

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

	Six months ended October 31		Three months ended October 31	
	2007	2006	2007	2006
TOTAL REVENUE	\$ 299,556	\$ 196,296	\$156,136	\$101,845
DIRECT COSTS	197,247	131,968	101,471	68,021
GROSS PROFIT	102,309	64,328	54,665	33,824
OPERATING EXPENSES				
General and administrative	20,856	14,860	10,830	7,629
Other expenses	7,816	5,120	4,289	2,287
Foreign exchange loss	1,705	413	726	89
Interest revenue	(617)	(46)	(269)	(302)
Interest expense on long-term debt	1,353	1,247	629	653
Amortization	12,538	9,375	6,479	4,982
	43,651	30,969	22,684	15,338
EARNINGS BEFORE INCOME TAX AND DISCONTINUED OPERATIONS	58,658	33,359	31,981	18,486
INCOME TAX - PROVISION				
Current	16,257	8,050	8,687	4,071
Future	762	2,300	479	1,456
	17,019	10,350	9,166	5,527
EARNINGS FROM CONTINUING OPERATIONS	41,639	23,009	22,815	12,959
(LOSS) GAIN FROM DISCONTINUED OPERATIONS (note 5)	(141)	12,983	(252)	150
NET EARNINGS	\$ 41,498	\$ 35,992	\$ 22,563	\$ 13,109
<u>EARNINGS PER SHARE FROM CONTINUING OPERATIONS</u>				
Basic *	\$ 1.77	\$ 1.00	\$ 0.97	\$ 0.56
Diluted **	\$ 1.74	\$ 0.98	\$ 0.95	\$ 0.55
<u>EARNINGS PER SHARE</u>				
Basic *	\$ 1.77	\$ 1.56	\$ 0.96	\$ 0.57
Diluted **	\$ 1.74	\$ 1.53	\$ 0.94	\$ 0.56

*Based on 23,502,226 and 23,083,444 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively and on 23,570,950 and 23,102,258 daily weighted average shares for the quarter ended October 31, 2007 and 2006, respectively. The total number of shares outstanding on October 31, 2007 was 23,612,877.

**Based on 23,864,099 and 23,578,124 daily weighted average shares outstanding for the fiscal year to date 2008 and 2007, respectively and on 23,959,055 and 23,569,533 daily weighted average shares outstanding for the quarter ended October 31, 2007 and 2006, respectively.

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

	Six months ended October 31		Three months ended October 31	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
NET EARNINGS	\$ 41,498	\$ 35,992	\$ 22,563	\$ 13,109
OTHER COMPREHENSIVE LOSS				
Unrealized losses on translating financial statements of self-sustaining foreign operations	<u>(27,252)</u>	<u>(626)</u>	<u>(20,121)</u>	<u>(1,572)</u>
COMPREHENSIVE EARNINGS	<u>\$ 14,246</u>	<u>\$ 35,366</u>	<u>\$ 2,442</u>	<u>\$ 11,537</u>

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

	Six months ended October 31	
	<u>2007</u>	<u>2006</u>
RETAINED EARNINGS, BEGINNING OF THE PERIOD	\$ 108,438	\$ 49,635
Net earnings	<u>41,498</u>	<u>35,992</u>
RETAINED EARNINGS, END OF THE PERIOD	<u>\$ 149,936</u>	<u>\$ 85,627</u>

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

	Six months ended October 31	
	<u>2007</u>	<u>2006</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF THE PERIOD	\$ (30,383)	\$ (30,249)
Unrealized losses on translating financial statements of self-sustaining foreign operations	<u>(27,252)</u>	<u>(626)</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF THE PERIOD	<u>\$ (57,635)</u>	<u>\$ (30,875)</u>

