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

	Three months ended October 31		Six months ended October 31	
	2011	2010	**2011**	2010
TOTAL REVENUE	**$ 213,854**	$ 127,818	**$ 378,006**	$ 237,298
DIRECT COSTS	**139,799**	92,717	**252,452**	175,665
GROSS PROFIT	**74,055**	35,101	**125,554**	61,633
OPERATING EXPENSES				
General and administrative	**13,116**	9,969	**25,434**	19,522
Other expenses	**6,045**	2,360	**8,648**	4,432
Loss (gain) on disposal of property, plant and equipment	**81**	(706)	**681**	(818)
Foreign exchange loss (gain)	**44**	(1,340)	**365**	(1,248)
Finance costs	**964**	325	**1,786**	611
Depreciation and amortization (note 14)	**9,366**	7,547	**17,946**	14,694
	29,616	18,155	**54,860**	37,193
EARNINGS BEFORE INCOME TAX	**44,439**	16,946	**70,694**	24,440
INCOME TAX - PROVISION (RECOVERY) (note 11)				
Current	**11,303**	5,907	**17,287**	8,850
Deferred	**1,576**	(282)	**3,955**	(865)
	12,879	5,625	**21,242**	7,985
NET EARNINGS (note 14)	**$ 31,560**	$ 11,321	**$ 49,452**	$ 16,455
EARNINGS PER SHARE (note 12)				
Basic *	**$ 0.43**	$ 0.16	**$ 0.68**	$ 0.23
Diluted **	**$ 0.42**	$ 0.16	**$ 0.67**	$ 0.23

*Based on 74,245,811 and 71,152,401 daily weighted average shares outstanding for the quarter ended October 31, 2011 and 2010, respectively and on 73,143,093 and 71,387,919 daily weighted average shares outstanding for the fiscal year to date 2012 and 2011, respectively. The total number of shares outstanding on October 31, 2011 was 78,910,376.

** Based on 74,908,335 and 72,077,265 daily weighted average shares outstanding for the quarter ended October 31, 2011 and 2010, respectively, and on 74,043,805 and 71,865,537 daily weighted average shares outstanding for the fiscal year to date 2012 and 2011, respectively.

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

	Three months ended October 31		Six months ended October 31	
	2011	2010	**2011**	2010
NET EARNINGS	**$ 31,560**	$ 11,321	**$ 49,452**	$ 16,455
OTHER COMPREHENSIVE EARNINGS				
Unrealized gains on foreign currency translations (net of tax of $0)	**5,765**	2,958	**7,574**	8,595
COMPREHENSIVE EARNINGS	**$ 37,325**	$ 14,279	**$ 57,026**	$ 25,050

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended October 31, 2010 and 2011
(in thousands of Canadian dollars)
(unaudited)

	Share capital	Share based payments reserve	Retained earnings	Foreign currency translation reserve	Total
BALANCE AS AT MAY 1, 2010	$ 144,919	$ 9,236	$153,358	$ -	$307,513
Exercise of stock options	1,879	(599)	-	-	1,280
Share based payments reserve	-	1,211	-	-	1,211
Dividends	-	-	(5,243)	-	(5,243)
	146,798	9,848	148,115	-	304,761
Comprehensive earnings:					
Net earnings	-	-	16,455	-	16,455
Unrealized gains on foreign currency translations	-	-	-	8,595	8,595
Total comprehensive earnings	-	-	16,455	8,595	25,050
BALANCE AS AT OCTOBER 31, 2010	$ 146,798	$ 9,848	$164,570	$ 8,595	$329,811
BALANCE AS AT MAY 1, 2011	**$ 150,642**	**$ 10,280**	**$170,425**	**$ (3,662)**	**$327,685**
Exercise of stock options	**743**	**(78)**	-	-	**665**
Share issue (net of issue costs) (note 10)	**76,439**	-	-	-	**76,439**
Share based payments reserve	**-**	**1,121**	**-**	**-**	**1,121**
Dividends	**-**	**-**	**(6,242)**	**-**	**(6,242)**
	227,824	**11,323**	**164,183**	**(3,662)**	**399,668**
Comprehensive earnings:					
Net earnings	**-**	**-**	**49,452**	**-**	**49,452**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**7,574**	**7,574**
Total comprehensive earnings	**-**	**-**	**49,452**	**7,574**	**57,026**
BALANCE AS AT OCTOBER 31, 2011	**$ 227,824**	**$ 11,323**	**$213,635**	**$ 3,912**	**$456,694**

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

(unaudited)

