Major Drilling Group International Inc.
Consolidated Statements of Operations

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

	Three months ended July 31	
	2007	2006
TOTAL REVENUE	**$ 143,420**	$ 94,451
DIRECT COSTS	**95,776**	63,947
GROSS PROFIT	**47,644**	30,504
	33.2%	32.3%
OPERATING EXPENSES		
General and administrative	**10,026**	7,231
Other expenses	**3,527**	2,833
Foreign exchange loss	**979**	324
Interest (revenue) expense on short-term debt	**(348)**	256
Interest expense on long-term debt	**724**	594
Amortization	**6,059**	4,393
	20,967	15,631
EARNINGS BEFORE INCOME TAX AND DISCONTINUED OPERATIONS	**26,677**	14,873
INCOME TAX - PROVISION		
Current	**7,570**	3,979
Future	**283**	844
	7,853	4,823
EARNINGS FROM CONTINUING OPERATIONS	**18,824**	10,050
GAIN FROM DISCONTINUED OPERATIONS (note 4)	**111**	12,833
NET EARNINGS	**$ 18,935**	$ 22,883
OTHER COMPREHENSIVE (LOSS) GAIN		
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	**(7,131)**	946
COMPREHENSIVE EARNINGS	**$ 11,804**	$ 23,829
EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Basic *	**$ 0.80**	$ 0.44
Diluted **	**$ 0.79**	$ 0.43
EARNINGS PER SHARE		
Basic *	**$ 0.81**	$ 0.99
Diluted **	**$ 0.80**	$ 0.97

*Based on 23,433,503 and 23,064,629 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively.
The total number of shares outstanding on July 31, 2007 was 23,552,278

**Based on 23,806,479 and 23,585,174 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively.

Major Drilling Group International Inc.
Consolidated Statements of Retained Earnings

(in thousands of Canadian dollars)
(unaudited)

	Three months ended July 31	
	2007	2006
RETAINED EARNINGS, BEGINNING OF THE PERIOD	**$ 108,438**	$ 49,635
Net earnings	**18,935**	22,883
RETAINED EARNINGS, END OF THE PERIOD	**$ 127,373**	$ 72,518

Consolidated Statements of Accumulated Other Comprehensive Loss

(in thousands of Canadian dollars)
(unaudited)

	Three months ended July 31	
	2007	2006
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF PERIOD	**$ (30,383)**	$ (30,249)
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	**(7,131)**	946
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF PERIOD	**$ (37,514)**	$ (29,303)

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

	Three months ended July 31	
	2007	2006
OPERATING ACTIVITIES		
Earnings from continuing operations	**$ 18,824**	$ 10,050
Operating items not involving cash		
Amortization	**6,059**	4,393
Loss on disposal of capital assets	**104**	109
Future income tax	**283**	844
Stock-based compensation	**921**	361
	26,191	15,757
Changes in non-cash operating working capital items	**(10,337)**	(5,116)
	15,854	10,641
Loss from discontinued operations, adjusted for non-cash items	**-**	(2,500)
Changes in non-cash operating working capital items from discontinued operations	**-**	4,427
Cash flow from operating activities	**15,854**	12,568
FINANCING ACTIVITIES		
Repayment of long-term debt	**(5,159)**	(4,124)
Additional long-term debt	**-**	459
Repayment of demand loans	**-**	(16,721)
Issuance of common shares	**1,863**	358
Discontinued operations	**(3,096)**	-
Cash flow used in financing activities	**(6,392)**	(20,028)
INVESTING ACTIVITIES		
Net proceeds from sale of discontinued operations	**-**	28,347
Acquisition of capital assets, net of direct financing	**(14,531)**	(7,317)
Proceeds from disposal of capital assets	**720**	639
Discontinued operations	**-**	(277)
Cash flow (used in) from investing activities	**(13,811)**	21,392
OTHER ACTIVITIES		
Foreign exchange translation adjustment	**(92)**	(848)
(DECREASE) INCREASE IN CASH	**(4,441)**	13,084
CASH POSITION, BEGINNING OF THE PERIOD	**25,022**	11,987
CASH POSITION, END OF THE PERIOD	**$ 20,581**	$ 25,071

Major Drilling Group International Inc.
Consolidated Balance Sheets

As at July 31, 2007 and April 30, 2007

(in thousands of Canadian dollars)

(unaudited)

