Major Drilling Group International Inc.
Consolidated Statements of Operations

For the years ended April 30, 2012 and 2011

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

	2012	2011
TOTAL REVENUE	**$ 797,432**	$ 482,276
DIRECT COSTS	**546,306**	361,857
GROSS PROFIT	**251,126**	120,419
OPERATING EXPENSES		
General and administrative	**57,980**	40,963
Other expenses	**16,055**	7,582
Loss (gain) on disposal of property, plant and equipment	**1,370**	(377)
Gain on sale of investment	**-**	(313)
Foreign exchange loss (gain)	**1,319**	(892)
Finance costs	**3,367**	1,275
Depreciation and amortization (note 19)	**42,604**	30,919
	122,695	79,157
EARNINGS BEFORE INCOME TAX	**128,431**	41,262
INCOME TAX - PROVISION (note 14)		
Current	**24,592**	13,548
Deferred	**14,090**	122
	38,682	13,670
NET EARNINGS	**$ 89,749**	$ 27,592
EARNINGS PER SHARE (note 16)		
Basic	**$ 1.18**	$ 0.39
Diluted	**$ 1.16**	$ 0.38

Major Drilling Group International Inc.
Consolidated Statements of Comprehensive Earnings

For the years ended April 30, 2012 and 2011
(in thousands of Canadian dollars)

	2012	2011
NET EARNINGS	**$ 89,749**	$ 27,592
OTHER COMPREHENSIVE EARNINGS		
Unrealized gains (losses) on foreign currency translations (net of tax)	**1,871**	(3,662)
Unrealized gain on interest swap (net of tax)	**121**	-
COMPREHENSIVE EARNINGS	**$ 91,741**	$ 23,930

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

For the years ended April 30, 2012 and 2011
(in thousands of Canadian dollars)

	Share capital	Reserves	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2010	$ 144,919	$ -	$ 9,236	$ 153,358	$ -	$ 307,513
Exercise of stock options	5,723	-	(1,558)	-	-	4,165
Share-based payments reserve	-	-	2,602	-	-	2,602
Dividends	-	-	-	(10,525)	-	(10,525)
	150,642	-	10,280	142,833	-	303,755
Comprehensive earnings:						
Net earnings	-	-	-	27,592	-	27,592
Unrealized losses on foreign currency translations	-	-	-	-	(3,662)	(3,662)
Total comprehensive earnings	-	-	-	27,592	(3,662)	23,930
BALANCE AS AT APRIL 30, 2011	$ 150,642	$ -	$ 10,280	$ 170,425	$ (3,662)	$ 327,685
BALANCE AS AT MAY 1, 2011	**$ 150,642**	**$ -**	**$ 10,280**	**$ 170,425**	**$ (3,662)**	**$ 327,685**
Exercise of stock options	**2,932**	**-**	**(909)**	-	-	**2,023**
Share issue (net of issue costs) (note 15)	**77,189**	**-**	-	-	-	**77,189**
Share-based payments reserve	**-**	**-**	**2,426**	**-**	**-**	**2,426**
Dividends	**-**	**-**	**-**	**(13,365)**	**-**	**(13,365)**
	230,763	**-**	**11,797**	**157,060**	**(3,662)**	**395,958**
Comprehensive earnings:						
Net earnings	**-**	**-**	**-**	**89,749**	**-**	**89,749**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**-**	**1,871**	**1,871**
Unrealized gain on interest rate swap	**-**	**121**	**-**	**-**	**-**	**121**
Total comprehensive earnings	**-**	**121**	**-**	**89,749**	**1,871**	**91,741**
BALANCE AS AT APRIL 30, 2012	**$ 230,763**	**$ 121**	**$ 11,797**	**$ 246,809**	**$ (1,791)**	**$ 487,699**

Major Drilling Group International Inc.
Consolidated Balance Sheets

As at April 30, 2012, 2011 and May 1, 2010
(in thousands of Canadian dollars)

	2012	2011	2010
ASSETS			
CURRENT ASSETS			
Cash	**$ 37,237**	$ 16,215	$ 30,232
Trade and other receivables	**159,770**	100,300	62,128
Income tax receivable	**3,314**	2,720	10,053
Inventories	**95,905**	69,864	63,170
Prepaid expenses	**7,476**	8,439	4,813
	303,702	197,538	170,396
PROPERTY, PLANT AND EQUIPMENT (note 8)	**318,171**	235,473	198,935
DEFERRED INCOME TAX ASSETS (note 14)	**2,859**	11,575	9,379
GOODWILL (note 9)	**54,946**	28,316	26,475
INTANGIBLE ASSETS (note 10)	**6,295**	1,235	1,074
	$ 685,973	$ 474,137	$ 406,259
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**$ 115,805**	$ 88,599	$ 53,992
Income tax payable	**3,142**	4,297	2,830
Short-term debt (note 12)	**-**	7,919	-
Current portion of long-term debt (note 13)	**8,712**	8,402	8,887
	127,659	109,217	65,709
CONTINGENT CONSIDERATIONS	**2,760**	2,612	2,011
LONG-TERM DEBT (note 13)	**42,274**	16,630	15,041
DEFERRED INCOME TAX LIABILITIES (note 14)	**25,581**	17,993	15,985
	198,274	146,452	98,746
SHAREHOLDERS' EQUITY			
Share capital (note 15)	**230,763**	150,642	144,919
Reserves	**121**	-	-
Share-based payments reserve	**11,797**	10,280	9,236
Retained earnings	**246,809**	170,425	153,358
Foreign currency translation reserve	**(1,791)**	(3,662)	-
	487,699	327,685	307,513
	$ 685,973	$ 474,137	$ 406,259

Contingencies and commitments (notes 22 and 23)

Approved by the Board of Directors

David Tennant
Chairman of Board

Jo Mark Zurel
Chairman of the Audit Committee

Major Drilling Group International Inc.
Consolidated Statements of Cash Flows

For the years ended April 30, 2012 and 2011
(in thousands of Canadian dollars)

	2012	2011
OPERATING ACTIVITIES		
Earnings before income tax	**$ 128,431**	$ 41,262
Operating items not involving cash		
Depreciation and amortization (note 19)	**42,604**	30,919
Loss (gain) on disposal of property, plant and equipment	**1,370**	(377)
Share-based payments reserve	**2,426**	2,602
Finance costs recognized in earnings before income tax	**3,367**	1,275
	178,198	75,681
Changes in non-cash operating working capital items (note 18)	**(32,787)**	(22,553)
Finance costs paid	**(3,432)**	(1,275)
Income taxes paid	**(27,502)**	(4,748)
Cash flow from operating activities	**114,477**	47,105
FINANCING ACTIVITIES		
Repayment of long-term debt	**(17,390)**	(8,939)
Proceeds from long-term debt	**25,000**	10,000
Repayment of short-term debt	**(12,988)**	(3,131)
Proceeds from short-term debt	**-**	10,400
Issuance of common shares	**79,212**	4,165
Dividends paid	**(11,525)**	(9,993)
Cash flow from financing activities	**62,309**	2,502
INVESTING ACTIVITIES		
Business acquisitions (net of cash acquired) (note 20)	**(76,304)**	(3,776)
Acquisition of property, plant and equipment (net of direct financing) (note 8)	**(81,129)**	(62,571)
Proceeds from disposal of property, plant and equipment	**2,228**	4,498
Cash flow used in investing activities	**(155,205)**	(61,849)
Effect of exchange rate changes	**(559)**	(1,775)
INCREASE (DECREASE) IN CASH	**21,022**	(14,017)
CASH, BEGINNING OF THE YEAR	**16,215**	30,232
CASH, END OF THE YEAR	**$ 37,237**	$ 16,215

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 maintains operations on every continent.