	Three months ended October 31		Six months ended October 31	
	2011	2010	**2011**	2010
OPERATING ACTIVITIES				
Earnings before income tax	**$ 44,439**	$ 16,946	**$ 70,694**	$ 24,440
Operating items not involving cash				
Depreciation and amortization (note 14)	**9,366**	7,547	**17,946**	14,694
Loss (gain) on disposal of property, plant and equipment	**81**	(706)	**681**	(818)
Share based payments reserve	**567**	695	**1,121**	1,211
Finance costs recognized in earnings before income tax	**964**	325	**1,786**	611
	55,417	24,807	**92,228**	40,138
Changes in non-cash operating working capital items	**(13,468)**	(8,594)	**(22,301)**	(11,864)
Finance costs paid	**(964)**	(325)	**(1,786)**	(611)
Income taxes paid	**(6,312)**	(1,822)	**(11,325)**	(1,715)
Cash flow from operating activities	**34,673**	14,066	**56,816**	25,948
FINANCING ACTIVITIES				
Repayment of long-term debt	**(2,039)**	(2,953)	**(4,229)**	(5,234)
Proceeds from long-term debt	**15,000**	-	**25,000**	-
Proceeds from short-term debt	**-**	-	**-**	10,400
Issuance of common shares	**77,104**	1,146	**77,104**	1,280
Dividends paid	**-**	-	**(5,283)**	(4,750)
Cash flow from (used in) financing activities	**90,065**	(1,807)	**92,592**	1,696
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired) (note 15)	**(66,519)**	(185)	**(66,519)**	(2,537)
Acquisition of property, plant and equipment	**(16,083)**	(13,289)	**(37,493)**	(22,208)
Proceeds from disposal of property, plant and equipment	**863**	2,817	**1,547**	3,357
Cash flow used in investing activities	**(81,739)**	(10,657)	**(102,465)**	(21,388)
Effect of exchange rate changes	**(730)**	(973)	**(1,097)**	(641)
INCREASE IN CASH	**42,269**	629	**45,846**	5,615
CASH, BEGINNING OF THE PERIOD	**19,792**	35,218	**16,215**	30,232
CASH, END OF THE PERIOD	**$ 62,061**	$ 35,847	**$ 62,061**	$ 35,847

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets

As at October 31, 2011 and April 30, 2011

(in thousands of Canadian dollars)

(unaudited)

	October 31, 2011	April 30, 2011
ASSETS		
CURRENT ASSETS		
Cash	**$ 62,061**	$ 16,215
Trade and other receivables	**158,364**	100,300
Income tax receivable	**4,083**	2,720
Inventories	**90,831**	69,864
Prepaid expenses	**6,702**	8,439
	322,041	197,538
PROPERTY, PLANT AND EQUIPMENT (note 6)	**302,674**	235,473
DEFERRED INCOME TAX ASSETS	**6,007**	11,575
GOODWILL (note 7)	**60,502**	28,316
INTANGIBLE ASSETS (note 8)	**1,126**	1,235
	$ 692,350	$ 474,137
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**$ 124,128**	$ 88,599
Income tax payable	**12,895**	4,297
Short-term debt	**12,788**	7,919
Current portion of long-term debt (note 9)	**8,884**	8,402
	158,695	109,217
CONTINGENT CONSIDERATIONS	**2,740**	2,612
LONG-TERM DEBT (note 9)	**55,538**	16,630
DEFERRED INCOME TAX LIABILITIES	**18,683**	17,993
	235,656	146,452
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**227,824**	150,642
Share based payments reserve	**11,323**	10,280
Retained earnings	**213,635**	170,425
Foreign currency translation reserve	**3,912**	(3,662)
	456,694	327,685
	$ 692,350	$ 474,137

1. NATURE OF ACTIVITIES

Major Drilling Group International Inc. ("the Company") is incorporated under the Canada Business Corporations Act and has its head office at 111 St. George Street, Suite 100, Moncton, NB, Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX"). The principal source of revenue consists of contract drilling for companies primarily involved in mining and mineral exploration. The Company has operations in Canada, the United States, South and Central America, Australia, Asia and Africa.

2. BASIS OF PRESENTATION

Statement of compliance

International Financial Reporting Standards ("IFRS") require entities that adopt IFRS to make an explicit and unreserved statement, in their first annual IFRS financial statements, of compliance with IFRS. The Company will make this statement when it issues its financial statements for the year ending April 30, 2012. These financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements for the year ending April 30, 2012.

Basis of consolidation

The Interim Condensed Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

Basis of preparation

The Interim Condensed Consolidated Financial Statements have been prepared based on the accounting policies presented in the first quarter Notes to Interim Condensed Consolidated Financial Statements for the three months ended July 31, 2011.

3. FUTURE ACCOUNTING CHANGES

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

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*

The Company is currently evaluating the impact of applying these standards to its Consolidated Financial Statements.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may 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.

The Company applied judgment in determining the functional currency of the Company and its subsidiaries, determination of cash generating units ("CGUs"), the degree of componentization of property, plant and equipment, and the recognition of provisions and accrued liabilities.

