Groupe Forage

MAJOR

Drilling Group International Inc.

Management's Discussion and Analysis

April 30, 2012

MAJOR DRILLING GROUP INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following management's discussion and analysis "MD&A", prepared as of **June 8, 2012**, should be read together with the audited financial statements for the year ended April 30, 2012 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.*

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. For a full discussion of forward-looking statements, see the forward-looking statements section of this report.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to: cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, dependence on key customers, safety performance, expansion and acquisition strategy, legal and regulatory risk, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. These factors and other risk factors, as described under "General Risks and Uncertainties" of the Company's Annual Information Form, represent risks the Company believes are material. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in this MD&A.

Additional information relating to the Company, including the Company's Annual Information Form for the previous year and the most recently completed financial year, can be found on the SEDAR website at www.sedar.com.

CORPORATE OVERVIEW

Major Drilling Group International Inc. is one of the world's largest drilling service companies primarily serving the mining industry. To support its customers' varied exploration drilling requirements, Major Drilling maintains field operations and offices in Canada, the United States, South and Central America, Australia, Asia, and Africa. Major Drilling provides all types of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, and coal-bed methane and shallow gas.

BUSINESS STRATEGY

Major Drilling continues to base its business premise on the following: mining companies continue to deplete the more easily accessible mineral reserves around the world and attractive deposits will be in increasingly remote locations, areas difficult to access and/or deep in the ground. For this reason, Major Drilling's strategy is to focus its services on projects that have these characteristics, calling these services "specialized drilling". Over the years, the

Company has positioned itself as one of the largest specialized operators in the world by leveraging its main competitive advantages: skilled personnel, specialized equipment, long-standing relationships with the world's largest mining companies and access to capital.

Although the Company's main focus remains specialized services, it also intends to continue to modernize its conventional fleet and expand its footprint in strategic areas while maintaining prudent debt levels and remaining best in class in safety and human resources. The Company will also seek to diversify by investing in energy and environmental drilling services that are complementary to its skill set.

The Company categorizes its mineral drilling services into three types: specialized drilling, conventional drilling and underground drilling.

Specialized drilling can be defined as any drilling project that, by virtue of its scope, technical complexity or location, creates significant barriers to entry for smaller drilling companies. This would include, for example, deep-hole drilling, directional drilling, and mobilizations to remote locations or high altitudes. Because significant ore bodies are getting more difficult to find, the Company expects specialized drilling services to continue to fuel future growth, and over the next two decades, the Company believes these skills will be in greater and greater demand.

Conventional drilling tends to be more affected by the industry cycle as the barriers to entry are not as significant as with specialized drilling. This part of the industry is highly fragmented and has numerous competitors. Because the Company offers only limited differentiation in this sector, it is not its priority for investment.

Underground drilling takes on greater importance in the latter stages of the mining cycle as clients develop underground mines.

INDUSTRY OVERVIEW

The metals and minerals drilling industry is reliant primarily on demand from two metal groups, gold on the one hand and base metals on the other. Each commodity group is influenced by distinct market forces.

Several years ago, high commodity prices drove the industry to record levels of activity, with worldwide mineral exploration expenditures in calendar 2008 surpassing US$14 billion. During the recession, which began in calendar 2009, drilling was significantly impacted, particularly on base metal projects, with worldwide mineral exploration expenditures that year falling to US$8 billion. Most senior and intermediate base metal companies were leveraged and reduced their exploration spending in calendar 2009, in order to conserve cash. Many gold producers delayed exploration plans at that time due to the uncertainty in the economy.

While senior companies increased their exploration budgets for calendar 2010, spending had not yet rebounded to their pre-financial crisis levels. Early stage exploration companies had shown little increase in activity as they were still experiencing difficulties in getting financing.