2. BASIS OF PRESENTATION

Statement of compliance
These Consolidated Financial Statements present the Company's and its subsidiaries financial results of operations and financial position in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein. These are the Company's first annual Consolidated Financial Statements prepared in accordance with IFRS and therefore the Company has applied IFRS 1 *First-time adoption of International Financial Reporting Standards* ("IFRS 1"). The preparation of these Consolidated Financial Statements resulted in selected changes to the Company's accounting policies as compared to those disclosed in the Company's annual audited Consolidated Financial Statements for the year ended April 30, 2011. An explanation of how the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS as at May 1, 2010 has affected the reported financial position, financial performance and cash flows of the Company, including the mandatory exceptions and optional exemptions under IFRS 1 is provided in Note 6 of these financial statements.

These statements were authorized for issue on June 5, 2012 by the Board of Directors.

Basis of consolidation
The 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
The Consolidated Financial Statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the related accounting policies presented in Note 4.

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. SIGNIFICANT ACCOUNTING POLICIES

Cash
Cash is comprised of cash on hand and demand deposits in banks, cashable at any time.

Financial instruments
Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Asset/Liability	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Trade and other payables	Other financial liabilities	Amortized cost
Short and long-term debt	Other financial liabilities	Amortized cost

Transaction costs are included in the initial carrying value of financial instruments, except those classified as fair value through profit or loss, and are amortized into income using the effective interest method.

Loans and receivables - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recorded at fair value and are subsequently measured at amortized cost using the effective interest method, less any impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest income is recognized by applying the effective interest rate, except for trade and other receivables when the recognition of interest would be immaterial.

Other financial liabilities - Other financial liabilities are initially recorded at fair value and are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Embedded derivatives **-** Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value.

Revenue recognition
Revenue from drilling contracts is recognized based on the terms of customer contracts that generally provide for revenue recognition on the basis of actual meters drilled at contract rates or fixed monthly charges or a combination of both. Revenue from ancillary services, primarily relating to extra services to the customer, is recorded when the services are rendered. Revenue is recognized when collection is reasonably assured.

Earnings per share
Basic earnings per share are calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are determined as net earnings (loss) divided by the weighted average number of diluted common shares for the year. Diluted common shares reflect the potential dilutive effect of exercising stock options.

Inventories
The Company maintains an inventory of operating supplies, drill rods and drill bits. Inventories are valued at the lower of cost and net realizable value, determined on a first in, first out ("FIFO") basis. The value of used inventory items is considered minimal therefore they are not valued, except for drill rods, which, if still considered usable, are valued at 50% of cost.

Property, plant and equipment
Property, plant and equipment ("PP&E") are measured at cost, less accumulated depreciation and impairment losses. Depreciation, calculated principally on the straight-line method, is charged to operations at rates based upon the estimated useful life of each depreciable asset. When significant components of an item of PP&E have different useful lives, they are accounted for as separate assets. The following rates apply to those assets being amortized on the straight-line method:

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Residual value (%)	Useful life (years)
Buildings	0	15-20
Drilling equipment	0-15	5-15
Automotive and off-road equipment	0-10	5-10
Other (office, computer and shop equipment)	0	5-15

Land and assets under construction not available for use are not amortized. Costs for repairs and maintenance are charged to operations as incurred. Subsequent costs are included in the asset's carrying value when it is probable that future economic benefits associated with it will flow to the entity and when they are ready for their intended use. Subsequent costs are amortized over the useful life of the asset and replaced components are de-recognized. Amortization methods, residual values and useful lives are re-assessed at minimum on an annual basis.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Balance Sheet as trade and other payables.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized as borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and any equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), then the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Contingent liabilities acquired in a business combination - Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 *Revenue* ("IAS 18").

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the purchase price of business acquisitions, including acquisition costs, over the fair value of the identifiable net assets acquired. The value of goodwill is tested for impairment at least annually. Any impairment loss identified by this test would be reported in earnings (loss) for the period during which the loss occurred.

Intangible assets

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses. Intangible assets include customer relationships and non-compete agreements, which are amortized on a straight-line basis over a three and five-year period, respectively.

Impairment of long-lived assets

At the end of each reporting period, the Company assesses whether there are any indicators that the carrying values of its long-lived assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Current - The tax currently receivable or payable is based on taxable profit for the year and any adjustments resulting from prior years. Taxable profit differs from profit as reported in the Consolidated Statement of Operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred - The Company follows the liability method of accounting for deferred taxes. This method takes a balance sheet approach and focuses on the amount of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. These resulting assets and liabilities, referred to as "deferred income tax assets and liabilities", are computed and recognized based on carry forwards of unused tax losses, unused tax credits and the differences between the carrying amount of balance sheet items and their corresponding tax values using the enacted, or substantively enacted, income tax rates in effect when the assets are realized or the liabilities are settled.

The Company's primary differences arise between the tax carrying value and net book value of property, plant and equipment. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Translation of foreign currencies

The Consolidated Financial Statements are presented in Canadian dollars, which is the Company's presentation currency, and the functional currency of the parent company.

Items included in the financial statements of each of the Company's subsidiaries are measured using the functional currency. The majority of the Company's subsidiaries have a functional currency of U.S. dollars, Canadian dollars or Australian dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the Consolidated Statement of Operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

For the purposes of the Consolidated Financial Statements, the assets and liabilities of the Company's foreign operations (with functional currencies other than Canadian dollars) are translated into Canadian dollars using exchange rates at the end of the period. Income and expense items are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive earnings within the foreign currency translation reserve. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in other comprehensive earnings and foreign currency translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees and directors. The fair value of each tranche for all option grants is determined using the Black-Scholes option pricing model, which considers estimated forfeitures at time of grant, and each tranche is amortized separately to earnings over the vesting period of the tranche with an offset to the share-based payments reserve. When options are exercised, the corresponding share-based payments reserve and the proceeds received by the Company are credited to share capital.

The Company records the fair value of deferred share units as compensation expense, with offset to accrued liabilities.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts - Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings - A restructuring provision is recognized when the Company has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Derivative financial instruments

The Company has entered into a derivative financial instrument, in the form of an interest rate swap, to manage its exposure to interest rate risk. The derivative is initially recognized at fair value at the date the derivative contract is executed and is subsequently re-measured to fair value at each reporting date. The resulting gain or loss is recognized in comprehensive earnings unless the derivative is considered to be ineffective, in which event it is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hedge accounting
The Company designated the derivative as a cash flow hedge. At the inception of the hedge, and on an ongoing basis, the Company documents whether the hedging instrument used in the hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedge
The effective portion of changes in the fair value of the derivative is recognized in other comprehensive earnings and accumulated in shareholders' equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is terminated, or no longer qualifies for hedge accounting. Any cumulative gain or loss accumulated in shareholders' equity at that time is recognized immediately in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

Use of estimates
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are not readily apparent from other sources, which affect the reported amounts of assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reported periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could 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.

Management determines the estimated useful lives of its property, plant and equipment based on historical experience of the actual lives of property, plant and equipment of similar nature and functions, and reviews these estimates at the end of each reporting period.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

Management reviews the condition of inventories at the end of each reporting period and recognizes a provision for slow-moving and obsolete items of inventory when they are no longer suitable for use. Management's estimate of the net realizable value of such inventories is based primarily on sales prices and current market conditions.

Amounts used for impairment calculations are based on estimates of future cash flows of the Company. By their nature, the estimates of cash flows, including the estimates of future revenue, operating expenses, utilization, discount rates and market pricing are subject to measurement uncertainty. Accordingly, the impact in the Consolidated Financial Statements of future periods could be material.

Property, plant and equipment are aggregated into CGUs based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

Compensation costs accrued for long-term share-based payment plans are subject to the estimation of what the ultimate payout will be using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

The amount recognized as provisions and accrued liabilities, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Judgments

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

Property, plant and equipment and goodwill are aggregated into CGUs based on their ability to generate largely independent cash inflows and are used for impairment testing. The determination of the Company's CGUs is subject to management's judgment with respect to the lowest level at which independent cash inflows are generated.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS (Continued)

The Company has applied judgment in determining the degree of componentization of property, plant and equipment. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and has a separate useful life has been identified as a separate component and is depreciated separately.