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

5. FIRST TIME ADOPTION OF IFRS

For the overall impact of IFRS on the opening balance sheet as at transition date, including a discussion of the optional exemptions taken and the applicable mandatory exceptions, refer to Note 6 in the first quarter Notes to Interim Condensed Consolidated Financial Statements for the three months ended July 31, 2011.

The following reconciliations present the adjustments made to the Company's previous GAAP financial results of operations and financial position to comply with IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). A discussion of transitional adjustments follows the reconciliations.

IFRS Consolidated Balance Sheet
As at October 31, 2010

			(a)	(b)	(c)	(d)	(e)	(f)	
ASSETS	Previous GAAP	Opening IFRS restatements *	Adjustments	Share based payments reserve	Deferred share units	Contingent consideration	Fair value as deemed cost	Building componentization	IFRS
CURRENT ASSETS									
Cash	$ 35,847	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,847
Trade and other receivables	85,563	-	-	-	-	-	-	-	85,563
Income tax receivable	6,575	-	-	-	-	-	-	-	6,575
Inventories	64,447	-	-	-	-	-	-	-	64,447
Prepaid expenses	6,689	-	-	-	-	-	-	-	6,689
	199,121	-	-	-	-	-	-	-	199,121
PROPERTY, PLANT AND EQUIPMENT	223,646	(11,877)	-	-	-	-	363	57	212,189
DEFERRED INCOME TAX ASSETS	9,683	469	-	-	-	-	(77)	(8)	10,067
GOODWILL	26,321	2,011	-	-	-	794	-	-	29,126
INTANGIBLE ASSETS	1,052	-	-	-	-	-	-	-	1,052
	$ 459,823	$ (9,397)	$ -	$ -	$ -	$ 794	$ 286	$ 49	$ 451,555
LIABILITIES									
CURRENT LIABILITIES									
Trade and other payables	$ 65,956	$ (35)	$ -	$ -	$ 20	$ -	$ -	$ -	$ 65,941
Income tax payable	6,486	-	-	-	-	-	-	-	6,486
Short-term debt	11,148	-	-	-	-	-	-	-	11,148
Current portion of long-term debt	7,048	-	-	-	-	-	-	-	7,048
	90,638	(35)	-	-	20	-	-	-	90,623
CONTINGENT CONSIDERATION	-	2,011	-	-	-	794	-	-	2,805
LONG-TERM DEBT	11,741	-	-	-	-	-	-	-	11,741
DEFERRED INCOME TAX LIABILITIES	17,163	(617)	-	-	-	-	17	12	16,575
	119,542	1,359	-	-	20	794	17	12	121,744
SHAREHOLDERS' EQUITY									
Share capital	143,715	2,484	599	-	-	-	-	-	146,798
Share based payments reserve	12,049	(1,906)	(599)	304	-	-	-	-	9,848
Retained earnings	220,255	(55,667)	-	(304)	(20)	-	269	37	164,570
Foreign currency translation reserve	(35,738)	44,333	-	-	-	-	-	-	8,595
	340,281	(10,756)	-	-	(20)	-	269	37	329,811
	$ 459,823	$ (9,397)	$ -	$ -	$ -	$ 794	$ 286	$ 49	$ 451,555

* total of May 1, 2010 transitional adjustments to re-state previous GAAP to IFRS

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

5. FIRST TIME ADOPTION OF IFRS (Continued)

IFRS Consolidated Statement of Operations
For the three months ended October 31, 2010

	Previous GAAP	(b) Share based payments	(c) Deferred share units	(e) Fair value as deemed cost	(f) Building componentization	IFRS
TOTAL REVENUE	$ 127,818	$ -	$ -	$ -	$ -	$ 127,818
DIRECT COSTS	92,717	-	-	-	-	92,717
GROSS PROFIT	35,101	-	-	-	-	35,101
OPERATING EXPENSES						
General and administrative	9,946	-	23	-	-	9,969
Other expenses	2,125	235	-	-	-	2,360
Gain on disposal of property, plant and equipment	(706)	-	-	-	-	(706)
Foreign exchange gain	(1,340)	-	-	-	-	(1,340)
Finance costs	325	-	-	-	-	325
Depreciation and amortization	7,759	-	-	(182)	(30)	7,547
	18,109	235	23	(182)	(30)	18,155
EARNINGS (LOSS) BEFORE INCOME TAX	16,992	(235)	(23)	182	30	16,946
INCOME TAX - PROVISION (RECOVERY)						
Current	5,907	-	-	-	-	5,907
Deferred	(335)	-	-	47	6	(282)
	5,572	-	-	47	6	5,625
NET EARNINGS (LOSS)	$ 11,420	$ (235)	$ (23)	$ 135	$ 24	$ 11,321

