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
EARNINGS (LOSS) PER SHARE				
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	April 2011	April 2010
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**

(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.