Major Drilling Group International Inc.
Consolidated Statements of Operations

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

	Nine months ended January 31		Three months ended January 31	
	2010	2009	**2010**	2009
TOTAL REVENUE	**$ 210,488**	$ 456,586	**$ 72,471**	$ 87,361
DIRECT COSTS	**158,487**	298,758	**60,492**	63,275
GROSS PROFIT	**52,001**	157,828	**11,979**	24,086
OPERATING EXPENSES				
General and administrative	**24,930**	37,472	**7,932**	11,300
Other expenses	**3,828**	10,739	**1,796**	2,043
Foreign exchange (gain) loss	**(663)**	954	**166**	(674)
Interest (revenue) expense	**(128)**	220	**(33)**	13
Interest expense on long-term debt	**813**	1,415	**239**	471
Amortization	**22,783**	24,216	**7,343**	8,463
Restructuring charge (note 5)	**1,220**	6,919	**-**	6,919
Goodwill and intangible assets impairment (note 6)	**2,032**	732	**-**	732
	54,815	82,667	**17,443**	29,267
(LOSS) EARNINGS BEFORE INCOME TAX	**(2,814)**	75,161	**(5,464)**	(5,181)
INCOME TAX - PROVISION (RECOVERY)				
Current	**3,214**	22,677	**1,912**	(230)
Future	**(2,339)**	1,948	**(2,923)**	119
	875	24,625	**(1,011)**	(111)
NET (LOSS) EARNINGS	**$ (3,689)**	$ 50,536	**$ (4,453)**	$ (5,070)
(LOSS) EARNINGS PER SHARE				
Basic *	**$ (0.16)**	$ 2.13	**$ (0.19)**	$ (0.21)
Diluted **	**$ (0.15)**	$ 2.11	**$ (0.19)**	$ (0.21)

*Based on 23,719,622 and 23,709,136 daily weighted average shares outstanding for the fiscal year to date 2010 and 2009, respectively and on 23,723,932 and 23,711,073 daily weighted average shares for the quarter ended January 31, 2010 and 2009, respectively. The total number of shares outstanding on January 31, 2010 was 23,747,573.

**Based on 23,874,652 and 23,945,107 daily weighted average shares outstanding for the fiscal year to date 2010 and 2009, respectively and on 23,938,688 and 23,812,526 daily weighted average shares outstanding for the third quarter ended January 31, 2010 and 2009, respectively.

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

	Nine months ended January 31		Three months ended January 31	
	2010	2009	**2010**	2009
NET (LOSS) EARNINGS	**$ (3,689)**	$ 50,536	**$ (4,453)**	$ (5,070)
OTHER COMPREHENSIVE (LOSS) EARNINGS				
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	**(24,975)**	38,476	**(959)**	4,123
COMPREHENSIVE (LOSS) EARNINGS	**$ (28,664)**	$ 89,012	**$ (5,412)**	$ (947)

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

	Nine months ended January 31	
	2010	2009
RETAINED EARNINGS, BEGINNING OF THE PERIOD	**$ 218,983**	$ 182,533
Net (loss) earnings	**(3,689)**	50,536
Dividend	**(4,745)**	(4,742)
RETAINED EARNINGS, END OF THE PERIOD	**$ 210,549**	$ 228,327

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

	Nine months ended January 31	
	2010	2009
ACCUMULATED OTHER COMPREHENSIVE LOSS, BEGINNING OF THE PERIOD	**$ (5,079)**	$ (44,552)
Unrealized (losses) gains on translating financial statements of self-sustaining foreign operations	**(24,975)**	38,476
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF THE PERIOD	**$ (30,054)**	$ (6,076)

Major Drilling Group International Inc.
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(unaudited)