IFRS Consolidated Statement of Operations
For the six months ended October 31, 2010

	Previous GAAP	(b) Share based payments	(c) Deferred share units	(e) Fair value as deemed cost	(f) Building componentization	IFRS
TOTAL REVENUE	$ 237,298	$ -	$ -	$ -	$ -	$ 237,298
DIRECT COSTS	175,665	-	-	-	-	175,665
GROSS PROFIT	61,633	-	-	-	-	61,633
OPERATING EXPENSES						
General and administrative	19,502	-	20	-	-	19,522
Other expenses	4,128	304	-	-	-	4,432
Gain on disposal of property, plant and equipment	(818)	-	-	-	-	(818)
Foreign exchange gain	(1,248)	-	-	-	-	(1,248)
Finance costs	611	-	-	-	-	611
Depreciation and amortization	15,114	-	-	(363)	(57)	14,694
	37,289	304	20	(363)	(57)	37,193
EARNINGS (LOSS) BEFORE INCOME TAX	24,344	(304)	(20)	363	57	24,440
INCOME TAX - PROVISION (RECOVERY)						
Current	8,850	-	-	-	-	8,850
Deferred	(979)	-	-	94	20	(865)
	7,871	-	-	94	20	7,985
NET EARNINGS (LOSS)	$ 16,473	$ (304)	$ (20)	$ 269	$ 37	$ 16,455

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

5. FIRST TIME ADOPTION OF IFRS (Continued)

IFRS Consolidated Statement of Comprehensive Earnings (Loss)
For the three months ended October 31, 2010

	Previous GAAP	(b) Share based payments reserve	(c) Deferred share units	(e) Fair value as deemed cost	(f) Building componentization	IFRS
NET EARNINGS (LOSS)	$ 11,420	$ (235)	$ (23)	$ 135	$ 24	$ 11,321
OTHER COMPREHENSIVE EARNINGS						
Unrealized gain on foreign currency translation (net of tax of $0)	2,958	-	-	-	-	2,958
COMPREHENSIVE EARNINGS (LOSS)	$ 14,378	$ (235)	$ (23)	$ 135	$ 24	$ 14,279

IFRS Consolidated Statement of Comprehensive Earnings (Loss)
For the six months ended October 31, 2010

	Previous GAAP	(b) Share based payments reserve	(c) Deferred share units	(e) Fair value as deemed cost	(f) Building componentization	IFRS
NET EARNINGS (LOSS)	$ 16,473	$ (304)	$ (20)	$ 269	$ 37	$ 16,455
OTHER COMPREHENSIVE EARNINGS						
Unrealized gain on foreign currency translation (net of tax of $0)	8,595	-	-	-	-	8,595
COMPREHENSIVE EARNINGS (LOSS)	$ 25,068	$ (304)	$ (20)	$ 269	$ 37	$ 25,050

Adjustments required to transition to IFRS:

a) Adjustments - Subsequent to the release of the April 30, 2011 annual consolidated financial statements, management identified adjustments required for a component of deferred tax and classification of a component of stock based payments in the Company's April 30, 2010, July 31, 2010 and April 30, 2011 historical annual and interim consolidated financial statements.

b) Share based payments - The Company's policy under Canadian GAAP was to use the straight-line method to account for options that vest in installments over time. Under IFRS, each installment is accounted for as a separate share option grant with its own distinct vesting period, hence the fair value of each tranche differs. In addition, Canadian GAAP permits companies to either estimate the forfeitures at the grant date or record the entire expense as if all share based payments vest and then record forfeitures as they occur. IFRS requires that forfeitures be estimated at the time of grant to eliminate distortion of remuneration expense recognized during the vesting period. The estimate is revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates.

5. FIRST TIME ADOPTION OF IFRS (Continued)

c) Deferred Share Units ("DSUs") - The Company's policy under Canadian GAAP was to value the DSUs using the intrinsic value at each reporting date. Under IFRS we use the fair value, which is affected by changes in underlying volatility of the stock as well as changes in the stock price.

d) Contingent consideration - Under Canadian GAAP, contingent consideration is recognized as part of the purchase cost when it can be reasonably estimated at the acquisition date and the outcome of the contingency can be determined beyond reasonable doubt. Under IFRS, contingent consideration, regardless of probability considerations, is recognized at fair value at the acquisition date. The Company has booked contingent considerations for the SMD Services and the North Star Drilling acquisitions.

e) Fair value as deemed cost - The Company has applied the IFRS 1 exemption as described in the "exceptions and exemptions applied" section presented in the first quarter Notes to Interim Condensed Consolidated Financial Statements for the three months ended July 31, 2011.

f) Building componentization - Under Canadian GAAP, costs incurred for property, plant and equipment on initial recognition are allocated to significant components when practicable. Under IFRS, costs incurred for plant and equipment on initial recognition are allocated to significant components, capitalized and depreciated separately over the estimated useful lives of each component. Practicability of allocating costs to significant components is not considered under IFRS. Costs incurred subsequent to the initial purchase of property, plant and equipment are capitalized when it is probable that future economic benefits will flow to the Company and the costs can be measured reliably. Upon capitalization, the carrying amount of components replaced, if any, are written off. The Company has componentized buildings.