In calendar 2011, senior mining companies announced significant increases in exploration budgets as they have an urgent need to replenish their diminishing reserves in light of their lack of exploration in the last several years. Also, in calendar 2011 there was a significant increase in financing of junior mining companies particularly in the first half of the year. All of this combined for a record year in exploration with Metals Economics Group ("MEG") estimating that total global expenditures for non-ferrous metals exploration was a record US$18.2 billion in 2011.

In the longer-term, the fundamental drivers of the business remain positive, with worldwide supply for most metals expected to tighten and higher demand coming from the emergence of the BRIC countries over the last 10 years. The prospects for gold related drilling, which generally accounts for approximately 50% of the drilling market, also remains positive.

One of the realities is that future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. This should improve demand for specialized services in the future.

BUSINESS ACQUISITIONS

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 acquired business includes drilling equipment, contracts and personnel. The purchase price for the transaction was USD $2.4 million (CAD $2.6 million), including customary working capital adjustments, financed with cash. There is also a contingent consideration of USD $0.8 million to the purchase price, based on future earnings.

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 have a presence. The acquired business includes drilling equipment, inventory, contracts and personnel. The purchase price for the transaction was USD $9.6 million (CAD $9.3 million), including customary working capital adjustments, financed with cash.

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 working capital, drilling equipment, credit facilities, contracts and personnel. The purchase price for the transaction was CAD $78.1 million, including customary working capital adjustments and net of cash acquired.

Through the acquisition, Major Drilling has added Bradley Group's 124 rigs to its fleet. The addition of Bradley Group's rigs, of which approximately 80% are surface drilling rigs and 20% are underground diamond drilling rigs, furthers the Company's strategic focus on specialized drilling. The acquisition also involves the addition of Bradley Group's highly experienced workforce, experienced management team and existing contracts in Canada, the Philippines, Colombia, Mexico and Suriname.

The portion of the purchase price payable on the closing of the acquisition was financed using the net proceeds of an equity offering and new and extended credit facilities.

STOCK SPLIT

On March 23, 2011 the Company enacted a 3 for 1 stock split. Amounts per share throughout this document have been adjusted accordingly and are now presented post-split.

OVERALL PERFORMANCE

Revenue for the fiscal year ended April 30, 2012 increased 65% to $797.4 million from $482.3 million for the corresponding period last year. Most of the Company's branches exhibited strong growth mainly coming from increased utilization and better pricing. Also, as of September 30, 2011, the Company completed the largest acquisition in its history with the purchase of the Bradley operations.

Gross margin for the year was up to 31.5% compared to 25.0% last year representing general improvements in pricing, and our training and recruitment efforts, which allowed the Company to increase the number of shifts in the field during the year.

The combination of strong revenue growth and improved margins produced net earnings of $89.7 million ($1.18 per share) compared to net earnings of $27.6 million ($0.39 per share) for last year.

SELECTED ANNUAL INFORMATION

Years ended April 30	**IFRS**	IFRS	Canadian GAAP
(in millions of Canadian dollars, except per share information)	**2012**	2011	2010
Revenue by region			
Canada-U.S.	**$ 322**	$ 181	$ 103
South and Central America	**252**	169	108
Australia, Asia and Africa	**223**	132	97
	797	482	308
Gross profit	**251**	120	74
as a percentage of revenue	**31.5%**	25.0%	24.2%
Net earnings (loss)	**90**	28	(0)
Per share (basic)	**$ 1.18**	$ 0.39	$ (0.01)
Per share (diluted)	**$ 1.16**	$ 0.38	$ (0.01)
Total assets	**686**	474	416
Total long-term financial liabilities	**42**	17	15

RESULTS OF OPERATIONS

FISCAL 2012 COMPARED TO FISCAL 2011

Revenue for the fiscal year ended April 30, 2012 increased 65% to $797.4 million from $482.3 million for the corresponding period last year. Most of the Company's branches exhibited strong growth mainly coming from increased utilization and better pricing. Also, as of September 30, 2011, the Company completed the largest acquisition in its history with the purchase of the Bradley operations.

Canada-U.S.