The Company has applied judgment in recognizing provisions and accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

6. FIRST TIME ADOPTION OF IFRS

As disclosed in Note 2, these Consolidated Financial Statements represent the Company's initial presentation of the financial results of operations and financial position under IFRS for the year ended April 30, 2012. As a result, these Consolidated Financial Statements have been prepared in accordance with IFRS 1. Previously, the Company prepared its annual Consolidated Financial Statements in accordance with Canadian GAAP.

IFRS 1 requires the presentation of comparative information as at the May 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory exceptions and optional exemptions for first-time adopters to alleviate the retrospective application of specific IFRSs.

Exceptions and exemptions applied

IFRS 1 First-Time Adoption of IFRS - IFRS 1 provides entities adopting IFRS for the first time, a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS on the date of transition.

The following are the optional exemptions that the Company has applied:

- Business combinations - This exemption allows the Company to not apply IFRS 3(R), *Business Combinations* ("IFRS 3"), retrospectively to business combinations that occurred before the date of transition.

6. FIRST TIME ADOPTION OF IFRS (Continued)

- Share-based payments election - This exemption allows the Company to not apply IFRS 2, *Share-Based Payments* ("IFRS 2") to equity settled awards that were granted on or before November 7, 2002 or those granted after this date that had vested before the date of transition. The Company also did not apply IFRS 2 to cash settled awards that were settled before the date of transition to IFRS.

- Foreign currency translation adjustment ("CTA") - This election allows the Company, on the date of transition, to record the CTA from all foreign operations, calculated under Canadian GAAP, to retained earnings and reset the CTA balance to nil.

- Fair value revaluation as deemed cost - This election allows the Company to measure certain items of property, plant and equipment at the date of transition at their fair value, and to use that fair value as deemed cost at that date.

The remaining IFRS 1 exemptions and exceptions were not applicable or material to the preparation of the Company's Consolidated Balance Sheet at the date of transition to IFRS on May 1, 2010.

The following mandatory exception is applicable to the Company:

- Estimates - In accordance with IFRS 1, hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except when necessary to reflect any differences in accounting policies between Canadian GAAP and IFRS.

6. FIRST TIME ADOPTION OF IFRS (Continued)

The following reconciliations present the adjustments made to the Company's previous Canadian GAAP financial results of operations and financial position to comply with IFRS 1. A discussion of transitional adjustments follows the reconciliations.

IFRS Opening Consolidated Balance Sheet
As at May 1, 2010

ASSETS	Previous GAAP	(a) Adjustments	(b) Foreign currency translation reserve	(c) Share-based payments reserve	(d) Deferred share units	(e) Contingent consideration	(f) Fair value as deemed cost	IFRS
CURRENT ASSETS								
Cash	$ 30,232	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,232
Trade and other receivables	62,128	-	-	-	-	-	-	62,128
Income tax receivable	10,053	-	-	-	-	-	-	10,053
Inventories	63,170	-	-	-	-	-	-	63,170
Prepaid expenses	4,813	-	-	-	-	-	-	4,813
	170,396	-	-	-	-	-	-	170,396
PROPERTY, PLANT AND EQUIPMENT	210,812	-	-	-	-	-	(11,877)	198,935
DEFERRED INCOME TAX ASSETS	8,910	-	-	-	-	-	469	9,379
GOODWILL	24,464	-	-	-	-	2,011	-	26,475
INTANGIBLE ASSETS	1,074	-	-	-	-	-	-	1,074
	$ 415,656	$ -	$ -	$ -	$ -	$ 2,011	$ (11,408)	$ 406,259
LIABILITIES								
CURRENT LIABILITIES								
Trade and other payables	$ 54,027	$ -	$ -	$ -	$ (35)	$ -	$ -	$ 53,992
Income tax payable	2,830	-	-	-	-	-	-	2,830
Current portion of long-term debt	8,887	-	-	-	-	-	-	8,887
	65,744	-	-	-	(35)	-	-	65,709
CONTINGENT CONSIDERATION	-	-	-	-	-	2,011	-	2,011
LONG-TERM DEBT	15,041	-	-	-	-	-	-	15,041
DEFERRED INCOME TAX LIABILITIES	16,602	1,713	-	-	-	-	(2,330)	15,985
	97,387	1,713	-	-	(35)	2,011	(2,330)	98,746
SHAREHOLDERS' EQUITY								
Share capital	142,435	2,484	-	-	-	-	-	144,919
Share-based payments reserve	11,142	(2,484)	-	578	-	-	-	9,236
Retained earnings	209,025	(1,713)	(44,333)	(578)	35	-	(9,078)	153,358
Foreign currency translation reserve	(44,333)	-	44,333	-	-	-	-	-
	318,269	(1,713)	-	-	35	-	(9,078)	307,513
	$ 415,656	$ -	$ -	$ -	$ -	$ 2,011	$ (11,408)	$ 406,259

6. FIRST TIME ADOPTION OF IFRS (Continued)

IFRS Consolidated Balance Sheet
As at April 30, 2011

			(a)	(c)	(d)	(e)	(f)	(g)	
ASSETS	Previous GAAP	Opening IFRS restatements *	Adjustments	Share-based payments reserve	Deferred share units	Contingent consideration	Fair value as deemed cost	Building componentization	IFRS
CURRENT ASSETS									
Cash	$ 16,215	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,215
Trade and other receivables	100,300	-	-	-	-	-	-	-	100,300
Income tax receivable	2,720	-	-	-	-	-	-	-	2,720
Inventories	69,864	-	-	-	-	-	-	-	69,864
Prepaid expenses	8,439	-	-	-	-	-	-	-	8,439
	197,538	-	-	-	-	-	-	-	197,538
PROPERTY, PLANT AND EQUIPMENT	246,509	(11,877)	-	-	-	-	726	115	235,473
DEFERRED INCOME TAX ASSETS	11,279	469	-	-	-	-	(155)	(18)	11,575
GOODWILL	25,704	2,011	-	-	-	601	-	-	28,316
INTANGIBLE ASSETS	1,235	-	-	-	-	-	-	-	1,235
	$ 482,265	$ (9,397)	$ -	$ -	$ -	$ 601	$ 571	$ 97	$ 474,137
LIABILITIES									
CURRENT LIABILITIES									
Trade and other payables	$ 88,618	$ (35)	$ -	$ -	$ 16	$ -	$ -	$ -	$ 88,599
Income tax payable	4,297	-	-	-	-	-	-	-	4,297
Short-term debt	7,919	-	-	-	-	-	-	-	7,919
Current portion of long-term debt	8,402	-	-	-	-	-	-	-	8,402
	109,236	(35)	-	-	16	-	-	-	109,217
CONTINGENT CONSIDERATIONS	-	2,011	-	-	-	601	-	-	2,612
LONG-TERM DEBT	16,630	-	-	-	-	-	-	-	16,630
DEFERRED INCOME TAX LIABILITIES	18,552	(617)	-	-	-	-	33	25	17,993
	144,418	1,359	-	-	16	601	33	25	146,452
SHAREHOLDERS' EQUITY									
Share capital	146,600	2,484	1,558	-	-	-	-	-	150,642
Share-based payments reserve	13,183	(1,906)	(1,558)	561	-	-	-	-	10,280
Retained earnings	226,059	(55,667)	-	(561)	(16)	-	538	72	170,425
Foreign currency translation reserve	(47,995)	44,333	-	-	-	-	-	-	(3,662)
	337,847	(10,756)	-	-	(16)	-	538	72	327,685
	$ 482,265	$ (9,397)	$ -	$ -	$ -	$ 601	$ 571	$ 97	$ 474,137

* total of May 1, 2010 transitional adjustments to re-state previous GAAP to IFRS

