

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

	Twelve months ended April 30		Three months ended April 30	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
TOTAL REVENUE	\$ 590,309	\$ 415,437	\$ 169,995	\$ 129,049
DIRECT COSTS	394,868	282,367	110,575	85,529
GROSS PROFIT	<u>195,441</u>	<u>133,070</u>	<u>59,420</u>	<u>43,520</u>
OPERATING EXPENSES				
General and administrative	44,813	33,821	12,719	10,205
Other expenses	13,606	9,252	3,182	2,176
Foreign exchange loss (gain)	2,142	828	(12)	461
Interest (revenue) expense	(153)	(729)	225	(388)
Interest expense on long-term debt	2,403	2,615	481	684
Amortization	26,962	20,526	7,451	5,942
	<u>89,773</u>	<u>66,313</u>	<u>24,046</u>	<u>19,080</u>
EARNINGS BEFORE INCOME TAX AND DISCONTINUED OPERATIONS	<u>105,668</u>	<u>66,757</u>	<u>35,374</u>	<u>24,440</u>
INCOME TAX - PROVISION				
Current	27,315	13,932	8,047	6,460
Future	3,758	6,279	2,041	180
	<u>31,073</u>	<u>20,211</u>	<u>10,088</u>	<u>6,640</u>
EARNINGS FROM CONTINUING OPERATIONS	74,595	46,546	25,286	17,800
(LOSS) GAIN FROM DISCONTINUED OPERATIONS	<u>(500)</u>	<u>12,257</u>	<u>75</u>	<u>9</u>
NET EARNINGS	<u>\$ 74,095</u>	<u>\$ 58,803</u>	<u>\$ 25,361</u>	<u>\$ 17,809</u>
<u>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
Basic *	<u>\$ 3.16</u>	<u>\$ 2.01</u>	<u>\$ 1.07</u>	<u>\$ 0.77</u>
Diluted **	<u>\$ 3.12</u>	<u>\$ 1.98</u>	<u>\$ 1.05</u>	<u>\$ 0.75</u>
<u>EARNINGS PER SHARE</u>				
Basic *	<u>\$ 3.14</u>	<u>\$ 2.54</u>	<u>\$ 1.07</u>	<u>\$ 0.77</u>
Diluted **	<u>\$ 3.10</u>	<u>\$ 2.50</u>	<u>\$ 1.05</u>	<u>\$ 0.75</u>

*Based on 23,576,973 and 23,135,889 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively and on 23,684,754 and 23,253,058 daily weighted average shares for the quarter ended April 30, 2008 and 2007, respectively. The total number of shares outstanding on April 30, 2008 was 23,706,173.

**Based on 23,899,983 and 23,490,195 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively and on 24,061,576 and 23,686,734 daily weighted average shares outstanding for the fourth quarter ended April 30, 2008 and 2007, respectively.

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

	Twelve months ended April 30		Three months ended April 30	
	2008	2007	2008	2007
NET EARNINGS	\$ 74,095	\$ 58,803	\$ 25,361	\$ 17,809
OTHER COMPREHENSIVE (LOSS) GAIN				
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	(14,169)	(134)	5,260	(7,740)
COMPREHENSIVE EARNINGS	\$ 59,926	\$ 58,669	\$ 30,621	\$ 10,069

Consolidated Statements of Retained Earnings
(in thousands of Canadian dollars)
(unaudited)

	Twelve months ended April 30	
	2008	2007
RETAINED EARNINGS, BEGINNING OF THE YEAR	\$ 108,438	\$ 49,635
Net earnings	74,095	58,803
RETAINED EARNINGS, END OF THE YEAR	\$ 182,533	\$ 108,438

**Consolidated Statements of Accumulated Other
Comprehensive Loss**
(in thousands of Canadian dollars)
(unaudited)

	Twelve months ended April 30	
	2008	2007
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF THE YEAR	\$ (30,383)	\$ (30,249)
Unrealized losses on translating financial statements of self-sustaining foreign operations	(14,169)	(134)
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF THE YEAR	\$ (44,552)	\$ (30,383)

