depending on the business model in which they are held and the characteristics of their contractual cash flows. All of the Company's financial assets and liabilities are measured at amortized cost.

Impairment
IFRS 9 replaces the incurred loss model in IAS 39 with a forward-looking expected credit loss ("ECL") model. Since the Company's trade receivables have a maturity of less than one year, the Company utilized a practical expedient available under the standard and estimated lifetime ECL using historical credit loss experiences, resulting in a minimal impact on the Company's financial statements.

Hedge accounting
As it was under IAS 39, hedge accounting remains optional under IFRS 9. Under IFRS 9, the effectiveness test has been replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. The Company's interest rate swap and share-forward transaction hedges continue to qualify for hedge accounting under IFRS 9 and as a result, the adoption of IFRS 9 did not have a significant impact on its consolidated financial statements with respect to hedge accounting.

The three types of hedges: cash flow, fair value and net investment, remain the same under IFRS 9. All of the Company's hedges continue to be classified as FVTOCI.

5. 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 and allowance for doubtful accounts, and impairment testing of goodwill.

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.

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

6. 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.

7. PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for the three months ended October 31, 2018 were $7,025 (2017 - $5,937) and $12,851 (2017 - $10,244) for the six months ended October 31, 2018. The Company did not obtain direct financing for the three and six months ended October 31, 2018 (2017 - nil and $51 respectively).

8. INCOME TAXES

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

	Q2 2019	Q2 2018	**YTD 2019**	YTD 2018
Earnings (loss) before income tax	**$ 5,280**	$ (2,851)	**$ 4,009**	$ (10,163)
Statutory Canadian corporate income tax rate	**27%**	27%	**27%**	27%
Expected income tax expense (recovery) based on statutory rate	**1,426**	(770)	**1,083**	(2,744)
Non-recognition of tax benefits related to losses	**489**	694	**1,516**	1,811
Utilization of previously unrecognized losses	**(24)**	(811)	**(72)**	(811)
Other foreign taxes paid	**178**	64	**294**	199
Rate variances in foreign jurisdictions	**(9)**	201	**(61)**	253
Permanent differences	**37**	86	**548**	299
Other	**(78)**	407	**(78)**	442
Income tax provision (recovery) recognized in net earnings (loss)	**$ 2,019**	$ (129)	**$ 3,230**	$ (551)

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 favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statutes of limitations lapse.

9. EARNINGS (LOSS) PER SHARE

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

	Q2 2019	Q2 2018	**YTD 2019**	YTD 2018
Net earnings (loss)	**$ 3,261**	$ (2,722)	**$ 779**	$ (9,612)
Weighted average number of shares:				
Basic (000s)	**80,300**	80,291	**80,300**	80,222
Diluted (000s)	**80,311**	80,291	**80,323**	80,222
Earnings (loss) per share				
Basic	**$ 0.04**	$ (0.03)	**$ 0.01**	$ (0.12)
Diluted	**$ 0.04**	$ (0.03)	**$ 0.01**	$ (0.12)

The calculation of diluted earnings per share for the three and six months ended October 31, 2018 excludes the effect of 3,495,854 and 3,530,102 options, respectively (2017 - 2,726,606 and 2,385,593) as they were anti-dilutive.

The total number of shares outstanding on October 31, 2018 was 80,299,984 (2017 - 80,229,984).

10. 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, 2018 and in note 4. 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 2019	Q2 2018	**YTD 2019**	YTD 2018
Revenue				
Canada - U.S.*	**$ 56,493**	$ 52,688	**$ 107,806**	$ 104,870
South and Central America	**29,173**	19,394	**55,913**	38,268
Asia and Africa	**19,835**	15,910	**40,267**	28,806
	$ 105,501	$ 87,992	**$ 203,986**	$ 171,944
Earnings (loss) from operations				
Canada - U.S.	**$ 6,732**	$ 2,066	**$ 8,047**	$ 800
South and Central America	**(620)**	(2,442)	**(1,358)**	(5,530)
Asia and Africa	**823**	249	**1,694**	(1,917)
	6,935	(127)	**8,383**	(6,647)
Finance costs	**208**	184	**451**	365
General corporate expenses**	**1,447**	2,540	**3,923**	3,151
Income tax	**2,019**	(129)	**3,230**	(551)
Net earnings (loss)	**$ 3,261**	$ (2,722)	**$ 779**	$ (9,612)

*Canada - U.S. includes revenue of $26,349 and $26,314 for Canadian operations for the three months ended October 31, 2018 and 2017, respectively and $51,003 and $51,341 for the six months ended October 31, 2018 and 2017, respectively.