6. FIRST TIME ADOPTION OF IFRS (Continued)

IFRS Consolidated Statement of Operations
For the year ended April 30, 2011

	Previous GAAP	(c) Share-based payments	(d) Deferred share units	(f) Fair value as deemed cost	(g) Building componentization	IFRS
TOTAL REVENUE	$ 482,276	$ -	$ -	$ -	$ -	$ 482,276
DIRECT COSTS	361,857	-	-	-	-	361,857
GROSS PROFIT	120,419	-	-	-	-	120,419
OPERATING EXPENSES						
General and administrative	40,947	-	16	-	-	40,963
Other expenses	7,021	561	-	-	-	7,582
Gain on disposal of property, plant and equipment	(377)	-	-	-	-	(377)
Gain on sale of investment	(313)	-	-	-	-	(313)
Foreign exchange gain	(892)	-	-	-	-	(892)
Finance costs	1,275	-	-	-	-	1,275
Depreciation and amortization	31,759	-	-	(726)	(114)	30,919
	79,420	561	16	(726)	(114)	79,157
EARNINGS (LOSS) BEFORE INCOME TAX	40,999	(561)	(16)	726	114	41,262
INCOME TAX - PROVISION (RECOVERY)						
Current	13,548	-	-	-	-	13,548
Deferred	(108)	-	-	188	42	122
	13,440	-	-	188	42	13,670
NET EARNINGS (LOSS)	$ 27,559	$ (561)	$ (16)	$ 538	$ 72	$ 27,592

IFRS Consolidated Statement of Comprehensive Earnings (Loss)
For the year ended April 30, 2011

	Previous GAAP	(c) Share-based payments reserve	(d) Deferred share units	(f) Fair value as deemed cost	(g) Building componentization	IFRS
NET EARNINGS (LOSS)	$ 27,559	$ (561)	$ (16)	$ 538	$ 72	$ 27,592
OTHER COMPREHENSIVE LOSS						
Unrealized loss on foreign currency translation (net of tax)	(3,662)	-	-	-	-	(3,662)
COMPREHENSIVE EARNINGS (LOSS)	$ 23,897	$ (561)	$ (16)	$ 538	$ 72	$ 23,930

Adjustments required to transition to IFRS:

a) Adjustments - Subsequent to the release of the April 30, 2011 Canadian GAAP annual Consolidated Financial Statements, management identified adjustments required for a component of deferred tax and classification of a component of share-based payments in the Company's April 30, 2011 historical annual Consolidated Financial Statements.

b) Foreign currency translation reserve - The Company has applied the IFRS 1 exemption as described in the "exceptions and exemptions applied" section above.

6. FIRST TIME ADOPTION OF IFRS (Continued)

c) Share-based payments - The Company's policy under Canadian GAAP was to use the straight-line method to account for options that vest in installments over time. Under IFRS, each installment is accounted for as a separate share option grant with its own distinct vesting period, hence the fair value of each tranche differs. In addition, Canadian GAAP permits companies to either estimate the forfeitures at the grant date or record the entire expense as if all share-based payments vest and then record forfeitures as they occur. IFRS requires that forfeitures be estimated at the time of grant to eliminate distortion of remuneration expense recognized during the vesting period. The estimate is revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates.

d) Deferred Share Units ("DSUs") - The Company's policy under Canadian GAAP was to value the DSUs using the intrinsic value at each reporting date. Under IFRS we use the fair value, which is affected by changes in underlying volatility of the stock as well as changes in the stock price.

e) Contingent consideration - Under Canadian GAAP, contingent consideration is recognized as part of the purchase cost when it can be reasonably estimated at the acquisition date and the outcome of the contingency can be determined beyond reasonable doubt. Under IFRS, contingent consideration, regardless of probability considerations, is recognized at fair value at the acquisition date. The Company has booked contingent considerations for the SMD Services and the North Star Drilling acquisitions.

f) Fair value as deemed cost - The Company has applied the IFRS 1 exemption as described in the "exceptions and exemptions applied" section above.

g) Building componentization - Under Canadian GAAP, costs incurred for property, plant and equipment on initial recognition are allocated to significant components when practicable. Under IFRS, costs incurred for plant and equipment on initial recognition are allocated to significant components, capitalized and depreciated separately over the estimated useful lives of each component. Practicability of allocating costs to significant components is not considered under IFRS. Component costs incurred subsequent to the initial purchase of property, plant and equipment are capitalized when it is probable that future economic benefits will flow to the Company and the costs can be measured reliably. Upon capitalization, the carrying amount of components replaced, if any, are de-recognized. The Company has componentized buildings.

7. INVENTORY

The cost of inventory recognized as an expense and included in direct costs for the year ended April 30, 2012 was $108,807 (April 30, 2011 - $73,463). During the year, 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.

The following is a breakdown of inventory by category:

	April 30, 2012	April 30, 2011	May 1,2010
Rods and casings	**$ 34,716**	$ 24,422	$ 20,883
Consumables	**14,548**	13,036	14,154
Machine parts	**14,112**	9,993	9,770
Wireline and downhole tools	**11,355**	6,013	5,954
Diamond bits	**8,736**	6,476	5,363
Other	**12,438**	9,924	7,046
	$ 95,905	$ 69,864	$ 63,170

The Company's credit facility related to operations is in part secured by a general assignment of the Company's inventory.

8. PROPERTY, PLANT AND EQUIPMENT

Changes in the property, plant and equipment balance were as follows for the periods:

Cost

	Land	Buildings	Drills	Auto	Other	Total
Balance as at May 1, 2010	$ 1,542	$ 10,442	$ 219,751	$ 75,551	$ 25,846	$ 333,132
Additions	-	2,020	40,201	19,808	592	62,621
Disposals	(167)	(1,213)	(5,416)	(5,370)	-	(12,166)
Business acquisitions	-	-	7,459	2,143	19	9,621
Effect of exchange rate changes and other	-	(48)	(4,157)	(155)	(956)	(5,316)
Balance as at April 30, 2011	1,375	11,201	257,838	91,977	25,501	387,892
Additions	-	864	57,645	18,253	4,820	81,582
Disposals	-	-	(6,621)	(3,559)	(83)	(10,263)
Business acquisitions	367	9,382	28,077	4,474	401	42,701
Effect of exchange rate changes and other	67	(23)	(2,308)	2,639	(3,126)	(2,751)
Balance as at April 30, 2012	$ 1,809	$ 21,424	$ 334,631	$ 113,784	$ 27,513	$ 499,161

Accumulated Depreciation

	Land	Buildings	Drills	Auto	Other	Total
Balance as at May 1, 2010	$ -	$ (2,363)	$ (74,610)	$ (40,444)	$ (16,780)	$ (134,197)
Disposals	-	194	3,917	3,934	-	8,045
Depreciation	-	(668)	(17,093)	(11,125)	(1,272)	(30,158)
Effect of exchange rate changes and other	-	46	3,365	(460)	940	3,891
Balance as at April 30, 2011	-	(2,791)	(84,421)	(48,095)	(17,112)	(152,419)
Disposals	-	-	3,865	2,727	73	6,665
Depreciation	-	(957)	(23,267)	(13,658)	(2,093)	(39,975)
Effect of exchange rate changes and other	-	35	3,246	1,728	(270)	4,739
Balance as at April 30, 2012	$ -	$ (3,713)	$ (100,577)	$ (57,298)	$ (19,402)	$ (180,990)

	Land	Buildings	Drills	Auto	Other	Total
Net book value May 1, 2010	**$ 1,542**	**$ 8,079**	**$ 145,141**	**$ 35,107**	**$ 9,066**	**$ 198,935**
Net book value April 30, 2011	**$ 1,375**	**$ 8,410**	**$ 173,417**	**$ 43,882**	**$ 8,389**	**$ 235,473**
Net book value April 30, 2012	**$ 1,809**	**$ 17,711**	**$ 234,054**	**$ 56,486**	**$ 8,111**	**$ 318,171**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

There were no impairments recorded as at April 30, 2012, April 30, 2011 or May 1, 2010. The Company has assessed whether there is any indication that an impairment loss recognized in prior periods for property, plant and equipment may no longer exist or may have decreased. There were no impairments requiring reversal as at April 30, 2012, April 30, 2011 or May 1, 2010.