Major Drilling Group International Inc. Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Twelve months ended April 30		Three months ended April 30	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES				
Earnings from continuing operations	\$ 74,595	\$ 46,546	\$ 25,286	\$ 17,800
Operating items not involving cash				
Amortization	26,962	20,526	7,451	5,942
Loss (gain) on disposal of capital assets	1,218	977	(50)	622
Future income tax	3,758	6,279	2,041	180
Stock-based compensation	2,556	1,265	601	602
	<u>109,089</u>	<u>75,593</u>	<u>35,329</u>	<u>25,146</u>
Changes in non-cash operating working capital items	<u>(28,483)</u>	<u>(14,509)</u>	<u>(11,726)</u>	<u>(12,257)</u>
	<u>80,606</u>	<u>61,084</u>	<u>23,603</u>	<u>12,889</u>
 (Loss) gain from discontinued operations, adjusted for non-cash items	 (614)	 (1,271)	 75	 (55)
Changes in non-cash operating working capital items from discontinued operations	<u>(917)</u>	<u>3,154</u>	<u>(114)</u>	<u>(79)</u>
Cash flow from operating activities	<u>79,075</u>	<u>62,967</u>	<u>23,564</u>	<u>12,755</u>
FINANCING ACTIVITIES				
Repayment of long-term debt	(14,080)	(16,863)	(3,164)	(5,355)
Additional long-term debt	20,000	459	10,000	-
Increase in (repayment of) demand loans	2,179	(16,721)	(6,310)	-
Issuance of common shares	4,437	2,653	608	1,740
Discontinued operations	(3,061)	-	3	-
Cash flow from (used in) financing activities	<u>9,475</u>	<u>(30,472)</u>	<u>1,137</u>	<u>(3,615)</u>
INVESTING ACTIVITIES				
Net proceeds from sale of discontinued operations	-	28,717	-	(43)
Business acquisitions (net of cash acquired) (note 5)	(27,925)	(13,058)	(496)	-
Acquisition of capital assets, net of direct financing	(68,101)	(36,803)	(22,700)	(12,474)
Proceeds from disposal of capital assets	3,647	3,040	1,137	452
Discontinued operations	-	687	-	-
Cash flow used in investing activities	<u>(92,379)</u>	<u>(17,417)</u>	<u>(22,059)</u>	<u>(12,065)</u>
OTHER ACTIVITIES				
Foreign exchange translation adjustment	<u>(498)</u>	<u>(2,043)</u>	<u>(200)</u>	<u>(658)</u>
 (DECREASE) INCREASE IN CASH	 (4,327)	 13,035	 2,442	 (3,583)
 CASH POSITION, BEGINNING OF THE PERIOD	 <u>25,022</u>	 <u>11,987</u>	 <u>18,253</u>	 <u>28,605</u>
 CASH POSITION, END OF THE PERIOD	 <u>\$ 20,695</u>	 <u>\$ 25,022</u>	 <u>\$ 20,695</u>	 <u>\$ 25,022</u>

Major Drilling Group International Inc.

Consolidated Balance Sheets

As at April 30, 2008 and April 30, 2007

(in thousands of Canadian dollars)

ASSETS

	2008	2007
CURRENT ASSETS		
Cash	\$ 20,695	\$ 25,022
Accounts receivable	103,555	78,613
Income tax receivable	3,218	1,610
Inventories	75,094	50,976
Prepaid expenses	6,280	6,545
Future income tax assets	3,948	1,730
Assets of discontinued operations (note 6)	-	3,253
	212,790	167,749
CAPITAL ASSETS	199,007	158,771
FUTURE INCOME TAX ASSETS	334	619
GOODWILL AND OTHER ASSETS	14,837	1,240
	\$ 426,968	\$ 328,379

LIABILITIES

CURRENT LIABILITIES		
Demand loan	\$ 2,179	-
Accounts payable and accrued charges	73,870	\$ 54,484
Income tax payable	10,541	4,121
Current portion of long-term debt	11,798	13,649
Future income tax liabilities	1,177	-
Liabilities of discontinued operations (note 6)	2,028	9,463
	101,593	81,717
LONG-TERM DEBT	28,317	18,136
FUTURE INCOME TAX LIABILITIES	9,152	7,020
DEFERRED GAIN	-	519
	139,062	107,392
SHAREHOLDERS' EQUITY		
Share capital	142,140	137,703
Contributed surplus	7,785	5,229
Retained earnings	182,533	108,438
Accumulated other comprehensive loss	(44,552)	(30,383)
	287,906	220,987
	\$ 426,968	\$ 328,379

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
(in thousands of Canadian dollars)

1. BASIS OF PRESENTATION

These interim financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited financial statements for the year ended April 30, 2007, except for the adoption of new accounting policies as disclosed in Note 2 below. These interim financial statements conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements, with the exception of certain note disclosures. As a result, these interim financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended April 30, 2007 contained in the Company's 2007 annual report.