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

	Six months ended October 31		Three months ended October 31	
	<u>2007</u>	2006	<u>2007</u>	2006
OPERATING ACTIVITIES				
Earnings from continuing operations	\$ 41,639	\$ 23,009	\$ 22,815	\$ 12,959
Operating items not involving cash				
Amortization	12,538	9,375	6,479	4,982
Loss on disposal of capital assets	1,003	297	899	188
Future income tax	762	2,300	479	1,456
Stock-based compensation	1,567	532	646	171
	<u>57,509</u>	<u>35,513</u>	<u>31,318</u>	<u>19,756</u>
Changes in non-cash operating working capital items	<u>(17,902)</u>	<u>(3,912)</u>	<u>(7,565)</u>	<u>902</u>
	<u>39,607</u>	31,601	<u>23,753</u>	20,658
(Loss) gain from discontinued operations, adjusted for non-cash items	(252)	(2,494)	(252)	6
Changes in non-cash operating working capital items from discontinued operations	<u>(2,726)</u>	<u>3,728</u>	<u>(2,726)</u>	<u>(397)</u>
Cash flow from operating activities	<u>36,629</u>	<u>32,835</u>	<u>20,775</u>	<u>20,267</u>
FINANCING ACTIVITIES				
Repayment of long-term debt	(8,085)	(6,781)	(2,926)	(2,657)
Additional long-term debt	-	459	-	-
Increase in (repayment of) demand loans	15,812	(16,441)	15,812	280
Issuance of common shares	2,649	382	786	24
Discontinued operations	<u>(3,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flow from (used in) financing activities	<u>7,280</u>	<u>(22,381)</u>	<u>13,672</u>	<u>(2,353)</u>
INVESTING ACTIVITIES				
Net proceeds from sale of discontinued operations	-	28,755	-	408
Business acquisitions (net of cash acquired) (note 4)	(27,429)	-	(27,429)	-
Acquisition of capital assets, net of direct financing	(28,932)	(15,079)	(14,401)	(7,762)
Proceeds from disposal of capital assets	2,415	1,712	1,695	1,073
Discontinued operations	-	16	-	293
Cash flow (used in) from investing activities	<u>(53,946)</u>	<u>15,404</u>	<u>(40,135)</u>	<u>(5,988)</u>
OTHER ACTIVITIES				
Foreign exchange translation adjustment	<u>712</u>	<u>(1,191)</u>	<u>804</u>	<u>(343)</u>
(DECREASE) INCREASE IN CASH	(9,325)	24,667	(4,884)	11,583
CASH POSITION, BEGINNING OF THE PERIOD	<u>25,022</u>	<u>11,987</u>	<u>20,581</u>	<u>25,071</u>
CASH POSITION, END OF THE PERIOD	<u>\$ 15,697</u>	<u>\$ 36,654</u>	<u>\$ 15,697</u>	<u>\$ 36,654</u>

Major Drilling Group International Inc.
Consolidated Balance Sheets
As at October 31, 2007 and April 30, 2007
(in thousands of Canadian dollars)

ASSETS	October 2007 <small>(unaudited)</small>	April 2007
CURRENT ASSETS		
Cash	\$ 15,697	\$ 25,022
Accounts receivable	91,324	78,613
Income tax receivable	2,064	1,610
Inventories	56,403	50,976
Prepaid expenses	9,947	6,545
Future income tax assets	2,710	1,730
Assets of discontinued operations (note 5)	3,079	3,253
	<u>181,224</u>	<u>167,749</u>
CAPITAL ASSETS	165,874	158,771
FUTURE INCOME TAX ASSETS	1,103	619
OTHER ASSETS	<u>14,794</u>	<u>1,240</u>
	<u>\$ 362,995</u>	<u>\$ 328,379</u>
 LIABILITIES		
CURRENT LIABILITIES		
Demand loan	\$ 15,812	\$ -
Accounts payable and accrued charges	63,122	54,484
Income tax payable	9,311	4,121
Current portion of long-term debt	10,692	13,649
Liabilities of discontinued operations (note 5)	3,163	9,463
	<u>102,100</u>	<u>81,717</u>
LONG-TERM DEBT	12,990	18,136
FUTURE INCOME TAX LIABILITIES	8,045	7,020
DEFERRED GAIN	<u>411</u>	<u>519</u>
	<u>123,546</u>	<u>107,392</u>
 SHAREHOLDERS' EQUITY		
Share capital	140,352	137,703
Contributed surplus	6,796	5,229
Retained earnings	149,936	108,438
Accumulated other comprehensive loss	(57,635)	(30,383)
	<u>239,449</u>	<u>220,987</u>
	<u>\$ 362,995</u>	<u>\$ 328,379</u>

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIODS ENDED OCTOBER 31, 2007 AND 2006
(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

MAJOR DRILLING GROUP INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIODS ENDED OCTOBER 31, 2007 AND 2006
(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.