Capital expenditures were $81,582 and $62,621 respectively for the years ended April 30, 2012 and 2011. The Company obtained direct financing of $453 and $50 respectively for the years ended April 30, 2012 and 2011.

The carrying value of PP&E under finance leases for the year ended April 30, 2012 was $251 (April 30, 2011 - $1,889; May 1, 2010 - $4,541).

9. GOODWILL

Changes in the goodwill balance were as follows:

Balance as at May 1, 2010	**$**	**26,475**
Goodwill on acquisition (Note 20)		1,083
Effect of movement in exchange rates		758
Balance as at April 30, 2011		**28,316**
Goodwill on acquisition (Note 20)		26,857
Effect of movement in exchange rates		(227)
Balance as at April 30, 2012	**$**	**54,946**

Goodwill acquired

Goodwill arose in the acquisition of Bradley Group Limited because total consideration exceeded the fair market value of the net assets acquired. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Bradley and Major. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Allocation of goodwill to CGUs

The carrying amount of goodwill was allocated to CGUs as follows:

	April 30, 2012	April 30, 2011	May 1, 2010
Canada	**$ 38,056**	$ 13,223	$ 13,223
Chile	**11,857**	12,182	11,004
Other	**5,033**	2,911	2,248
	$ 54,946	$ 28,316	$ 26,475

9. GOODWILL (Continued)

Canada

The recoverable amount of the 'Canadian Branch' as a CGU is determined on a value-in-use calculation, which uses cash flow projections based on financial budgets and forward projections approved by management covering a five-year period, and a discount rate of 15% per annum. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. While the mining services market in Canada is cyclical in nature, this organic growth rate has been achieved across two business cycles and is seen by management as a fair and conservative long-term average growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Chile

The recoverable amount of the 'Chilean Branch' as a CGU is determined on a value-in-use calculation, which uses cash flow projections based on financial budgets and forward projections approved by management covering a five-year period, and a discount rate of 16% per annum. Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. While the mining services market in Chile is cyclical in nature, this organic growth rate has been achieved across two business cycles and is seen by management as a fair and conservative long-term average growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Key assumptions

The key assumptions in the value-in-use calculations for the Canadian and Chilean CGUs are as follows:

Revenue - The values assigned to the assumptions reflect past experience, except for peak revenue that is reasonably expected to be higher than the last peak during 2008 and 2009. The effect of the incorporation of the acquired drill fleets and significant levels of capital expenditure within both the Canadian and Chilean CGUs since 2007 that have been higher than the sustaining level, have provided both CGUs with the basis on which to grow. The growth expected is consistent with management's plans for focusing operations in these markets and growing share in the specialized drilling market.

Gross margin - Management expects that gross margins will remain in a range in line with historically achieved levels.

Goodwill from the acquisition of Bradley Group Limited, as disclosed in Note 20, has not been allocated to a CGU for impairment testing purposes since the value is preliminary.

10. INTANGIBLE ASSETS

Changes in the intangible assets balance were as follows:

Balance as at May 1, 2010	**$**	**1,074**
Intangible assets on acquisition (Note 20)		763
Amortization		(761)
Effect of movement in exchange rates		159
Balance as at April 30, 2011		**1,235**
Intangible assets on acquisition (Note 20)		7,666
Amortization		(2,629)
Effect of movement in exchange rates		23
Balance as at April 30, 2012	**$**	**6,295**

11. DEMAND CREDIT FACILITIES

The Company has credit facilities available in Canada of $25,000 bearing interest at the bank's prime lending rate plus 0.75% or the bankers' acceptance fee plus 2.25% for Canadian dollar draws and the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's London interbank offer rate ("LIBOR") plus 2.25% for U.S. dollar draws. The demand credit facilities are primarily secured by corporate guarantees of companies within the group. The Company has a credit facility of $3,800 for credit cards, with interest rates and repayments as per the cardholder agreement. As at April 30, 2012, the Company had utilized USD $0.6 million (April 30, 2011 - USD $8.0 million; May 1, 2010 - nil) of these lines for stand-by letters of credit.

The Company also has various credit facilities amounting to $3,150 (April 30, 2011 -$1,227; May 1, 2010 - $1,585) bearing interest at rates ranging from 3.0% to 10.41% secured by corporate guarantees of companies within the group and selected buildings in Australia. As at April 30, 2012 there were stand-by letters of credit outstanding for $1,991 (April 30, 2011 - $812; May 1, 2010 - $1,137) on these facilities.

12. SHORT-TERM DEBT

As at April 30, 2011, the Company had a 3,835 million Chilean pesos (CAD $7,919) loan, secured by a USD $8,000 stand-by letter of credit drawn from the Company's demand credit facility, carrying interest at an annual rate of 7.7%, which was reimbursed in April 2012.

13. LONG-TERM DEBT

	April 30, 2012	April 30, 2011	May 1, 2010
Revolving equipment and acquisition loan (authorized $50,000), bearing interest at either the bank's prime rate plus 0.75% or the bankers' acceptance rate plus 2.25% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's LIBOR plus 2.25% for U.S. dollar draws, interest only payments required until maturity, maturing in September 2016, secured by corporate guarantees of companies within the group.	**$ 11,224**	$ 24,552	$ 20,576
Non-revolving term loan, bearing interest at either the bank's prime rate plus 0.75% or the bankers' acceptance rate plus 2.25% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's LIBOR plus 2.25% for U.S. dollar draws, payable in monthly installments of $417, maturing in September 2016, secured by corporate guarantees of companies within the group.	**22,083**	-	-
Term loan bearing interest at 5.9%, payable in monthly installments of $84, unsecured, maturing in August 2021.	**9,333**	-	-
Term loans bearing interest at rates ranging from 0% to 6.99%, payable in monthly installments of $25, secured by certain equipment, maturing through 2016.	**467**	480	1,930
Note payable bearing interest at 4%, repayable over three years, maturing in September 2014.	**8,000**	-	-
Revolving/non-revolving term loans – A$721, repaid during previous year.	**-**	-	672
Note payable, repaid during previous year.	**-**	-	750

13. LONG TERM DEBT (Continued)

	April 30, 2012	April 30, 2011	May 1, 2010
Derivative financial instrument with a notional principal amount of $22,083, swapping Canadian-Bankers' Acceptance - Canadian Dealer Offered Rate for an annual fixed rate of 3.665%, maturing in September 2016.	**(121)**	-	-
	50,986	25,032	23,928
Current portion	**8,712**	8,402	8,887
	$ 42,274	$ 16,630	$ 15,041

The required annual principal repayments on long-term debt are as follows:

2013	$ 8,712
2014	8,457
2015	9,087
2016	6,081
2017	14,311
2018	4,338
	$ 50,986

The Company hedges its exposure to floating rates under the non-revolving term loan via an interest rate swap, exchanging a variable rate interest payment for a fixed rate interest payment. The interest swap contract was entered into during the current year. As at April 30, 2012 the swap is deemed effective and is recognized as a cash flow hedge.

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. The Company, at all times, was in compliance with all covenants and other conditions imposed by its debt agreements.

14. INCOME TAXES

Income taxes vary from amounts that would be determined by applying the combined statutory Canadian corporate income tax rate to earnings before income tax and non-controlling interest, with details as follows:

	2012	2011
Earnings before income tax	**$128,431**	$41,262
Income tax expense calculated at 29% (2011- 30%)	**37,245**	12,379
Effect of non-recognition of tax benefits related to losses	**185**	555
Effect of previously unrecognized tax losses	**(282)**	-
Other foreign taxes paid	**684**	165
Effect of rate variances in foreign jurisdictions	**(270)**	(1,234)
Other	**5,803**	1,805
	43,365	13,670
Adjustments recognized in the current year in relation to the current tax in prior years	**(4,683)**	-
Income tax expense recognized in net earnings	**$ 38,682**	$13,670

The tax rate used for the 2012 and 2011 reconciliations above is the effective federal and provincial Canadian corporate tax rate of 29% in 2012 (30% in 2011).