	Nine months ended January 31		Three months ended January 31	
	2010	2009	**2010**	2009
OPERATING ACTIVITIES				
Net (loss) earnings	**$ (3,689)**	$ 50,536	**$ (4,453)**	$ (5,070)
Operating items not involving cash				
Amortization	**22,783**	24,216	**7,343**	8,463
Restructuring charge	**-**	5,194	**-**	5,194
Loss (gain) on disposal of property, plant and equipment	**934**	961	**933**	(203)
Future income tax	**(2,339)**	1,948	**(2,923)**	119
Stock-based compensation	**1,485**	1,273	**441**	175
Goodwill and intangible assets impairment (note 6)	**2,032**	732	**-**	732
	21,206	84,860	**1,341**	9,410
Changes in non-cash operating working capital items	**11,562**	31,152	**11,887**	33,604
	32,768	116,012	**13,228**	43,014
Changes in non-cash operating working capital items from discontinued operations	**-**	(1,898)	**-**	(1,898)
Cash flow from operating activities	**32,768**	114,114	**13,228**	41,116
FINANCING ACTIVITIES				
Repayment of long-term debt	**(9,026)**	(9,094)	**(2,557)**	(3,171)
Acquisition of long-term debt	**-**	10,000	**-**	-
Repayment of demand credit facilities	**-**	(2,179)	**-**	-
Issuance of common shares	**28**	28	**-**	-
Dividend paid	**(9,488)**	(4,742)	**(4,745)**	-
Cash flow used in financing activities	**(18,486)**	(5,987)	**(7,302)**	(3,171)
INVESTING ACTIVITIES				
Business acquisition	**-**	(21,867)	**-**	(62)
Acquisition of property, plant and equipment, net of direct financing	**(17,282)**	(48,288)	**(10,074)**	(14,324)
Proceeds from disposal of property, plant and equipment	**1,610**	3,040	**113**	1,147
Cash flow used in investing activities	**(15,672)**	(67,115)	**(9,961)**	(13,239)
OTHER ACTIVITIES				
Foreign exchange translation adjustment	**(2,954)**	5,052	**203**	3,027
(DECREASE) INCREASE IN CASH	**(4,344)**	46,064	**(3,832)**	27,733
CASH POSITION, BEGINNING OF THE PERIOD	**58,035**	20,695	**57,523**	39,026
CASH POSITION, END OF THE PERIOD	**$ 53,691**	$ 66,759	**$ 53,691**	$ 66,759

Major Drilling Group International Inc.
Consolidated Balance Sheets
As at January 31, 2010 and April 30, 2009
(in thousands of Canadian dollars)
(unaudited)

ASSETS	January 2010	April 2009
CURRENT ASSETS		
Cash	$ 53,691	$ 58,035
Accounts receivable	42,761	52,538
Income tax receivable	9,025	6,014
Inventories	65,349	72,764
Prepaid expenses	4,332	3,478
Future income tax assets	839	2,644
	175,997	195,473
PROPERTY, PLANT AND EQUIPMENT	218,797	240,224
FUTURE INCOME TAX ASSETS	7,103	1,403
GOODWILL AND INTANGIBLE ASSETS (note 9)	26,137	32,072
	$ 428,034	$ 469,172

LIABILITIES	January 2010	April 2009
CURRENT LIABILITIES		
Accounts payable and accrued charges	$ 49,185	$ 47,691
Income tax payable	1,633	1,719
Current portion of long-term debt	10,218	15,049
Future income tax liabilities	717	1,071
	61,753	65,530
LONG-TERM DEBT	16,903	23,507
FUTURE INCOME TAX LIABILITIES	15,928	14,789
	94,584	103,826
SHAREHOLDERS' EQUITY		
Share capital	142,261	142,233
Contributed surplus	10,694	9,209
Retained earnings	210,549	218,983
Accumulated other comprehensive loss	(30,054)	(5,079)
	333,450	365,346
	$ 428,034	$ 469,172

1. BASIS OF PRESENTATION

These interim consolidated financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended April 30, 2009, except for the adoption of new accounting policies as disclosed in Note 2 below. These interim consolidated financial statements conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements, with the exception of certain note disclosures. As a result, these interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended April 30, 2009 contained in the Company's 2009 annual report.

2. CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets
Effective May 1, 2009 the Company adopted the new CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes standards for recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous CICA Handbook Section 3062. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements.

3. FUTURE ACCOUNTING CHANGES

Business combinations
In January 2009, the CICA issued Section 1582, Business Combinations, which replaces Section 1581 of the same title. This Section applies prospectively to business combinations for which the date of acquisition is in fiscal years beginning on or after January 1, 2011. The Section establishes standards for accounting for a business combination.

Consolidated financial statements and non-controlling interests
In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, which together replace Section 1600, Consolidated Financial Statements. These sections apply to interim and annual consolidated financial statements for fiscal years beginning on or after January 1, 2011. They establish standards for the preparation of consolidated financial statements and accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")
In February 2008, the Accounting Standards Board ("AcSB") confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure draft proposing that publicly accountable enterprises be required to apply

3. FUTURE ACCOUNTING CHANGES (Continued)

IFRS, in full and without modification, on January 1, 2011 for companies with a calendar year end, therefore the transition date for the Company is May 1, 2011. This will require the restatement, for comparative purposes, of amounts reported by the Company for its year ended April 30, 2011, and of the opening balance sheet as at May 1, 2010. The Company is currently in the process of developing a conversion implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the Company.

4. SEASONALITY OF OPERATIONS

The Company's operations tended to exhibit a seasonal pattern whereby its fourth quarter (February to April) was its strongest. With the exception of the third quarter, the Company has, over the past several years, exhibited comparatively less seasonality in quarterly revenue. The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities, often for extended periods over the holiday season, particularly in South and Central America. With the recent economic and industry downturn, it is not yet clear whether or not the Company's revenue will return to more historical seasonal patterns, or whether a recent lack of seasonality will continue.

5. RESTRUCTURING CHARGE

The Company initiated a restructuring plan in fiscal year 2009 to standardize the drilling equipment fleet and reduce operating costs by rationalizing the workforce and business locations. These initiatives have generated a total restructuring charge of $10,263, of which $6,919 and $2,124 were expensed in the third and fourth quarters respectively of fiscal year 2009 and $1,220 was expensed in the first quarter of the current fiscal year.

The current fiscal year charges include $594 for severance, $204 for lease terminations and $422 for other relocation expenses mainly relating to the closure of two regional offices in Australia.

As of January 31, 2010, these charges had been fully paid.

6. GOODWILL AND INTANGIBLE ASSETS IMPAIRMENT

In the first quarter of the current fiscal year, the Company recorded a net non-cash goodwill impairment charge of $2,032. This eliminated goodwill of $3,722 recorded on the Paragon del Ecuador S.A. acquisition offset by a reduction of a holdback of $1,690, which was a contingent consideration to the purchase price and dependant on the political situation in Ecuador. The goodwill impairment charge resulted from political issues and uncertainty still affecting the mining industry in Ecuador and therefore the inability of this region to generate the expected revenue.

6. GOODWILL AND INTANGIBLE ASSETS IMPAIRMENT (Continued)

In the third quarter of fiscal year 2009, the Company recorded an impairment charge of $732. Of this amount, $350 relates to the value attributed to the acquired contracts, and recorded as intangible assets, from the Forage à Diamant Benoît Ltée purchase in the second quarter of fiscal year 2009. This impairment was required as the majority of these contracts have been completed early due to the current economic conditions. Goodwill of $382 from the Longstaff Group of Companies, purchased in the third quarter of 2007, has also been impaired due to the economic downturn and the inability of this region to generate the expected revenue.

7. BUSINESS ACQUISITION

Effective August 1, 2008 the Company acquired the assets of the exploration drilling company Forage à Diamant Benoît Ltée ("Benoît") based in Val-d'Or, Québec. Through this purchase, Major Drilling acquired 19 drill rigs, support equipment and inventory, existing contracts and personnel. The purchase price for the transaction was $23,117, including customary working capital adjustments, financed by cash and debt.