Canada-U.S. revenue increased by 78% to $322.0 million compared to $181.3 million last year. The main drivers of this growth were the Bradley acquisition in Eastern Canada, the U.S. operation with both mineral and energy divisions seeing a significant increase in activity, and the existing Canadian operations with increased pricing and activity levels.

Gross margins in Canada-U.S. increased year-over-year from improved pricing and better contractual terms.

South and Central America

Revenue in South and Central America increased by 49% to $251.8 million, compared to $169.4 million for the prior year. Increased activity levels in Mexico, Chile and Argentina accounted for approximately 70% of the growth in this region. The acquisition of Bradley's operations in Colombia and Suriname as well as increased activity levels in Colombia also contributed to this growth.

Gross margins in the region increased year-over-year due to a better pricing environment. Also, training and recruitment efforts allowed the Company to increase the number of shifts in the field during the year providing more efficiencies.

Australia, Asia and Africa

Revenue in Australia, Asia and Africa increased 70% to $223.6 million from $131.6 million in the prior year period. Australia and Mongolia were the bigger drivers of the growth in the region while new operations in Mozambique, Democratic Republic of the Congo ("DRC") and Burkina Faso also contributed to the growth.

Gross margins in the region increased year-over-year as pricing recovered and operations in Australia were restructured.

Operating Expenses

General and administrative costs were $58.0 million or 7.3% of revenue compared to $41.0 million or 8.5% of revenue in the same period last year. The increase was due to three main factors: i) the new Bradley operations; ii) new operations in Burkina Faso, Mozambique and the DRC; and iii) increased costs to support the strong growth in activity levels.

Other expenses were $16.1 million for the year compared to $7.6 million for the same period last year due primarily to higher incentive compensation expenses driven by the Company's increased profitability in the current year.

Foreign exchange loss was $1.3 million for the year compared to a gain of $0.9 million in the prior year period as a result of unfavourable currency variations during the year on net monetary items.

Finance costs were $3.4 million for the year compared to $1.3 million last year due to increased long-term debt levels.

Depreciation and amortization expense increased to $42.6 million for the year compared to $30.9 million for the previous year. Nearly half of the increase relates to the acquisition of Bradley, including the amortization of intangible assets, which are amortized over four years. Investments in equipment over the last year account for the rest of the increase.

The effective corporate income tax rate is affected by the relative weight of income tax payable in the various tax jurisdictions where the Company operates. The cumulative effective income tax rate for the year is 30.1% compared to 33.1% in 2011.

Net earnings for the year were $89.7 million or $1.18 per share ($1.16 per share diluted) compared to $27.6 million or $0.39 per share ($0.38 per share diluted) for the same period last year.

SUMMARY ANALYSIS FISCAL 2011 COMPARED TO FISCAL 2010

Revenue for the fiscal year ended April 30, 2011 increased 57% to $482.3 million from $307.9 million for the corresponding period in the previous year. Most of the Company's branches exhibited strong growth mainly coming from increased utilization. The bulk of the increased activity for the year came from intermediate and junior mining companies with advanced properties, projects that require several years of multi-rig drilling. In the fourth quarter, many senior mining companies increased their exploration budgets, while at the same time, early stage exploration companies saw their ability to raise capital significantly increase.

Gross margin for the year was up to 25.0% compared to 24.2% the previous year representing general improvements in pricing, partially offset by increased training, mobilization and consumable costs, to accommodate the present growth.

The combination of strong revenue growth and improved margins produced net earnings of $27.6 million ($0.39 per share) compared to a net loss of $0.5 million ($0.01 per share) for the previous year.