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

6. PROPERTY, PLANT AND EQUIPMENT

Changes in the property, plant and equipment balance were as follows for the periods:

Cost

	Land	Buildings	Drills	Auto	Other	Total
Balance as at April 30, 2011	**$ 1,375**	**$ 11,201**	**$ 257,838**	**$ 91,977**	**$ 25,501**	**$ 387,892**
Additions	-	117	26,321	9,101	2,101	37,640
Disposals	-	-	(4,890)	(1,747)	(27)	(6,664)
Business acquisitions	367	12,468	41,274	14,627	2,170	70,906
Effect of exchange rate changes and other	31	25	(16,693)	4,136	(205)	(12,706)
Balance as at October 31, 2011	**$ 1,773**	**$ 23,811**	**$ 303,850**	**$ 118,094**	**$ 29,540**	**$ 477,068**

Accumulated Depreciation

	Land	Buildings	Drills	Auto	Other	Total
Balance as at April 30, 2011	**$ -**	**$ (2,791)**	**$ (84,421)**	**$ (48,095)**	**$ (17,112)**	**$ (152,419)**
Disposals	-	-	3,183	1,234	19	4,436
Depreciation	-	(344)	(9,874)	(6,540)	(709)	(17,467)
Business acquisitions	-	(3,086)	(12,676)	(10,153)	(1,769)	(27,684)
Effect of exchange rate changes and other	-	23	18,679	716	(678)	18,740
Balance as at October 31, 2011	**$ -**	**$ (6,198)**	**$ (85,109)**	**$ (62,838)**	**$ (20,249)**	**$ (174,394)**

	Land	Buildings	Drills	Auto	Other	Total
Net book value April 30, 2011	**$ 1,375**	**$ 8,410**	**$ 173,417**	**$ 43,882**	**$ 8,389**	**$ 235,473**
Net book value October 31, 2011	**$ 1,773**	**$ 17,613**	**$ 218,741**	**$ 55,256**	**$ 9,291**	**$ 302,674**

There were no impairments recorded as at October 31, 2011, April 30, 2011 or October 31, 2010. The Company has assessed whether there is any indication that an impairment loss recognized in prior periods for property, plant and equipment may no longer exist or may have decreased. There were no impairments requiring reversal as at October 31, 2011, April 30, 2011 or October 31, 2010.

Capital expenditures were $16,230 and $13,289 for the three months ended October 31, 2011 and 2010 respectively, and $37,640 and $22,258 for the six months ended October 31, 2011 and 2010, respectively. The Company obtained direct financing of $147 for the three and six months ended October 31, 2011 (three months ended October 31, 2010 – nil; six months ended October 31, 2010 - $50).

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

7. GOODWILL

Changes in the goodwill balance were as follows:

Balance as at April 30, 2011	**$**	**28,316**
Goodwill on acquisition (note 15)		32,387
Effect of movement in exchange rates		(201)
Balance as at October 31, 2011	**$**	**60,502**

For a full discussion on allocation of goodwill to CGUs, refer to Note 8 in the first quarter Notes to Interim Condensed Consolidated Financial Statements for the three months ended July 31, 2011.

8. INTANGIBLE ASSETS

Changes in the intangible assets balance were as follows:

Balance as at April 30, 2011	**$**	**1,235**
Intangible assets on acquisition (note 15)		342
Amortization		(479)
Effect of movement in exchange rates		28
Balance as at October 31, 2011	**$**	**1,126**

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

9. LONG-TERM DEBT

	October 31, 2011	April 30, 2011
Revolving equipment and acquisition loan (authorized $50,000), bearing interest at either the bank's prime rate plus 0.75% or the bankers' acceptance rate plus 2.25% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's LIBOR plus 2.25% for U.S. dollar draws, interest only payments required until maturity, maturing in September 2016, secured by corporate guarantees of companies within the group.	**$ 21,224**	$ -
Non-revolving term loan, bearing interest at either the bank's prime rate plus 0.75% or the bankers' acceptance rate plus 2.25% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 0.75% or the bank's LIBOR plus 2.25% for U.S. dollar draws, payable in monthly installments of $417, maturing in September 2016, secured by corporate guarantees of companies within the group.	**24,583**	-
Revolving/non-revolving equipment and acquisition loan (authorized $45,000), bearing interest at either the bank's prime rate plus 1.0% or the bankers' acceptance rate plus 2.5% for Canadian dollar draws, and either the bank's U.S. dollar base rate in Canada plus 1.0% or the bank's LIBOR plus 2.5% for U.S. dollar draws, secured by corporate guarantees of companies within the group. This facility was refinanced in September 2011.	**-**	24,552
Term loan bearing interest at 5.9%, payable in monthly installments of $84, unsecured, maturing in August 2021.	**9,833**	-
Term loans bearing interest at rates ranging from 0% to 6.99%, payable in monthly installments of $35, secured by certain equipment, maturing through 2016.	**782**	480
Note payable bearing interest at 4%, repayable over three years, maturing in September 2014.	**8,000**	-
	64,422	25,032
Current portion	**8,884**	8,402
	$ 55,538	$ 16,630