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

Assets acquired and liabilities assumed		
Accounts receivable	$	**5,055**
Prepaid expenses		**241**
Inventories		**533**
Property, plant and equipment		**7,489**
Intangible assets		**2,350**
Goodwill (not tax deductible)		**13,223**
Accounts payable		**(884)**
Income tax payable		**(2,842)**
Future income tax liability		**(2,048)**
Net assets	**$**	**23,117**

Consideration		
Cash	$	**21,867**
Accounts payable		**500**
Long-term debt		**750**
	$	**23,117**

8. INVENTORY

The cost of inventory recognized as an expense and included in direct costs for the nine and three months ended January 31, 2010 was $44,526 and $17,436 respectively. During the period, there were no significant write-downs of inventory as a result of net realizable value being lower than cost and no inventory write-downs recognized in previous years were reversed.

9. GOODWILL AND INTANGIBLE ASSETS

	January 2010	April 2009
Goodwill	**$ 24,959**	$ 30,470
Intangible assets	**1,178**	1,602
	$ 26,137	$ 32,072

Intangible assets include the carrying value of customer relationships and a non-compete agreement, which are amortized on a straight-line basis over four and three years respectively.

Changes in the goodwill and intangible assets balance were as follows for the nine and three months ending January 31, 2010:

	2010 YTD	2009 YTD	**2010 Q3**	2009 Q3
Balance at beginning of the period	**$ 32,072**	$ 14,837	**$ 26,297**	$ 32,354
Amortization of intangible assets	**(396)**	(30)	**(132)**	(30)
Goodwill adjustment (note 6)	**(1,690)**	-	**-**	-
Goodwill impairment (note 6)	**(2,032)**	(732)	**-**	(732)
Goodwill and intangible assets acquired	**-**	14,931	**-**	174
Effect of foreign currency exchange rate changes	**(1,817)**	3,081	**(28)**	321
	$ 26,137	$ 32,087	**$ 26,137**	$ 32,087

10. CAPITAL MANAGEMENT

The Company includes shareholders' equity (excluding accumulated other comprehensive loss), long-term borrowings and demand credit facility net of cash in the definition of capital.

10. CAPITAL MANAGEMENT (Continued)

Total managed capital was as follows:

	January 2010	April 2009
Long-term debt	**$ 27,121**	$ 38,556
Share capital	**142,261**	142,233
Contributed surplus	**10,694**	9,209
Retained earnings	**210,549**	218,983
Cash	**(53,691)**	(58,035)
	$ 336,934	$ 350,946

The Company's objective when managing its capital structure is to maintain financial flexibility in order to: i) preserve access to capital markets; ii) meet financial obligations; and iii) finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debt.

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. During the period, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

In the third quarter of the current fiscal year, the Company reviewed the available credit facilities and decided to reduce its operating facility from $30.0 million to $25.0 million and its facility available for financing the cost of equipment purchases or acquisition costs of related businesses from $65.0 million to $45.0 million. This reduction in total available funds of $25.0 million was made at the sole discretion of the Company in order to reduce financing costs.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from fiscal 2009.

11. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, accounts receivable and accounts payable and accrued charges approximate their fair value due to the relatively short period to maturity of the instruments. Long-term debt has a carrying value of $27,121 as at January 31, 2010 (April 30, 2009 - $38,556) and also approximates its fair market value.

11. FINANCIAL INSTRUMENTS (Continued)

Risk management

The Company is exposed to various risks related to its financial assets and liabilities. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them, from previous periods, unless otherwise stated in this note.

Credit risk

The Company is exposed to credit risk from its accounts receivable. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. The Company also diversifies its credit risk by dealing with a large number of customers in various countries. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper. The Company's five largest customers account for 22 percent (28 percent in 2009) of total quarterly revenue, with no one customer representing more than 10 percent of its revenue for 2010 or 2009.

The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aged analyses of receivables, past experience, specific risks associated with the customer and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

As at January 31, 2010, 76.4 percent of the Company's trade receivables are aged as current (less than 30 days) and 4.7 percent of the trade receivables are impaired.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. This risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Interest rate risk

The demand loan and long-term debt of the Company bear a floating rate of interest, which exposes the Company to interest rate fluctuations.