SUMMARY OF QUARTERLY RESULTS

	Fiscal 2011				Fiscal 2012			
(in $000 CAD, except per share)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	$ 109,480	$ 127,818	$ 107,720	$ 137,258	$ 164,152	$ 213,854	$ 182,188	$ 237,238
Gross profit	26,532	35,101	23,873	34,913	51,499	74,055	47,120	78,452
Gross margin	24.2%	27.5%	22.2%	25.4%	31.4%	34.6%	25.9%	33.1%
Net earnings	5,134	11,321	1,671	9,466	17,892	31,560	9,566	30,731
Per share - basic[1]	0.07	0.16	0.02	0.13	0.25	0.43	0.12	0.39
Per share - diluted[1]	0.07	0.16	0.02	0.13	0.25	0.42	0.12	0.38

(1) Adjusted to reflect the 3 for 1 stock split completed in fiscal 2011.

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. On seasonality, the second quarter (August to October) is typically less affected than the other quarters by weather issues, which allows the Company to maximize operational efficiencies.

SUMMARY ANALYSIS FOURTH QUARTER RESULTS ENDED APRIL 30, 2012

Total revenue for the fourth quarter was $237.2 million compared to $137.3 million recorded for the prior year period. All of the Company's regions contributed to this growth as did the newly acquired Bradley operations.

Revenue from Canada-U.S. drilling operations was up 105% to $106.7 million for the quarter compared to the same period last year. In Canada, the Bradley acquisition accounted for more than half of the increase but the existing Canadian operations also saw increased activity levels although mitigated by mild weather. U.S. operations continued its strong growth, particularly with its senior mining customers.

In South and Central America, revenue for the quarter was $73.3 million, up 45% from the prior year quarter. This increase was driven by stronger activity levels in Mexico, Chile and Argentina, combined with additional contracts in Colombia and Suriname from the Bradley acquisition.

Australian, Asian and African drilling operations reported revenue of $57.3 million, up 65% from the same period last year. The revenue increase came primarily from Australia and new operations in Mozambique, Burkina Faso and the DRC.

The overall gross margin percentage for the quarter was 33.1% compared to 25.4% for the same period last year. New pricing on contracts that were signed or renewed for this calendar year reflected the current stronger pricing environment. Also, our training and recruitment efforts allowed the Company to increase the number of shifts in the field during the quarter. Margins were somewhat impacted by weather issues and more shifting between jobs than usual.

General and administrative costs were $16.0 million for the quarter compared to $11.3 million in the same period last year. The increase was due to the acquisition of Bradley, the addition of new operations in Burkina Faso, Mozambique and the DRC and also increased costs to support the strong growth in activity levels.

Other expenses were $4.0 million, up from $1.6 million in the prior year quarter, due primarily to higher incentive compensation expenses driven by the Company's increased profitability.

Foreign exchange loss was $1.3 million compared to a gain of $0.7 million in the prior year period. The loss was due to the effect of exchange rate variations on monetary working capital items.

Depreciation and amortization expense increased to $12.6 million for the quarter compared to $8.2 million for the same quarter last year. A significant portion of the increase relates to the acquisition of Bradley, including the amortization of intangible assets, which are amortized over four years. Investments in equipment over the last year account for the rest of the increase.

Net earnings were $30.7 million or $0.39 per share ($0.38 per share diluted) for the quarter compared to net earnings of $9.5 million or $0.13 per share ($0.13 per share diluted) for the prior year quarter.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes) was $178.2 million for the fiscal year ended April 30, 2012 compared to $75.7 million generated last year.

The change in non-cash operating working capital items was an outflow of $32.8 million in fiscal 2012 compared to an outflow of $22.6 million for the same period last year. The change in non-cash operating working capital in fiscal 2012 was primarily impacted by:

- An increase in accounts receivable of $34.6 million due to increased activity in the fourth quarter as compared to the same period last year;
- An increase in inventory of $12.0 million as the Company was adding more rigs in the field;
- An increase in accounts payable of $10.8 million due to increased activity as compared to last year.

Financing Activities

Renewal of Credit Facilities

During the year, the Company renewed and expanded its main credit facilities for an aggregate of $100 million for a five-year term, consisting of: (i) an extension of an existing $25 million revolving operating facility, (ii) a new $25 million non-revolving term facility, and (iii) an extension and increase to $50 million of an existing $45 million revolving term facility. These facilities were renewed with no significant changes in the borrowing conditions of the facilities.