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

9. LONG TERM DEBT (Continued)

The required annual principal repayments per remaining fiscal years on long-term debt are as follows:

2012	**$ 3,204**
2013	**8,770**
2014	**8,635**
2015	**9,088**
2016	**5,648**
2017 and beyond	**29,077**
	$ 64,422

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. The Company, at all times, was in compliance with all covenants and other conditions imposed by its debt agreements.

10. SHARE CAPITAL

On March 9, 2011, the Company announced a stock split for the issued and outstanding common shares on a three for one basis. The record date for the stock split was March 23, 2011. All share and stock option numbers have been retroactively adjusted to reflect the stock split to provide more comparable information.

On September 28, 2011, the Company issued a total of 5,900,000 Subscription Receipts at a price of $11.90 per Subscription Receipt for aggregate gross proceeds of $70,210. These Subscription Receipts were subsequently converted to 5,900,000 common shares in the Company upon the closing of the acquisition by the Company of Bradley Group Limited on September 30, 2011. The Company used the net proceeds of the offering to fund a portion of the purchase price in connection with the acquisition. On October 25, 2011, the Company issued a further 885,000 common shares for further aggregate gross proceeds of $10,531 as a result of the exercise by the underwriters of an over allotment option to purchase an additional 885,000 common shares of the Company for $11.90 per share. The Company will use the net proceeds from the over allotment exercise for general corporate purposes.

Authorized
Unlimited number of fully paid common shares, without nominal or par value, carry one vote per share and carry a right to dividends.

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

10. SHARE CAPITAL (Continued)

The movement in the Company's issued and outstanding share capital during the period is as follows:

	Number of shares (000's)	Share capital
Balance as at April 30, 2011	**72,040**	**$ 150,642**
Exercise of stock options	85	743
Share issue (net of issue costs)*	6,785	76,439
Balance as at October 31, 2011	**78,910**	**$ 227,824**

*share issue costs total $4,302

11. INCOME TAXES

The income tax expense for the period can be reconciled to accounting profit as follows:

	2012 Q2	2011 Q2	**2012 YTD**	2011 YTD
Earnings before income tax	**$ 44,439**	$ 16,946	**$ 70,694**	$ 24,440
Statutory Canadian corporate income tax rate	**29%**	30%	**29%**	30%
Expected income tax expense based on statutory rate	**$ 12,887**	$ 5,084	**$ 20,501**	$ 7,332
Non-recognition of tax benefits related to losses	**265**	31	**313**	253
Other foreign taxes paid	**236**	154	**287**	209
Rate variances in foreign jurisdictions	**(190)**	(342)	**(488)**	(948)
Other	**(319)**	698	**629**	1,139
	$ 12,879	$ 5,625	**$ 21,242**	$ 7,985

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

12. EARNINGS PER SHARE

All of the Company's earnings are attributable to common shares therefore net earnings are used in determining earnings per share.

	2012 Q2	2011 Q2	**2012 YTD**	2011 YTD
Net earnings for the period	**$ 31,560**	$ 11,321	**$ 49,452**	$ 16,455
Weighted average shares outstanding - basic (000's)	**74,246**	71,152	**73,143**	71,388
Net effect of dilutive securities:				
Stock options	**662**	925	**901**	478
Weighted average number of shares - diluted (000's)	**74,908**	72,077	**74,044**	71,866
Earnings per share:				
Basic	**$ 0.43**	$ 0.16	**$ 0.68**	$ 0.23
Diluted	**$ 0.42**	$ 0.16	**$ 0.67**	$ 0.23

The calculation of the diluted earnings per share for the three months ended October 31, 2011 and 2010 exclude the effect of 313,502 options and 899,205 options, respectively, and the six months ended October 31, 2011 and 2010 exclude the effect of 93,304 options and 1,019,205 options, respectively, as they are anti-dilutive.