As at January 31, 2010 the Company has estimated that a one percentage point increase in interest rates would have caused a quarterly decrease in net income of approximately $58 and a one percentage decrease in interest rates would have caused a quarterly increase in net income of $58.

Foreign currency risk

Foreign currency risk arises as the Company has operations located internationally where local operational currency is not the same as the functional currency of the Company.

11. FINANCIAL INSTRUMENTS (Continued)

A significant portion of the Company's operations are located outside of Canada. The accounting impact of foreign currency exposure is minimized since the operations are classified as self-sustaining operations. In certain developing countries, the Company mitigates its risk of large exchange rate fluctuations by conducting business primarily in U.S. dollars. U.S. dollar revenue exposure is partially mitigated by offsetting U.S. dollar labour and material expenses. Monetary assets denominated in foreign currencies are exposed to foreign currency fluctuations.

Based on the Company's foreign currency net monetary exposures and net assets as at January 31, 2010, and assuming that all other variables remain constant, a 10 percent rise or fall in the Canadian dollar against the other foreign currencies would have resulted in increases (decreases) in the net earnings and comprehensive earnings as follows:

	Increase (decrease) in net earnings	
	Canadian dollar appreciates 10%	Canadian dollar depreciates 10%
US Dollar	**$ 359**	**$ (359)**
Indonesian Rupiah	**(196)**	**196**
Mexican Peso	**(409)**	**409**
Chilean Peso	**340**	**(340)**

	Increase (decrease) in comprehensive earnings	
	Canadian dollar appreciates 10%	Canadian dollar depreciates 10%
Australian Dollar	**$ (1,362)**	**$ 1,362**
US Dollar	**(25,059)**	**25,059**

Liquidity risk

Liquidity risk, the risk that the Company would not be able to meet its financial obligations as they become due, arises from the Company's management of working capital, finance charges and principal repayments on its debt instruments.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Total financial liabilities, by due date, as at January 31, 2010 are as follows:

	Total	1 year	2-3 years	4-5 years	5+ years
Accounts payable & accrued charges	**$ 49,185**	**$ 49,185**	**$ -**	**$ -**	**$ -**
Long-term debt	**27,121**	**10,218**	**12,852**	**4,051**	**-**
	$ 76,306	**$ 59,403**	**$ 12,852**	**$ 4,051**	**$ -**

12. SEGMENTED INFORMATION

	2010 YTD	2009 YTD	**2010 Q3**	2009 Q3
Revenue				
Canada - U.S.	**$ 66,081**	$ 147,647	**$ 21,802**	$ 28,376
South and Central America	**68,889**	133,119	**26,486**	23,515
Australia, Asia and Africa	**75,518**	175,820	**24,183**	35,470
	$ 210,488	$ 456,586	**$ 72,471**	$ 87,361
Earnings (loss) from operations				
Canada - U.S.	**$ 5,394**	$ 38,142	**$ 13**	$ 3,286
South and Central America	**5,400**	32,591	**132**	2,778
Australia, Asia and Africa	**(2,317)**	27,562	**(2,883)**	124
	8,477	98,295	**(2,738)**	6,188
Eliminations	**(1,024)**	(916)	**(367)**	(313)
	7,453	97,379	**(3,105)**	5,875
Interest expense, net	**685**	1,635	**206**	484
General corporate expenses	**6,330**	12,932	**2,153**	2,921
Restructuring charge	**1,220**	6,919	**-**	6,919
Goodwill and intangible assets impairment	**2,032**	732	**-**	732
Income tax	**875**	24,625	**(1,011)**	(111)
Net (loss) earnings	**$ (3,689)**	$ 50,536	**$ (4,453)**	$ (5,070)

Goodwill and intangible assets impairment relates to the South and Central American segment for the current fiscal year and Canada – U.S. for the 2009 year (see Note 6 – Goodwill and Intangible Assets Impairment).