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.

Operating Credit Facilities

The credit facilities related to operations total $28.2 million ($25.0 million from a Canadian chartered bank and $3.2 million in various credit facilities) and are primarily secured by corporate guarantees of companies within the group. At April 30, 2012, the Company had utilized $2.6 million of these lines for stand-by letters of credit. The Company also has a credit facility of $3.8 million for credit cards for which interest rate and repayment are as per cardholder agreements.

Long-Term Debt

Total long-term debt increased by $26.0 million during the year to $51.0 million at April 30, 2012. The increase is due to $18.5 million in additional debt contracted or assumed through the Bradley acquisition and additional debt of $25.0 million acquired during the year. Debt repayments were $17.4 million during the year.

As of April 30, 2012, the Company had the following long-term debt facilities available:

- $25.0 million non-revolving facility for financing the acquisition of Bradley Group. At April 30, 2012, the remaining balance of this facility stood at $22.1 million. This facility is amortized over five years ending in September 2016.

- $50.0 million revolving facility for financing the cost of equipment purchases or acquisition costs of related businesses. At April 30, 2012, the Company had utilized $11.2 million of this line. Draws on this line are due on maturity in September 2016.

- $10.0 million non-revolving facility. At April 30, 2012, the remaining balance of this facility stood at $9.3 million. This facility carries a fixed interest rate of 5.9% and is amortized over ten years ending in August 2021.

- $8.0 million note payable, carrying interest at a fixed rate of 4% repayable over three years ending in September 2014.

- The Company also has various other loans and capital lease facilities related to equipment purchases that totaled $0.4 million at April 30, 2012, which were fully drawn and mature through 2016.

	Payments Due by Period (in $000 CAD)				
Contractual obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	6+ years
Long-term debt	$ 50,986	$ 8,712	$ 17,544	$ 20,392	$ 4,338
Purchasing commitments	7,723	7,723	-	-	-
Operating leases	5,963	1,857	2,767	1,329	10
Total contractual obligations	$ 64,672	$ 18,292	$ 20,311	$ 21,721	$ 4,348

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure, dividend and debt obligations. As at April 30, 2012, the Company had unused borrowing capacity under its credit facilities of $64.3 million and cash of $37.2 million, for a total of $101.5 million in available funds.

Equity Offering

On September 28, 2011, concurrent with the Bradley acquisition, the Company completed an equity offering of 5.9 million common shares at a price of $11.90 per common share. In connection with the equity offering, the Company granted the underwriters an option to purchase an additional 885,000 common shares at the same price. This option was subsequently exercised on October 25, 2011 resulting in total aggregate proceeds, net of share issue costs of $77.2 million.

Investing Activities

Capital expenditures

Capital expenditures were $81.1 million for the year ended April 30, 2012 compared to $62.6 million for the same period last year.

During the year, the Company added 79 drill rigs through its capital expenditure program while retiring or disposing of 38 drill rigs through its modernization program. The Bradley acquisition also contributed to increasing the Company's drill fleet by 124 rigs, with the Company's total now standing at 725.

While the Company is well aware of the present volatility in the financial markets, should its senior customers follow through with their current stated plans, the Company could add approximately 75 rigs to its fleet over the coming year at a cost of approximately $100 million.

OUTLOOK

The fundamental drivers of the business remain positive, with worldwide supply for most metals expected to tighten and higher demand coming from the emergence of the BRIC countries over the last 10 years. The prospects for gold related drilling, which generally accounts for approximately 50% of the drilling market, also remains positive. One of the realities is that future mineral deposits will have to come from areas difficult to access, either in remote or politically sensitive areas, deeper in the ground or at higher altitudes. This should improve demand for specialized services in the future.

