Major Drilling Announces Second Quarter Results

MONCTON, NB, Nov. 26, 2012 /CNW/ - Major Drilling Group International Inc. (TSX: MDI) today reported results for its second quarter of fiscal year 2013, ended October 31, 2012.

Highlights

In millions of Canadian dollars (except earnings per share)	**Q2-13**	**Q2-12**	**YTD-13**	**YTD-12**
Revenue	$199.6	$213.9	$437.2	$378.0
Gross profit	66.7	74.1	148.0	125.6
As percentage of sales	33.4%	34.6%	33.8%	33.2%
EBITDA(1)	47.9	54.8	107.9	90.4
As percentage of revenue	24.0%	25.6%	24.7%	23.9%
Net earnings	22.3	31.6	54.2	49.5
Earnings per share	0.28	0.43	0.69	0.68

(1) Earnings before interest, taxes, depreciation and amortization (see "non-GAAP financial measures")

- Net cash position (net of debt) has improved by $43 million and stands at $30 million.
- Major Drilling posted quarterly revenue of $199.6 million, down 7% from the $213.9 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 33.4%, compared to 34.6% for the corresponding period last year.
- EBITDA remained strong at 24% of revenue.
- Net earnings were $22.3 million or $0.28 per share ($0.28 per share diluted) for the quarter, compared to net earnings of $31.6 million or $0.43 per share ($0.42 per share diluted) for the prior year quarter.

"As expected during the quarter, two general factors contributed to a decline in revenue. Many mining companies did not extend their activities beyond their original budgets. Last year, most senior companies continued their drilling efforts well into November and December. While revenue from senior and intermediate companies actually increased year-over-year by some $20 million, we saw a decline in our activities with junior mining companies. In fact, 78% of our revenue during the quarter came from senior and intermediate customers. Many of these projects are slated to continue and are expected to create a solid base for our operations in calendar 2013," said Francis McGuire, President and CEO of Major Drilling Group International Inc.

"During the quarter, four branches faced specific challenges. Australia had many projects canceled due to high costs, the high Australian dollar and new mining taxes. Mongolia and

Argentina were affected by political uncertainty, although both started to recover somewhat late in the quarter. Finally, Mexico had many projects delayed or canceled as this region has a larger proportion of junior customers."

"It is important to note that we are now in our third quarter, seasonally the weakest quarter of our fiscal year, as mining and exploration companies shut down, often for extended periods over the holiday season. Holiday breaks are expected to be longer this year and November will not have the benefit of the program extensions that we had last year. This will lead to a drop in activity as compared to Q3 last year. Weather can also play an important role in affecting operations. As we have experienced in some past years, we expect to generate a seasonal loss in the upcoming third quarter before recovering to Q2 activity levels in the fourth quarter."

"Looking forward, if customers go ahead with their stated plans, we see consistent levels of activity coming in calendar 2013 from both the senior and intermediate mining houses as well as junior companies with projects in development. The bidding activity in most regions has been very similar to last year with the exceptions of Australia and Argentina. We do note that the requested start date in many of these bids is slightly later than last year. Based on current customer plans, we expect demand for specialized drilling to continue in the year ahead. Specialized drilling continues to form the cornerstone of our corporate strategy. Although there has been a recent increase in junior financing activity, we have not yet seen any significant increase in their activity levels. With this in mind, we have been able to reduce our general and administrative costs by 9% over the past three months in part related to the integration of the Bradley operations," said Mr. McGuire.

"In terms of our financial position, we have one of the most solid balance sheets in our industry and are now debt free net of cash. Our total net cash position, net of debt, was at $30 million at the end of the quarter, an improvement of $43 million from the previous quarter. This situation allows us to respond to well-priced opportunities as they arise."

"Capital expenditures for the quarter were $17.8 million as we purchased 21 rigs while retiring 8 rigs through our modernization program. Sixteen of these rigs are specialized as we continue to foresee the need to expand our specialized fleet. We also see opportunities to expand our underground operation as more mines progress through the next stage of their mine life. In fact, 60% of our rigs are now less than five years old in an industry where rigs tend to last 20 years. Also, subsequent to quarter-end, we purchased the Canadian assets of Landdrill International Limited. Through this, we acquired 15 compatible rigs that are less than three years old, as well as ancillary equipment and inventory for a total purchase price of approximately $4.0 million. This will help reduce our capital expenditures for fiscal 2014 by some $10 million."

Second quarter ended October 31, 2012

Total revenue for the quarter was $199.6 million, down 7% from the $213.9 million recorded in the same quarter last year. Reduction in revenue came mainly from four branches: Australia where projects have been canceled due to high costs and new mining taxes, Mongolia and Argentina, which were affected by political uncertainty and Mexico, which has a higher proportion of junior customers.