2. CHANGES IN ACCOUNTING POLICIES

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3865, Hedges, on May 1, 2007.

As a result of the adoption of Section 1530, Comprehensive Income, the Company now presents Consolidated Statements of Comprehensive Earnings, which consists of net earnings and other comprehensive loss representing gains and losses from the translation of the Company's self-sustaining foreign operations. Accumulated other comprehensive loss ("AOCL") is presented as a separate component of the shareholders' equity section in the Consolidated Balance Sheets. Previously, these gains and losses were deferred in cumulative translation adjustments within shareholders' equity and are now the only element included in AOCL.

As a result of adopting CICA Section 3855, Financial Instruments – Recognition and Measurement, financial assets classified as loans and receivables and financial liabilities classified as other liabilities have to be measured initially at fair value. The adoption of CICA Section 3855 has not resulted in any changes to the carrying values of financial instruments.

The Company's financial assets and financial liabilities are classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Assets of discontinued operations	Loans and receivables	Amortized cost
Demand loan	Other financial liabilities	Amortized cost
Accounts payable and accrued charges	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Liabilities of discontinued operations	Other financial liabilities	Amortized cost

The Company has adopted the policy of amortizing transaction costs to net income using the effective interest method.

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
(in thousands of Canadian dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them.

The Company does not currently have derivatives and therefore the adoption of CICA Handbook Section 3865, Hedges, has had no impact on the Company's financial statements.

In accordance with CICA Handbook Section 3855, a search for embedded derivatives in our contracts as at January 1, 2008 was conducted. There were no embedded features identified that require separate presentation from the related host contract.

3. ACCOUNTING STANDARDS PENDING ADOPTION

Inventories

In June 2007, the CICA issued Section 3031, Inventories, replacing Section 3030, Inventories. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. The Company does not expect that the adoption of this Section will have a material effect on its consolidated financial statements.

Financial instruments

In December 2006, the CICA issued Section 3862, Financial Instruments – Disclosures, Section 3863, Financial Instruments – Presentation, and Section 1535, Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on Capital Disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. As the standards relate only to disclosure requirements they will have no effect on financial results.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
(in thousands of Canadian dollars)

3. ACCOUNTING STANDARDS PENDING ADOPTION (Continued)

currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

IFRS

Effective January 1, 2011, International Financial Reporting Standards will replace Canadian GAAP. The Accounting Standards Board has released an exposure draft that outlines the standards. The Company is currently assessing the effect that this transition will have on our operations and financial reporting.

4. SEASONALITY OF OPERATIONS

The geographic distribution of the Company's growth is having an impact on our historical seasonal patterns. With the exception of the third quarter, the Company exhibits comparatively less seasonality in quarterly revenue than in the past since a relatively higher proportion of revenue is coming from regions with more temperate or tropical climates that are not impacted by winter weather conditions, and strong cyclical growth tends to mute normal seasonal patterns. Historically, the Company's operations tended to exhibit a seasonal pattern whereby its fourth quarter (February to April) was its strongest. The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities for extended periods over the holiday season, particularly in South and Central America.

5. BUSINESS ACQUISITIONS

Effective September 1, 2007 the Company acquired the exploration drilling company Harris y Cia Ltda. ("Harris") in Chile. Through this purchase, Major Drilling acquired 11 drill rigs, support equipment, inventory, an office and repair facilities. As part of this acquisition, the Company also acquired Harris' existing contracts and retained key management personnel, as well as the other employees, including a number of experienced drillers. The purchase price for the transaction was US\$23,934 (C\$25,203), including customary working capital adjustments, financed with cash. This transaction closed on September 10, 2007.

Net assets acquired at fair market value at acquisition are as follows:

Assets & liabilities acquired	
Cash	\$ 1,149
Accounts receivable	631
Inventories	1,060
Capital assets	9,621
Future income tax assets	2,328
Goodwill	11,570
Accounts payable	<u>(1,156)</u>
Net assets	<u>\$ 25,203</u>
Consideration	
Cash	<u>\$ 25,203</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
(in thousands of Canadian dollars)

5. BUSINESS ACQUISITIONS (Continued)

Effective October 25, 2007 the Company acquired the assets of the exploration drilling company Paragon del Ecuador S.A. (“Paragon”) in Ecuador. Through this purchase, Major Drilling acquired 7 drill rigs, support equipment and inventory, existing contracts and personnel. The purchase price for the transaction was US\$5,999 (C\$5,805), subject to various holdbacks, financed by cash and debt. This transaction closed October 25, 2007.