Looking forward at fiscal 2013, the demand for drilling services from the senior mining houses continues to be strong. The demand for specialized drilling from the senior mining houses, particularly in Latin America and Africa, continues to grow as customers need to replace their reserves. The Company foresees adding several more rigs to its recently established branch in West Africa. In addition, the Company will continue to make in-roads drilling for coal and iron ore customers. As junior miners become more cautious in their spending given the difficulty in accessing capital, it is anticipated that senior miners will represent a greater proportion of the Company's drilling projects going forward.

Should senior customers follow through with their current stated plans, the Company could add up to 75 rigs to its fleet over the coming year as part of its capital expenditures estimated at some $100 million, the highest level in its history. While the Company is optimistic that its senior customers will continue with their projects, it is well aware of the present volatility in the financial markets, and the ability of those customers to modify their plans on short notice, at which point the Company would adjust its capital expenditure plans accordingly.

The Company remains in an excellent financial position. Total debt levels, net of cash, stood at $13.7 million at year end.

FOREIGN EXCHANGE

The Company's reporting currency is the Canadian dollar, however a significant portion of the Company's revenue and operating expenses outside of Canada are denominated in U.S. dollars, Chilean pesos and Australian dollars. The year-over-year comparisons in growth of revenue and operating expenses have been impacted by the falling U.S. dollar against the Canadian dollar.

During fiscal 2012, approximately 24% of revenue generated was in Canadian dollars, 8% in Chilean pesos and 8% in Australian dollars with most of the balance being in U.S. dollars. Since most of the input costs related to this revenue is denominated in the same currency as the revenue, the impact on earnings is somewhat muted.

The unfavourable foreign exchange translation impact for the year, when comparing to the effective rates for the same period last year, is estimated at less than $3 million on revenue. Net earnings however, remained less impacted by currency fluctuations during the year as a large proportion of costs are typically incurred in the same currency as revenue. The estimated total unfavourable FX impact on net earnings for the year was negligible.

INTERNATIONAL FINANCIAL REPORTING STANDARDS UPDATE

As of May 1, 2011, the Company adopted International Financial Reporting Standards (IFRS). The Company's date of transition to IFRS is May 1, 2010, to accommodate 2011 IFRS comparative figures. The Company has provided information throughout this document and other publicly filed documents to assist a user in understanding the Company's transition from Canadian Generally Accepted Accounting Principles (Canadian GAAP). A comprehensive summary of all of the significant changes including the various reconciliations of Canadian GAAP financial statements to those prepared under IFRS is included in the first time adoption of IFRS note in the Company's audited consolidated financial statements for the year ended April 30, 2012.

FUTURE ACCOUNTING CHANGES

All accounting standards effective for periods beginning on or after May 1, 2011 have been adopted as part of the transition to IFRS. The following new IFRS pronouncements have been issued but are not in effect as at April 30, 2012:

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.

CRITICAL ACCOUNTING ESTIMATES

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 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.

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 Cash Generating Units ("CGU") 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.

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.

OFF BALANCE SHEET ARRANGEMENTS

Except for operating leases disclosed in Note 23 "Commitments" of the notes to consolidated financial statements and presented as contractual obligations in the liquidity and capital resources section herein, the Company does not have any other material off balance sheet arrangements.

GENERAL RISKS AND UNCERTAINTIES

The risks described below and elsewhere in this MD&A do not include all possible risks, and there may be other risks of which management is currently not aware.

Cyclical Downturn

The most significant operating risk affecting the Company is a downturn in demand for its services due to a decrease in activity in the minerals and metals industry. In attempting to mitigate this risk, the Company is exploiting its competitive advantage in specialized drilling and continues to explore opportunities to diversify and to rationalize its regional infrastructures. In previous cyclical market downturns the Company realized that specialized services were not as affected by decreases in metal and mineral prices compared to its traditional services. Consequently, the Company's addition of rigs and acquisitions of businesses have generally been focused on specialized drilling services. The impact on the Company of a severe and persistent downturn in the minerals and metals industry may not be fully mitigated by the foregoing measures.