ASSETS	July 2007	April 2007
CURRENT ASSETS		
Cash	$ 20,581	$ 25,022
Accounts receivable	88,597	78,613
Income tax receivable	1,162	1,610
Inventories	57,245	50,976
Prepaid expenses	7,302	6,545
Future income tax assets	1,890	1,730
Assets of discontinued operations (note 4)	3,186	3,253
	179,963	167,749
CAPITAL ASSETS	161,590	158,771
FUTURE INCOME TAX ASSETS	574	619
OTHER ASSETS	1,149	1,240
	$ 343,276	$ 328,379

LIABILITIES	July 2007	April 2007
CURRENT LIABILITIES		
Accounts payable and accrued charges	$ 60,920	$ 54,484
Income tax payable	6,745	4,121
Current portion of long-term debt	10,963	13,649
Liabilities of discontinued operations (note 4)	6,048	9,463
	84,676	81,717
LONG-TERM DEBT	15,177	18,136
FUTURE INCOME TAX LIABILITIES	7,374	7,020
DEFERRED GAIN	474	519
	107,701	107,392
SHAREHOLDERS' EQUITY		
Share capital	139,566	137,703
Contributed surplus	6,150	5,229
Retained earnings	127,373	108,438
Accumulated other comprehensive loss	(37,514)	(30,383)
	235,575	220,987
	$ 343,276	$ 328,379

(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. 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, and Section 3861 – Financial Instruments – Disclosure and Presentation, and section 3865 – Hedges, on May 1, 2007.

As a result of adopting CICA Section 1530, Comprehensive Income, a new line is included in the Consolidated Statements of Operations under net income called "other comprehensive (loss) gain" and consists of the 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:

Asset/Liability	Classification	Measurement
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

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 thousands of Canadian dollars)

3. SEASONALITY OF OPERATIONS

The geographic distribution of our 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.

4. 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 due in 18 months in the amount of A$3.5 million (C$3.2 million). The net gain before income taxes is 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 to date in building a pool of local drillers in China, the Company decided to close the operation. Chinese operations were previously reported within the Australasian and African segment.

The gain from discontinued operations is summarized as follows:

	2008 YTD	2007 YTD
Revenue	**$ -**	$ 4,778
Loss before income tax	**-**	(1,665)
Net gain from disposal of discontinued operations, including write-down of assets, before income tax	**141**	20,896
Income tax expense	**(30)**	(6,398)
Gain from discontinued operations	**$ 111**	$ 12,833

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIODS ENDED JULY 31, 2007 AND 2006
(in thousands of Canadian dollars)

4. DISCONTINUED OPERATIONS (Continued)

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

	July 2007	April 2007
Current Assets		
Other receivables	**$ 3,177**	$ 3,236
Other assets	**9**	17
	$ 3,186	$ 3,253
Current Liabilities		
Accounts payable	**$ 646**	$ 3,950
Income tax payable	**5,402**	5,513
	$ 6,048	$ 9,463

5. SEGMENTED INFORMATION

	2008 YTD	2007 YTD
Revenue		
Canada - U.S.	**$ 49,337**	$ 34,518
South and Central America	**42,461**	27,326
Australia, Asia and Africa	**51,622**	32,607
	$ 143,420	$ 94,451
Earnings from continuing operations		
Canada - U.S.	**$ 11,190**	$ 6,698
South and Central America	**11,875**	5,903
Australia, Asia and Africa	**9,789**	7,077
	32,854	19,678
Eliminations	**(292)**	(290)
	32,562	19,388
Interest expense, net	**376**	850
General corporate expenses	**5,509**	3,665
Income tax	**7,853**	4,823
Earnings from continuing operations	**18,824**	10,050
Gain from discontinued operations	**111**	12,833
Net earnings	**$ 18,935**	$ 22,883

6. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

7. SUBSEQUENT EVENT

On September 6, 2007, the Company entered into an agreement to purchase the exploration drilling company Harris y Cia Ltda. ("Harris").

Through this purchase, Major Drilling will acquire 11 drill rigs, all of which are currently committed to work on a double shift basis, conducting mainly specialized drilling in the active northern region of Chile. In addition, the acquisition involves all support equipment, inventory, an office and repair facilities. Major Drilling's existing operations are largely in central and southern Chile and as such this acquisition provides attractive synergies to assist the Company in fulfilling its strategy of fully servicing the Chilean specialized drilling market.

As part of this acquisition, Major Drilling is also acquiring Harris' existing contracts and retaining key management personnel, as well as the other employees, including a number of experienced drillers. We anticipate that the operations of Harris will produce additional revenue of approximately US$11 million for the balance of our fiscal year, ending April 30, 2008.

The purchase price for the transaction is US$22.7 million, subject to customary working capital adjustments, to be financed with cash and debt.

The transaction is expected to close in mid-September, 2007.