The movements of deferred income tax balances are as follows:

	April 30, 2011	**Tax provision**	**Equity**	**Reclassified**	**April 30, 2012**
Deferred tax assets related to non-capital losses	$ 11,575	$ (9,904)	$ -	$ -	$ 1,671
Deferred tax asset related to share issuance costs	-	-	1,188	-	1,188
Deferred tax liabilities related to difference in tax and book basis	(17,993)	(4,186)	-	(3,402)	(25,581)
Net deferred tax liabilities	$ (6,418)	$ (14,090)	$ 1,188	$ (3,402)	$ (22,722)

	May 1, 2010	**Tax provision**	**Equity**	**Reclassified**	**April 30, 2011**
Deferred tax assets related to non-capital losses	$ 9,379	$ 2,196	$ -	$ -	$ 11,575
Deferred tax liabilities related to difference in tax and book basis	(15,985)	(2,318)	-	310	(17,993)
Net deferred tax liabilities	$ (6,606)	$ (122)	$ -	$ 310	$ (6,418)

14. INCOME TAXES (Continued)

Income tax recognized in net earnings:

	2012	2011
Current tax		
Current tax expense in respect of the current year	**$29,275**	$13,548
Adjustments recognized in the current year in relation to the current tax of prior years	**(4,683)**	-
Deferred tax		
Deferred tax expense recognized in the current year	**12,277**	122
Write-down of previously recorded tax assets	**1,813**	-
Income tax provision	**$38,682**	$13,670

The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions and in the assessment of the recoverability of deferred tax assets. Potential liabilities are recognized for anticipated tax audit issues in various tax jurisdictions based on the Company's estimate of whether, and the extent to which, additional taxes will be due.

If payment of the accrued amounts ultimately proves to be unnecessary, the elimination of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities no longer exist. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense will result.

The Company has accumulated approximately $6,739 in non-capital losses, of which $6,739 is available to reduce future income taxes otherwise payable in foreign jurisdictions. These losses, if unused, will expire as follows: 2020 - $659; indefinite - $6,080.

The Company has accumulated approximately $5,093 (A$4,967) of capital losses that are available to reduce income taxes otherwise payable on capital gains realized in Australia. The benefit of these losses has not been recognized in the financial statements.

The Company has approximately $159 million of temporary differences associated with its investments in foreign subsidiaries for which no deferred taxes have been provided on the basis that the Company is able to the control the timing of the reversal of such temporary differences and such reversal is not probable in the foreseeable future.

14. 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.

15. SHARE CAPITAL

On March 9, 2011, the Company announced a stock split for the issued and outstanding common shares on a three for one basis. The record date for the stock split was March 23, 2011. All share and stock option numbers have been retroactively adjusted to reflect the stock split to provide more comparable information.

On September 28, 2011, the Company issued a total of 5,900,000 Subscription Receipts at a price of $11.90 per Subscription Receipt for aggregate gross proceeds of $70,210. These Subscription Receipts were subsequently converted to 5,900,000 common shares in the Company upon the closing of the acquisition by the Company of Bradley Group Limited on September 30, 2011. The Company used the net proceeds of the offering to fund a portion of the purchase price in connection with the acquisition. On October 25, 2011, the Company issued a further 885,000 common shares for further aggregate gross proceeds of $10,531 as a result of the exercise by the underwriters of an over allotment option to purchase an additional 885,000 common shares of the Company for $11.90 per share. The Company is using the net proceeds from the over allotment exercise for general corporate purposes.

Authorized
Unlimited number of fully paid common shares, without nominal or par value, with each share carrying one vote and a right to dividends when declared.

The movement in the Company's issued and outstanding share capital during the period is as follows:

	Number of shares (000's)		Share capital
Balance as at May 1, 2010	**71,243**	**$**	**144,919**
Exercise of stock options	797		5,723
Balance as at April 30, 2011	**72,040**		**150,642**
Exercise of stock options	322		2,932
Share issue (net of issue costs)*	6,785		77,189
Balance as at April 30, 2012	**79,147**	**$**	**230,763**

*share issue costs total $3,552

15. SHARE CAPITAL (Continued)

Stock option plan

The Company has a Stock Option Plan "the Plan" for Directors, officers and other employees of the Company and its subsidiaries. The Plan provides that the Board of Directors of the Company, on the recommendation of the Compensation Committee, may grant options to purchase common shares on terms determined within the limitations of the Plan. The aggregate number of common shares reserved for issuance under the Plan is limited to up to 8.5% of the issued and outstanding shares at any time (representing up to 6,727,527 common shares as at April 30, 2012). As at April 30, 2012: (i) 8,158,403 common shares had been issued upon the exercise of options granted under the Plan (representing approximately 9.9% of the issued and outstanding common shares); (ii) 2,906,924 common shares were reserved for issuance in respect of outstanding options under the Plan (representing approximately 3.7% of the issued and outstanding common shares); and (iii) 3,820,603 common shares were available for issuance in respect of options that may be granted under the Plan (representing approximately 4.8% of the issued and outstanding common shares). The exercise price for an option issued under the Plan is determined by the Board and may not be less than the fair market value of the common shares on the grant date of the option, being the volume weighted average trading price of the common shares on the TSX for the last five trading days immediately preceding the date on which the option is granted rounded to the nearest cent or, if the shares did not trade during such five trading days, the simple average of the closing bid and ask prices of the shares on the TSX during such five trading days.

Options issued subsequent to September 2010 are exercisable for a maximum period of 8 years from the date of grant while previous grants are exercisable for a maximum period of 10 years from the date of grant, subject to earlier termination if the optionee ceases to be a Director or employee of the Company for any reason, retires, dies or becomes disabled or there is a change of control of the Company. Options are not assignable. The Plan also provides that: (i) the total number of options to be granted to any one Participant under the Plan, together with any options or shares granted or issued under other Share Compensation Arrangement to such Participant shall not exceed 5% of the issued and outstanding Shares immediately after the grant of the option; (ii) the number of Shares issued to Insiders, under this Plan or any existing or proposed Share Compensation Arrangements, within a one-year period, may not exceed 10% of the issued and outstanding Shares on a non-diluted basis immediately prior to the share issuance in question; (iii) the number of Shares issuable to Insiders, under this Plan or any existing or proposed Share Compensation Arrangements, at any time, cannot exceed 10% of the issued and outstanding Shares on a non-diluted basis; (iv) the number of Shares issued to any one Insider and such Insider's associates, under this Plan or any existing or proposed Share Compensation Arrangements, within a one-year period, may not exceed 5% of the issued and outstanding Shares on a non-diluted basis immediately prior to the share issuance in question; and (v) the number of Shares issuable to non-employees, under this Plan or any existing or proposed Share Compensation Arrangements, at any time, cannot exceed 1.5% of the issued and outstanding Shares on a non-diluted basis.