While receivables from senior and larger intermediate mining exploration companies consistently remain a significant component of total receivables, accounts receivable from junior mining companies also have a tendency to increase during a cyclical downturn. In many cases, capital markets are the only source of funds available to these juniors and any change in the outlook for the sector or the lack of success of a specific exploration program can quickly impair the ability of these juniors to raise capital to pay for their drilling programs.

Levels of inventory typically increase as a result of increased activity levels. In addition to direct volume related increases however, inventory levels also increase due to an expansion of activity in remote locations at the end of long supply chains where it is necessary to increase inventory to ensure an acceptable level of continuing service, which is part of the Company's competitive advantage. In the event of a sudden downturn of activities related either to a specific project or to the sector as a whole, it is more difficult and costly to redeploy this remote inventory to other regions where it can be consumed.

Competitive Pressures

Pressures from competitors could result in decreased contract prices and put a strain on current growth rates. There can be no assurance that the Company's competitors will not be successful in capturing a share of the Company's present or potential customer base.

Country Risk

The Company is committed to utilizing its expertise and technology in exploration areas around the world. With this comes the risk of dealing with business and political systems in a variety of jurisdictions. Unanticipated economic, political, tax related, regulatory or legal changes (or changes in interpretation) could have a material negative impact on operations and assets. The risks include, but are not limited to, military repression, extreme fluctuations in currency exchange rates and high rates of inflation, and changes in mining or investment policies or shifts in political attitude that may adversely affect the business. There has been an emergence of a trend by some governments to increase their participation in the benefits of rising commodity prices, through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions. Such events could result in reductions in revenue and transition costs as equipment is shifted to other locations.

Repatriation of Funds or Property

There is no assurance that any of the countries in which the Company operates or may operate in the future will not impose restrictions on the repatriation of funds or property to other jurisdictions.

Taxes

The Company is subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, income tax, withholding tax, commodity tax and social security and other payroll related taxes, which may lead to disagreements with tax authorities regarding the application of tax law.

Tax law and administration is extremely complex and often requires the Company to make subjective determinations. The computation of income, payroll and other taxes involves many factors, including the interpretation of tax legislation in various jurisdictions in which the Company is subject to ongoing tax assessments. The Company’s estimate of tax related assets, liabilities, recoveries and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections. To the extent that such assumptions differ from actual results, the Company may have to record additional tax expenses and liabilities, including interest and penalties.

Foreign Currency

The Company conducts a significant proportion of its business outside of Canada and consequently has exposure to currency movements, principally in U.S. dollars, Chilean pesos and Australian dollars. 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.

Foreign exchange translations can have a great impact on year-to-year comparisons because of the geographic distribution of the Company’s activities. Year-over-year revenue comparisons have been affected by the fluctuation in the Canadian dollar against the U.S. dollar. Margin performance however is less affected by currency fluctuations as a large proportion of costs are typically in the same currency as revenue. In future periods, year-to-year comparisons of revenue could be significantly affected by changes in foreign exchange rates.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems or from external events. Operational risk is present in all of the Company’s business activities, and incorporates exposure relating to fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, technology failures, processing errors, business integration, theft and fraud, damage to physical assets and employee safety and insurance coverage.

Dependence on Key Customers

From time to time, the Company may be dependent on a small number of customers for a significant portion of overall revenue and net income. Should one or more such customers terminate contracts with the Company, there can be no guarantee that the Company will obtain sufficient replacement contracts to maintain the existing revenue and income levels. Consequently, the Company continues to work to expand its client base and geographic field of operations to mitigate its exposure to any single client, commodity or mining region.

Safety

Failure to maintain a record of acceptable safety performance may have an adverse impact on the Company’s ability to attract and retain customers. Most of the Company’s customers consider safety and reliability two primary attributes when selecting a provider of drilling services. The Company continues to invest in training to improve skills, abilities and safety awareness.