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. BUSINESS ACQUISITIONS

Effective September 6, 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\$23.5 (C\$24.7) million, 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	10,315
Future income tax assets	941
Goodwill	11,767
Accounts payable	(1,156)
Net assets	\$ 24,707
Consideration	
Cash	\$ 24,707

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

4. 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\$6.0 (C\$5.8) million, 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	<u>\$ 5,805</u>

Consideration	
Cash	\$ 3,871
Long-term debt	1,934
	<u>\$ 5,805</u>

5. 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 December 2007 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 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 PERIODS ENDED OCTOBER 31, 2007 AND 2006
(in thousands of Canadian dollars)

5. DISCONTINUED OPERATIONS (Continued)

The gain from discontinued operations is summarized as follows:

	<u>2008 YTD</u>	<u>2007 YTD</u>	<u>2008 Q2</u>	<u>2007 Q2</u>
Revenue	<u>\$ -</u>	<u>\$ 5,111</u>	<u>\$ -</u>	<u>\$ 333</u>
Loss before income tax	-	(1,924)	-	(259)
Net (loss) gain from disposal of discontinued operations, including write-down of assets, before income tax	(111)	21,481	(252)	585
Income tax expense	(30)	(6,574)	-	(176)
(Loss) gain from discontinued operations	<u>\$ (141)</u>	<u>\$ 12,983</u>	<u>\$ (252)</u>	<u>\$ 150</u>

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

	<u>Oct 2007</u>	<u>April 2007</u>
Current Assets		
Other receivables	<u>\$ 3,079</u>	<u>\$ 3,253</u>
Current Liabilities		
Accounts payable	\$ -	\$ 3,950
Income tax payable	3,163	5,513
	<u>\$ 3,163</u>	<u>\$ 9,463</u>

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

6. SEGMENTED INFORMATION

	<u>2008 YTD</u>	<u>2007 YTD</u>	<u>2008 Q2</u>	<u>2007 Q2</u>
Revenue				
Canada - U.S.	\$ 101,344	\$ 73,889	\$ 52,007	\$ 39,371
South and Central America	87,275	56,628	44,814	29,302
Australia, Asia and Africa	<u>110,937</u>	<u>65,779</u>	<u>59,315</u>	<u>33,172</u>
	<u>\$ 299,556</u>	<u>\$ 196,296</u>	<u>\$ 156,136</u>	<u>\$ 101,845</u>
Earnings from continuing operations				
Canada - U.S.	\$ 22,199	\$ 16,029	\$ 11,009	\$ 9,331
South and Central America	25,526	12,650	13,651	6,747
Australia, Asia and Africa	<u>22,507</u>	<u>13,387</u>	<u>12,718</u>	<u>6,310</u>
	<u>70,232</u>	<u>42,066</u>	<u>37,378</u>	<u>22,388</u>
Eliminations	<u>(565)</u>	<u>(589)</u>	<u>(273)</u>	<u>(299)</u>
	<u>69,667</u>	<u>41,477</u>	<u>37,105</u>	<u>22,089</u>
Interest expense, net	736	1,201	360	351
General corporate expenses	10,273	6,917	4,764	3,252
Income tax	<u>17,019</u>	<u>10,350</u>	<u>9,166</u>	<u>5,527</u>
Earnings from continuing operations	<u>41,639</u>	<u>23,009</u>	<u>22,815</u>	<u>12,959</u>
(Loss) gain from discontinued operations	<u>(141)</u>	<u>12,983</u>	<u>(252)</u>	<u>150</u>
Net earnings	<u>\$ 41,498</u>	<u>\$ 35,992</u>	<u>\$ 22,563</u>	<u>\$ 13,109</u>

7. RECLASSIFICATIONS

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