13. SEGMENTED INFORMATION

The Company's operations are divided into three geographic segments corresponding to its management structure, Canada - U.S., South and Central America, and Australia, Asia and Africa. The services provided in each of the reportable drilling segments are essentially the same. The accounting policies of the segments are the same as those described in Note 4 presented in the first quarter Notes to Interim Condensed Consolidated Financial Statements for the three months ended July 31, 2011. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income tax. Data relating to each of the Company's reportable segments is presented as follows:

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

13. SEGMENTED INFORMATION (Continued)

	2012 Q2	2011 Q2	**2012 YTD**	2011 YTD
Revenue				
Canada - U.S.	**$ 84,151**	$ 50,569	**$ 145,589**	$ 91,020
South and Central America	**68,062**	42,043	**119,354**	82,060
Australia, Asia and Africa	**61,641**	35,206	**113,063**	64,218
	$ 213,854	$ 127,818	**$ 378,006**	$ 237,298
Earnings from operations				
Canada - U.S.	**$ 18,929**	$ 9,541	**$ 28,915**	$ 15,146
South and Central America	**16,591**	4,614	**27,190**	9,135
Australia, Asia and Africa	**13,811**	6,449	**24,869**	7,612
	49,331	20,604	**80,974**	31,893
Eliminations	**(59)**	(234)	**(84)**	(465)
	49,272	20,370	**80,890**	31,428
Finance costs	**964**	325	**1,786**	611
General corporate expenses *	**3,869**	3,099	**8,410**	6,377
Income tax	**12,879**	5,625	**21,242**	7,985
Net earnings	**$ 31,560**	$ 11,321	**$ 49,452**	$ 16,455

*General corporate expenses include expenses for corporate offices and stock options

	2012 Q2	2011 Q2	**2012 YTD**	2011 YTD
Depreciation and amortization				
Canada - U.S.	**$ 4,054**	$ 2,274	**$ 7,395**	$ 4,566
South and Central America	**2,484**	2,133	**4,755**	4,034
Australia, Asia and Africa	**2,391**	2,571	**5,055**	5,280
Unallocated and corporate assets	**437**	569	**741**	814
	$ 9,366	$ 7,547	**$ 17,946**	$ 14,694

	October 31, 2011	April 30, 2011
Identifiable assets		
Canada - U.S.	**$ 239,691**	$ 134,666
South and Central America	**218,660**	189,083
Australia, Asia and Afirca	**169,851**	130,071
	628,202	453,820
Eliminations	**(1,185)**	439
Unallocated and corporate assets	**65,333**	19,878
	$ 692,350	$ 474,137

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

14. NET EARNINGS FOR THE YEAR

Net earnings for the year have been arrived at after charging various employee benefit expenses as follows. Direct costs include salaries and wages of $47,750 for the quarter ending October 31, 2011 ($31,383 for the quarter ending October 31, 2010) and other employee benefits of $9,314 for the quarter ending October 31, 2011 ($5,712 for the quarter ending October 31, 2010); general and administrative expense includes salaries and wages of $5,524 for the quarter ending October 31, 2011 ($4,249 for the quarter ending October 31, 2010) and other employee benefits of $890 for the quarter ending October 31, 2011 ($642 for the quarter ending October 31, 2010); other expenses include share based payments of $439 for the quarter ending October 31, 2011 ($619 for the quarter ending October 31, 2010).

Direct costs include salaries and wages of $87,080 for the six months ending October 31, 2011 ($59,993 for the six months ending October 31, 2010) and other employee benefits of $16,842 for the six months ending October 31, 2011 ($11,236 for the six months ending October 31, 2010); general and administrative expense includes salaries and wages of $10,705 for the six months ending October 31, 2011 ($8,250 for the six months ending October 31, 2010) and other employee benefits of $1,801 for the six months ending October 31, 2011 ($1,382 for the six months ending October 31, 2010); other expenses include share based payments of $862 for the six months ending October 31, 2011 ($1,092 for the six months ending October 31, 2010).

Amortization expense for intangible assets has been included in the line item "Depreciation and amortization" in the Interim Condensed Consolidated Statements of Operations with breakdown as follows:

	2012 Q2	2011 Q2	**2012 YTD**	2011 YTD
Depreciation of property, plant and equipment	**$ 9,078**	$ 7,415	**$ 17,467**	$ 14,430
Amortization of intangible assets	**288**	132	**479**	264
	$ 9,366	$ 7,547	**$ 17,946**	$ 14,694

15. BUSINESS ACQUISITIONS

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 the assets acquired indicated below, contracts and personnel. The purchase price for the transaction was CAD $78,035, including customary working capital adjustments and net of cash acquired, financed with cash and debt.

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

15. BUSINESS ACQUISITIONS (continued)

The Company is in the process of finalizing the valuation of assets. As at October 31, 2011, the values allocated to net tangible and intangible assets are preliminary and are subject to adjustments as additional information is obtained.