Net assets acquired at fair market value at acquisition are as follows:

Assets acquired

Inventories	\$	586
Capital assets		2,023
Goodwill		3,196
Net assets	\$	5,805

Consideration

Cash	\$	3,871
Long-term debt		1,934
	\$	5,805

6. DISCONTINUED OPERATIONS

On June 7, 2006, the Company sold its manufacturing subsidiary (“UDR”) for A\$46.8 million (C\$39.2 million). The consideration for the sale was A\$43.3 million (C\$36.2 million) cash and a holdback paid in December 2007 in the amount of A\$3.5 million (C\$3.2 million). The net gain before income taxes was C\$22.2 million. UDR previously constituted the Company’s entire manufacturing segment. The Company made the strategic decision to focus its corporate resources on the mineral drilling business, where it competes as one of the world’s largest contract drillers.

The Company also made the strategic decision to close its operations in China in July, 2006. The Company opened a branch in China with the goal of quickly developing a large pool of Chinese drillers. Having shown little progress in building a pool of local drillers in China, the Company decided to close the operation. Chinese operations were previously reported within the Australian, Asian and African segment.

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
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6. DISCONTINUED OPERATIONS (Continued)

The (loss) gain from discontinued operations is summarized as follows:

	<u>2008 YTD</u>	<u>2007 YTD</u>	<u>2008 Q4</u>	<u>2007 Q4</u>
Revenue	<u>\$ -</u>	<u>\$ 5,109</u>	<u>\$ -</u>	<u>\$ (2)</u>
Loss before income tax	-	(2,538)	-	(303)
Net (loss) gain from disposal of discontinued operations, including write-down of assets, before income tax	(179)	21,430	95	(42)
Income tax (expense) recovery	(321)	(6,635)	(20)	354
(Loss) gain from discontinued operations	<u>\$ (500)</u>	<u>\$ 12,257</u>	<u>\$ 75</u>	<u>\$ 9</u>

The assets and liabilities of discontinued operations are summarized as follows:

	<u>April 2008</u>	<u>April 2007</u>
Current Assets		
Other receivables	<u>\$ -</u>	<u>\$ 3,253</u>
Current Liabilities		
Accounts payable	\$ -	\$ 3,950
Income tax payable	2,028	5,513
	<u>\$ 2,028</u>	<u>\$ 9,463</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEARS AND QUARTERS ENDED APRIL 30, 2008 AND 2007
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7. SEGMENTED INFORMATION

	<u>2008 YTD</u>	<u>2007 YTD</u>	<u>2008 Q4</u>	<u>2007 Q4</u>
Revenue				
Canada - U.S.	\$ 189,018	\$ 151,226	\$ 52,542	\$ 47,045
South and Central America	186,491	127,402	60,398	41,127
Australia, Asia and Africa	214,800	136,809	57,055	40,877
	<u>\$ 590,309</u>	<u>\$ 415,437</u>	<u>\$ 169,995</u>	<u>\$ 129,049</u>
Earnings from continuing operations				
Canada - U.S.	\$ 37,818	\$ 29,658	\$ 12,537	\$ 9,902
South and Central America	54,147	31,741	20,830	12,309
Australia, Asia and Africa	33,482	19,706	5,522	5,429
	<u>125,447</u>	<u>81,105</u>	<u>38,889</u>	<u>27,640</u>
Eliminations	<u>(1,129)</u>	<u>(1,231)</u>	<u>(296)</u>	<u>(325)</u>
	124,318	79,874	38,593	27,315
Interest expense, net	2,250	1,886	706	296
General corporate expenses	16,400	11,231	2,513	2,579
Income tax	31,073	20,211	10,088	6,640
Earnings from continuing operations	<u>74,595</u>	<u>46,546</u>	<u>25,286</u>	<u>17,800</u>
(Loss) gain from discontinued operations	<u>(500)</u>	<u>12,257</u>	<u>75</u>	<u>9</u>
Net earnings	<u>\$ 74,095</u>	<u>\$ 58,803</u>	<u>\$ 25,361</u>	<u>\$ 17,809</u>