Expansion and Acquisition Strategy

The Company intends to remain vigilant with regards to potentially strategic future acquisitions and internal expansion. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company’s operations. Additionally, the Company cannot give assurances that it will be able to secure the necessary financing on acceptable terms to pursue this strategy.

Legal and Regulatory Risk

Regulatory risk incorporates exposure relating to the risk of non-compliance with applicable legislation and regulatory directives. Legal risk incorporates non-compliance with legal requirements, including the effectiveness of preventing or handling litigation. Local management is responsible for managing day-to-day regulatory risk. In meeting this responsibility, local management receives advice and assistance from such corporate oversight functions as legal, compliance and internal audit. Compliance and internal audit test the extent to which operations meet regulatory requirements, as well as the effectiveness of internal controls.

Extreme Weather Conditions and the Impact of Natural or Other Disasters

The Company operates in a variety of locations, some of which are prone to extreme weather conditions. From time to time these conditions, as well as natural or other disasters, could have an adverse financial impact on operations located in the regions where these conditions occur.

Specialized Skills and Cost of Labour Increases

Generally speaking, drilling activity related to metals and minerals is broadly linked to price trends in the metals and minerals sector. During periods of increased activity a limiting factor in this industry can be a shortage of qualified drillers. The Company addresses this issue by attempting to become the “employer of choice” for drillers in the industry, as well as hiring and training more locally-based drillers. Historically, most of the Company’s drillers have been Australian or Canadian. Development of local drillers has already had a positive impact in South American, African, Mongolian and Indonesian operations, and is expected to continue to play an important role.

The Company also relies on an experienced management team across the Company to carry on its business. A departure of several members of the management team at one time could have an adverse financial impact on operations.

A material increase in the cost of labour can materially affect gross margins and therefore the Company’s financial performance.

Equipment and Parts Availability

The Company’s ability to provide reliable service is dependent upon timely delivery of equipment and replacement parts from fabricators and suppliers. Any factor that substantially increases the order time on equipment and increases uncertainty surrounding final delivery dates may constrain future growth, existing operations, and the financial performance of the Company.

Reputational Risk

Negative publicity, whether true or not, regarding practices, actions or inactions, could cause a decline in the Company’s value, liquidity, or customer base.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Effective September 30, 2011, the Company completed the acquisition of the Bradley group of companies. The results of Bradley’s operations have been included in the financial statements since the date of acquisition. However, the Company has not had sufficient time to appropriately review the internal controls used by Bradley. The Company is in the process of integrating the Bradley operation and will be expanding its disclosure controls and procedures and internal controls over financial reporting compliance program to include the Bradley group of companies over the next year. As a result, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have limited the scope of design of disclosure controls and procedures and testing of internal controls over financial reporting to exclude Bradley controls, policies and procedures from the April 30, 2012 certification of internal controls. The acquisition date financial information for Bradley is included in the discussion regarding the acquisition contained in this MD&A and Note 20 of the consolidated financial statements.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management, including the CEO and the CFO, does not expect that the Company's disclosure controls will prevent or detect all errors and all fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected.

The Company's CEO and the CFO have evaluated the effectiveness of the Company's disclosure controls and concluded that, subject to the inherent limitations and restrictions noted above, those disclosure controls were effective for the year ended April 30, 2012.

The Company's CEO and CFO are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During fiscal 2012, management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year that materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business.

As of April 30, 2012, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, other than restrictions mentioned above, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares, which is currently the only class of voting equity securities. Holders of common shares are entitled to receive notice of, attend and vote at all meetings of the shareholders of the Company. Each common share carries the right to one vote in person or by proxy at all meetings of the shareholders of the Company.

Last year, the Company enacted a 3 for 1 stock split. Therefore, as at June, the Company's share capital was composed of the following:

(amounts in thousands)	**As at June 8, 2012**	As at June 30, 2011
Common shares	**79,147**	72,040
Stock options outstanding	**2,907**	2,780