Stock options - employees and directors

The Company has issued stock options under its Stock Option Plan. Issuance of options under the Plan is determined annually by the Company's Board of Directors. A summary of the status of the

15. SHARE CAPITAL (Continued)

Company's Stock Option Plan, as at April 30, 2012 and April 30, 2011, and of changes during those periods, is presented below:

	April 30, 2012		April 30, 2011	
	# of options	Weighted average exercise price	# of options	Weighted average exercise price
Outstanding at beginning of year	2,779,928	$ 8.39	2,858,889	$ 8.39
Options granted	449,000	$ 12.37	888,000	$ 8.53
Options expired	-	$ -	(169,305)	$ 11.84
Options exercised	(322,004)	$ 6.19	(797,656)	$ 5.22
Outstanding at end of year	2,906,924	$ 9.97	2,779,928	$ 9.13

The following table summarizes information on stock options outstanding at April 30, 2012:

Range of exercise prices	Outstanding as at April 30, 2012	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at April 30, 2012	Weighted average exercise price
$1.03 - $9.16	1,645,721	6.91	$ 7.57	968,462	$ 7.32
$10.98 - $19.72	1,261,203	6.45	13.10	767,201	13.48
	2,906,924	6.71	9.97	1,735,663	10.04

The Company's calculations of share-based compensation for options granted were made using the Black-Scholes option-pricing model with weighted average assumptions as follows:

	April 30, 2012	April 30, 2011
Risk-free interest rate	**1.44%**	2.20%
Expected life	**5.77 years**	4.5 years
Expected volatility (based on historical volatility)	**54.09%**	57.10%
Expected dividend yield	**1.20%**	1.43%

The weighted average grant date fair value of options granted during the year ended April 30, 2012 was $5.43 (April 30, 2011 - $3.57). For the year ended April 30, 2012, the amount of compensation cost recognized in earnings and credited to share-based payments reserve was $2,426 (April 30, 2011 - $2,602).

15. SHARE CAPITAL (Continued)

Deferred share units

The Company has a Deferred Share Unit Plan (the "DSU Plan") for Directors and certain designated officers. Each deferred share unit ("DSU") represents the right to receive a cash payment, at such time as an outside Director or designated Officer ceases to be a Director or employee (respectively), equal to the market value of the Company's shares at the time of surrender. Under this plan, prior to the beginning of each fiscal year, Directors must elect the percentage of their total compensation as Directors that they wish to receive in DSUs in lieu of cash compensation. Designated Officers have the option to take a certain percentage of their annual bonus in DSUs.

The following table summarizes information on DSUs earned for the DSU Plan at April 30, 2012, and April 30, 2011:

	April 30, 2012	April 30, 2011
	Number of units	Number of units
Outstanding at beginning of year	**18,664**	39,174
DSUs issued during year	**6,659**	3,964
DSUs redeemed during year	**-**	(24,474)
Outstanding at end of year	**25,323**	18,664

As at April 30, 2012 the total value of DSUs outstanding was $343 (April 30, 2011 - $276; May 1, 2010 - $312).

16. EARNINGS PER SHARE

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

	2012	2011
Net earnings for the period	**$ 89,749**	$ 27,592
Weighted average shares outstanding - basic (000's)	**76,075**	71,531
Net effect of dilutive securities:		
Stock options	**1,027**	723
Weighted average number of shares - diluted (000's)	**77,102**	72,254
Earnings per share:		
Basic	**$ 1.18**	$ 0.39
Diluted	**$ 1.16**	$ 0.38

The calculation of diluted earnings per share for the year ended April 30, 2012 and 2011 exclude the effect of 166,508 and 506,205 options, respectively, as they were anti-dilutive.

17. 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 essentially the same. The accounting policies of the segments are the same as those described in Note 4. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income tax. Data relating to each of the Company's reportable segments is presented as follows:

17. SEGMENTED INFORMATION (Continued)

	2012	2011
Revenue		
Canada - U.S.	**$ 322,047**	$ 181,280
South and Central America	**251,833**	169,381
Australia, Asia and Africa	**223,552**	131,615
	$ 797,432	$ 482,276
Earnings from operations		
Canada - U.S.	**$ 57,629**	$ 21,567
South and Central America	**55,790**	20,188
Australia, Asia and Africa	**36,365**	14,716
	149,784	56,471
Eliminations	**(939)**	(921)
	148,845	55,550
Finance costs	**3,367**	1,275
General corporate expenses *	**17,047**	13,013
Income tax	**38,682**	13,670
Net earnings	**$ 89,749**	$ 27,592

*General corporate expenses include expenses for corporate offices, stock options and certain unallocated costs

	2012	2011
Depreciation and amortization		
Canada - U.S.	**$ 17,813**	$ 10,195
South and Central America	**9,877**	8,708
Australia, Asia and Africa	**11,672**	10,593
Unallocated and corporate assets	**3,242**	1,423
Total depreciation and amortization	**$ 42,604**	$ 30,919

	April 30, 2012	April 30, 2011	May 1, 2010
Identifiable assets			
Canada - U.S.	**$ 252,233**	$ 134,666	$ 103,998
South and Central America	**212,861**	189,083	157,937
Australia, Asia and Africa	**186,442**	130,071	102,574
	651,536	453,820	364,509
Eliminations	**(573)**	439	460
Unallocated and corporate assets	**35,010**	19,878	41,290
Total identifiable assets	**$ 685,973**	$ 474,137	$ 406,259

17. SEGMENTED INFORMATION (Continued)

Canada - U.S. includes revenue in 2012 of $195,006 (2011 - $106,661) for Canadian operations and property, plant and equipment at April 30, 2012 of $87,629 (April 30, 2011 - $45,325; May 1, 2010 - $42,019).

18. ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items

	2012	2011
Trade and other receivables	**$ (34,638)**	$ (38,624)
Inventories	**(12,048)**	(6,174)
Trade and other payables	**10,818**	25,756
Other items	**3,081**	(3,511)
	$ (32,787)	$ (22,553)

19. NET EARNINGS FOR THE YEAR

Net earnings for the year have been arrived at after charging various employee benefit expenses as follows:

	2012	2011
Direct costs:		
Salaries and wages	**$ 189,689**	$ 119,467
Other employee benefits	**35,841**	24,095
General and administrative expenses:		
Salaries and wages	**24,795**	17,147
Other employee benefits	**3,917**	3,027
Other expenses:		
Share-based payments	**559**	383

19. NET EARNINGS FOR THE YEAR (Continued)

Amortization expense for intangible assets has been included in the line item "Depreciation and amortization" in the Consolidated Statements of Operations with breakdown as follows:

	2012	2011
Depreciation of property, plant and equipment	**$ 39,975**	$ 30,158
Amortization of intangible assets	**2,629**	761
	$ 42,604	$ 30,919

20. BUSINESS ACQUISITIONS

Bradley Group Limited

Effective September 30, 2011, the Company acquired all the issued and outstanding shares of Bradley Group Limited ("Bradley"), which provides a unique opportunity to further the Company's corporate strategy of focusing on specialized drilling, expanding its geographic footprint in areas of high growth and of maintaining a balance in the mix of drilling services. The acquisition was accounted for using the acquisition method and the results of this operation were included in the statement of operations as of the closing date. The acquired business includes the assets acquired (indicated below), contracts and personnel. The purchase price for the transaction was CAD $78,060, including customary working capital adjustments and net of cash acquired, financed with cash and debt.

The Company is in the process of finalizing the valuation of assets. As at April 30, 2012, the values allocated to net tangible and intangible 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	
Trade and other receivables (net)	$ 23,978
Inventories	13,561
Prepaid expenses	540
Property, plant and equipment	45,234
Deferred income tax assets	350
Goodwill (not tax deductible)	24,833
Intangible assets	7,324
Trade and other payables	(18,406)
Income tax payable	(1,751)
Short-term debt	(5,101)
Current portion of long-term debt	(113)
Long-term debt	(10,352)
Deferred income tax liability	(2,037)
Total assets	**$ 78,060**

20. BUSINESS ACQUISITIONS (Continued)

Consideration	
Cash	$ 72,000
Long-term debt (holdback)	8,000
Less: Cash acquired	(1,940)
	$ 78,060

The Company incurred acquisition-related costs of $857 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the other expenses line of the Consolidated Statements of Operations.

As the Bradley operations have been integrated with existing operations, it is impracticable to estimate the revenue and net income attributed to the additional business generated by Bradley or of the combined entity for the year as though the acquisition date was May 1, 2011.