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

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

10. SEGMENTED INFORMATION (Continued)

	Q2 2019	Q2 2018	**YTD 2019**	YTD 2018
Capital expenditures				
Canada - U.S.	**$ 3,054**	$ 4,078	**$ 6,897**	$ 7,102
South and Central America	**1,677**	464	**3,451**	1,096
Asia and Africa	**2,294**	1,395	**2,503**	2,046
Total capital expenditures	**$ 7,025**	$ 5,937	**$ 12,851**	$ 10,244
Depreciation and amortization				
Canada - U.S.	**$ 4,823**	$ 5,349	**$ 10,170**	$ 11,795
South and Central America	**3,019**	3,159	**6,254**	6,361
Asia and Africa	**2,200**	2,446	**4,697**	5,150
Unallocated and corporate assets	**89**	825	**154**	928
Total depreciation and amortization	**$ 10,131**	$ 11,779	**$ 21,275**	$ 24,234

	October 31, 2018	April 30, 2018
Identifiable assets		
Canada - U.S.*	**$ 201,214**	$ 188,947
South and Central America	**145,174**	137,153
Asia and Africa	**108,522**	94,005
Unallocated and corporate assets	**16,309**	46,948
Total identifiable assets	**$ 471,219**	$ 467,053

*Canada - U.S. includes property, plant and equipment at October 31, 2018 of $35,400 (April 30, 2018 - $44,891) for Canadian operations.

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. The fair value of the interest rate swap included in long-term debt is measured using quoted interest rates.

The fair value hierarchy, detailed below, 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.

- 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, 2018.

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

11. FINANCIAL INSTRUMENTS (Continued)

Credit risk
As at October 31, 2018, 84.0% (April 30, 2018 - 84.3%) of the Company's trade receivables were aged as current and 1.4% (April 30, 2018 - 1.3%) of the trade receivables were impaired.

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

	October 31, 2018	April 30, 2018
Opening balance	**$ 928**	$ 847
Increase in impairment allowance	**309**	500
Recovery of amounts previously impaired	**(44)**	(281)
Write-off charged against allowance	**(141)**	(69)
Foreign exchange translation differences	**(47)**	(69)
Ending balance	**$ 1,005**	$ 928

Foreign currency risk
As at October 31, 2018, the most significant carrying amounts of net monetary assets (which may include intercompany balances with other subsidiaries) that: (i) are denominated in currencies other than the functional currency of the respective Company subsidiary; and (ii) cause foreign exchange rate exposure, 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/AUD**	**IDR/USD**	**USD/ZAR**	**USD/CAD**	**Other**
Net exposure on monetary assets		$ 4,519	$ 3,387	$ 2,452	$ 2,047	$ 1,719	$ (1,154)	$ (3,032)	$ 970
EBIT impact	+/-10%	502	376	272	227	191	128	337	109

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	$ 59,640	$ -	$ -	$ 59,640
Long-term debt (interest included)	2,026	3,128	16,128	21,282
	$ 61,666	**$ 3,128**	**$ 16,128**	**$ 80,922**

12. SUBSEQUENT EVENT

On December 3, 2018, the Company decided to close its operations in Burkina Faso. This decision is based on the fact that this branch requires significant additional investment to reach an acceptable return on investment, at a time when competition is growing in the country, while the Company sees growth opportunities in other regions.

Based on preliminary estimates, the Company expects that cash close-down costs will be approximately $1.5 million, which includes severance costs, leases, moving equipment, and other close-down costs. Additionally, the Company expects to incur additional non-cash expenses between $6.5 and $7.5 million related to deferred tax assets impairment, VAT receivable write-off and impairment charges relating to property, plant and equipment and inventory.