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

Assets acquired	
Trade and other receivables (net)	$ 24,224
Inventories	15,346
Prepaid expenses	540
Property, plant and equipment	45,755
Deferred income tax assets	350
Goodwill (not tax deductible)	30,363
Trade and other payables	(19,628)
Income tax payable	(1,313)
Short-term debt	(5,101)
Current portion of long-term debt	(125)
Long-term debt	(10,329)
Deferred income tax liability	(2,047)
Total assets	**$ 78,035**
Consideration	
Cash	$ 72,000
Long-term debt (holdback)	8,000
Trade and other payable	6,254
Less: Cash acquired	(8,219)
	$ 78,035

The Corporation incurred acquisition-related costs of $544 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the other expense line of the Interim Condensed Consolidated Statements of Operations.

The revenue for the three months ended October 31, 2011 attributable to the additional business generated by Bradley was $11,434. It is impracticable to estimate the revenue and net income of the combined entity for the year as though the acquisition date was May 1, 2011.

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 previously have a presence. 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 drilling equipment, inventory, contracts and personnel. The purchase price for the transaction was USD $9,563 (CAD $9,345), including customary working capital adjustments, financed with cash.

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

15. BUSINESS ACQUISITIONS (Continued)

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

Assets acquired		
Inventories	$	946
Prepaid expenses		23
Property, plant and equipment		6,010
Goodwill (not tax deductible)		2,024
Intangible assets		342
Total assets	**$**	**9,345**
Consideration		
Cash	$	3,947
Trade and other payables		5,398
	$	**9,345**

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 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, contracts and personnel. The purchase price for the transaction, excluding contingent consideration, was USD $2,449 (CAD $2,567), including customary working capital adjustments of CAD $215, financed with cash. The contingent consideration of USD $750 to the purchase price is based on future earnings. The acquiree is expected to meet target earnings, with payments to be made over the next five years.

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

Assets acquired and liabilities assumed		
Trade receivables (net)	$	776
Inventories		382
Prepaid expenses		18
Property, plant and equipment		1,078
Goodwill (not tax deductible)		1,083
Intangible assets		763
Trade and other payables		(779)
Net assets	**$**	**3,321**
Consideration		
Cash	$	2,567
Contingent consideration		754
	$	**3,321**

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

16. DIVIDENDS

The Company declared a dividend of $0.08 per common share paid on November 1, 2011 to shareholders of record as of October 10, 2011.

The Company declared two dividends during the previous year. The first dividend of $0.07333 per common share was paid on November 1, 2010 to shareholders of record as of October 8, 2010. The second dividend of $0.07333 per common share was paid on May 2, 2011 to shareholders of record as of April 8, 2011.

17. FINANCIAL INSTRUMENTS

There are no significant changes to financial instruments compared to the Company's 2011 annual financial statements prepared under previous GAAP except for the following:

Fair value

The carrying values of cash, trade and other receivables, demand credit facility and trade and other payables approximate their fair value due to the relatively short period to maturity of the instruments. The following table shows carrying values of short and long-term debt and contingent considerations and approximates their fair value, as most debts carry variable interest rates and the remaining fixed rate debts have been acquired recently and their carrying value continues to reflect fair value.

	October 31, 2011	April 30, 2011
Short-term debt	**$ 12,788**	$ 7,919
Contingent considerations	**2,740**	2,612
Long-term debt	**64,422**	25,032

Credit risk

As at October 31, 2011, 84.8% of the Company's trade receivables were aged as current and 0.3% of the trade receivables were impaired.

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

17. FINANCIAL INSTRUMENTS (Continued)

The movement in the allowance for impairment of trade receivables during the period was as follows:

Balance as at April 30, 2011	**$**	**982**
Increase in impairment allowance		376
Write-off charged against allowance		(526)
Recovery of amounts previously written off		(357)
Foreign exchange translation differences		17
Balance as at October 31, 2011	**$**	**492**

Foreign currency risk

The most significant carrying amounts of net monetary assets that: (1) are denominated in currencies other than the functional currency of the respective Company subsidiary; (2) cause foreign exchange rate exposure; and (3) may include intercompany balances with other subsidiaries, at the reporting dates are as follows:

	October 31, 2011	April 30, 2011
U.S. Dollars	**$ 35,388**	$ 14,605

If the Canadian dollar moved by plus or minus 10% at October 31, 2011, the unrealized foreign exchange gain or loss would move by approximately $3,539 (April 30, 2011 – $1,460).

Liquidity risk

The following table details the Company's contractual maturities for its financial liabilities.

	1 year	2-3 years	4-5 years	thereafter	Total
Trade and other payables	$124,128	$ -	$ -	$ -	$124,128
Short-term debt	12,788	-	-	-	12,788
Contingent considerations	996	1,744	-	-	2,740
Long-term debt	8,884	17,770	32,936	4,832	64,422
	$146,796	$ 19,514	$ 32,936	$ 4,832	$204,078