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 previously have a presence. The acquisition was accounted for using the acquisition method and the results of this operation were included in the statement of operations as of the closing date. The acquired business includes drilling equipment, inventory, contracts and personnel. The purchase price for the transaction was USD $9,563 (CAD $9,345), including customary working capital adjustments, financed with cash.

The net assets acquired at fair market value at acquisition are as follows:

Assets acquired	
Inventories	$ 946
Prepaid expenses	23
Property, plant and equipment	6,010
Goodwill (not tax deductible)	2,024
Intangible assets	342
Total assets	**$ 9,345**

Consideration	
Cash	$ 7,453
Trade and other payables	1,892
	$ 9,345

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 acquisition was accounted for using the acquisition method and the results of this operation were included in the statement of operations as of the closing date. The acquired business includes working capital, drilling equipment, contracts and personnel. The

20. BUSINESS ACQUISITIONS (Continued)

purchase price for the transaction, excluding contingent consideration, was USD $2,449 (CAD $2,567), including customary working capital adjustments of CAD $215, financed with cash. The contingent consideration of USD $750 to the purchase price is based on future earnings. The acquiree is expected to meet target earnings, with payments to be made over the next five years.

The net assets acquired at fair market value at acquisition are as follows:

Assets acquired and liabilities assumed		
Trade and other receivables (net)	$	776
Inventories		382
Prepaid expenses		18
Property, plant and equipment		1,078
Goodwill (not tax deductible)		1,083
Intangible assets		763
Trade and other payables		(779)
Net assets	**$**	**3,321**

Consideration		
Cash	$	2,567
Contingent consideration		754
	$	**3,321**

21. NON-CASH TRANSACTIONS

During the year, the Company entered into the following non-cash financing activities, which are not reflected in the Statements of Cash Flows:

- The Company issued a dividend during the year for $7,123 that was unpaid as at April 30, 2012 (April 30, 2011 - $5,283).
- The Company financed equipment purchases for $453 (April 30, 2011 - $50).

22. CONTINGENCIES

The Company is involved in various legal claims and legal notices arising in the ordinary course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution and the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, it is management's opinion that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. Any amounts awarded as a result of these actions will be reflected when known.

23. COMMITMENTS

The Company has commitments with various suppliers for the purchase of drill rigs and drilling supplies totaling $7,723 with delivery dates through August 2012.

The Company also has various commitments, primarily for rental of premises, with arms-length parties as follows: 2013 - $1,857, 2014 - $1,660, 2015 - $1,107, 2016 - $682, 2017 - $647, thereafter $10.

24. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of Directors and other members of key management personnel during the year is as follows:

	2012	2011
Short-term benefits	**$ 5,080**	$ 3,030
Post-employment benefits	**85**	58
Other long-term benefits	**187**	151
Termination benefits	**-**	-
Share-based payments benefits	**1,899**	2,470
	$ 7,251	$ 5,709

25. DIVIDENDS

The Company declared two dividends during the year, $0.08 per common share paid on November 1, 2011 to shareholders of record as of October 10, 2011, and $0.09 per common share to be paid on May 2, 2012 to shareholders of record as of April 6, 2012.

The Company declared two dividends during the previous year. The first dividend of $0.07333 per common share was paid on November 1, 2010 to shareholders of record as of October 8, 2010. The second dividend of $0.07333 per common share was paid on May 2, 2011 to shareholders of record as of April 8, 2011.

26. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding foreign currency translation reserve), short and long-term borrowings and demand loan net of cash in the definition of capital.

Total managed capital was as follows:

	April 30, 2012	April 30, 2011	May 1, 2010
Short-term debt	**$ -**	$ 7,919	$ -
Long-term debt	**50,986**	25,032	23,928
Share capital	**230,763**	150,642	144,919
Share-based payments reserve	**11,797**	10,280	9,236
Retained earnings	**246,809**	170,425	153,358
Cash	**(37,237)**	(16,215)	(30,232)
	$ 503,118	$ 348,083	$ 301,209

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 year, 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 2011.

27. FINANCIAL INSTRUMENTS

Risk management objectives

The Company's corporate treasury function monitors and manages the financial risks relating to the operations of the Company through analysis of the various exposures. When deemed appropriate, the Company uses financial instruments to hedge these risk exposures.

27. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by use of interest rate swap contracts when deemed appropriate.

Interest rate swap contract

Under the interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. This contract enables the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held.

The following table details the notional principal amount and the remaining term of the interest rate swap contract outstanding at the reporting date.

Remaining term	Notional principal amount	Fair value
53 months	$ 22,083	$ 121

The interest rate swap settles on a monthly basis swapping Canadian-Bankers' Acceptance-Canadian Dealer Offered Rate for an annual fixed rate of 3.665%.

As at April 30, 2012 there is $121 recognized in other comprehensive income relating to the hedge (April 30, 2011 – nil; May 1, 2010 - nil).

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 short and long-term debt and contingent considerations 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.

	April 30, 2012	April 30, 2011	May 1, 2010
Short-term debt	**$ -**	$ 7,919	$ -
Contingent considerations	**2,760**	2,612	2,011
Long-term debt	**50,986**	25,032	23,928

27. FINANCIAL INSTRUMENTS (Continued)

Fair Value Hierarchy

The Company has certain financial assets and liabilities that are held at fair value. Financial assets and financial liabilities are classified and disclosed in one of the following categories reflecting the significance of inputs used in making the fair value measurement:

- 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).

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.

As at April 30, 2012, the interest rate swap is classified as a Level 2 financial instrument as the fair value is determined using valuation techniques that include inputs based on observable market data. There were no financial instruments carried at fair value as at April 30, 2011 or May 1, 2010.

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the year ended April 30, 2012. Additionally, there are no financial instruments classified in Level 3.

Credit risk

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The maximum credit risk the Company was exposed to as at April 30, 2012 was $159,770 (April 30, 2011 - $100,300; May 1, 2010 - $62,128), representing total trade and other receivables. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

As at April 30, 2012, 84.3% (April 30, 2011 - 84.8%; May 1, 2010 - 84.5%) of the Company's trade receivables were aged as current and 1.5% (April 30, 2011 - 0.7%; May 1, 2010 - 2.7%) of the trade receivables were impaired.

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

27. FINANCIAL INSTRUMENTS (Continued)

Balance as at May 1, 2010	**$ 1,605**
Increase in impairment allowance	493
Write-off charged against allowance	(1,125)
Foreign exchange translation differences	9
Balance as at April 30, 2011	**982**
Increase in impairment allowance	2,149
Write-off charged against allowance	(518)
Recovery of amounts previously written off	(406)
Foreign exchange translation differences	29
Balance as at April 30, 2012	**$ 2,236**

Interest rate risk
The demand credit facility and long-term debt of the Company bears a floating rate of interest, which exposes the Company to interest rate fluctuations.

As at April 30, 2012 the Company has estimated that a one percentage point increase in interest rates would cause an annual decrease in net income of approximately $112 and a one percentage point decrease in interest rates would cause an annual increase in net income of $112.

Foreign currency risk
In order to reduce its exposure to foreign exchange risks associated with currencies of developing countries, where a substantial portion of the Company's business is conducted, the Company has adopted a policy of contracting in U.S. dollars, where practical and legally permitted.

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, at the reporting date is as follows:

	April 30, 2012
U.S. Dollars	**$ 45,555**

If the Canadian dollar moved by plus or minus 10% at April 30, 2012, the unrealized foreign exchange gain or loss recognized in net earnings would move by approximately $4,556.

Liquidity risk
The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 11 sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

27. FINANCIAL INSTRUMENTS (Continued)

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	$115,805	$ -	$ -	$ -	$115,805
Contingent considerations	522	1,004	1,004	230	2,760
Long-term debt	8,700	17,636	20,433	4,338	51,107
	$125,027	$ 18,640	$ 21,437	$ 4,568	$169,672

Derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Interest rate swap	$ 12	$ (92)	$ (41)	$ -	$ (121)