Revenue for the quarter from Canada-U.S. drilling operations increased by 12% to $94.0 million compared to the same period last year. In Canada, operations from the Bradley acquisition accounted for the increase as our U.S. operations were relatively flat.

South and Central American revenue was down 25% to $50.9 million for the quarter, compared to the prior year quarter. Almost all of this decrease is attributable to Mexico, which has a larger proportion of junior customers struggling with financing and Argentina, which is affected by political uncertainty.

Australian, Asian and African operations reported revenue of $54.8 million, down 11% from the same period last year. The decrease came mainly from Australia where projects have been canceled due to high costs and new mining taxes and Mongolia, which is affected by political uncertainty. These decreases offset new or increased operations in the Philippines (Bradley), Burkina Faso and Mozambique.

The overall gross margin percentage for the quarter was 33.4% compared to 34.6% for the same period last year. A higher proportion of demobilizations due to contract shutdowns was the main contributor to this slight margin decrease.

General and administrative costs were $15.8 million for the quarter compared to $13.1 million in the same period last year. The increase was mainly due to the acquisition of Bradley and the addition of new operations in Burkina Faso. As compared to the first quarter just passed, general and administrative costs have decreased by 9% over the past three months.

Other expenses for the quarter were $3.3 million, down $2.7 million from the $6.0 million reported in the prior year quarter, due primarily to lower incentive compensation expenses given the Company's decreased profitability compared to Q2 last year.

The provision for income tax for the quarter was $11.4 million compared to $12.9 million for the prior year period. The tax expense for the quarter was impacted by differences in tax rates between regions.

Non-GAAP Financial Measures

In this news release, the Company uses the following non-GAAP financial measures: EBITDA and EBITDA as a percentage of revenue. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Forward-Looking Statements

Some of the statements contained in this press release may be forward-looking statements, such as, but not limited to, those relating to worldwide demand for gold and base metals and overall commodity prices, the level of activity in the minerals and metals industry and the demand for the Company's services, the Canadian and international economic environments, the Company's ability to attract and retain customers and to manage its assets and operating costs, sources of funding for its clients, particularly for junior mining companies, competitive pressures, currency movements, which can affect the Company's revenue in Canadian dollars, the geographic distribution of the Company's operations, the impact of operational changes, changes in jurisdictions in which the Company operates (including changes in regulation), failure by counterparties to fulfill contractual obligations, and other factors as may be set forth, as well as objectives or goals, and including words to the effect that the Company or management expects a stated condition to exist or occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements by reason of factors such as, but not limited to, the factors set out in the discussion on pages 16 to 18 of the 2012 Annual Report entitled "General Risks and Uncertainties", and such other documents as available on SEDAR at www.sedar.com. All such factors should be considered carefully when making decisions with respect to the Company. The Company does not undertake to update any forward-looking statements, including those statements that are incorporated by reference herein, whether written or oral, that may be made from time to time by or on its behalf, except in accordance with applicable securities laws.

Based in Moncton, New Brunswick, Major Drilling Group International Inc. is one of the world's largest metals and minerals contract drilling service companies. To support its customers' mining operations, mineral exploration and environmental activities, Major Drilling maintains operations on every continent.

Financial statements are attached.

Major Drilling will provide a simultaneous webcast of its quarterly conference call on ***Tuesday, November 27, 2012 at 9:00 AM (EST).*** *To access the webcast please go to the investors/webcast section of Major Drilling's website at* www.majordrilling.com *and click the attached link, or go directly to the CNW Group website at* www.newswire.ca *for directions. Participants will require Windows MediaPlayer, which can be downloaded prior to accessing the call. Please note that this is listen only mode.*

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	
	2012	2011	**2012**	2011

TOTAL REVENUE	**$ 199,637**	$ 213,854	**$ 437,202**	$ 378,006
DIRECT COSTS	**132,938**	139,799	**289,225**	252,452
GROSS PROFIT	**66,699**	74,055	**147,977**	125,554
OPERATING EXPENSES				
General and administrative	**15,763**	13,116	**33,062**	25,434
Other expenses	**3,323**	6,045	**8,593**	8,648
(Gain) loss on disposal of property, plant and equipment	**(141)**	81	**(133)**	681
Foreign exchange (gain) loss	**(112)**	44	**(1,481)**	365
Finance costs	**728**	964	**1,466**	1,786
Depreciation of property, plant and equipment	**12,416**	9,072	**24,538**	17,467
Amortization of intangible assets	**955**	294	**2,020**	479
	32,932	29,616	**68,065**	54,860
EARNINGS BEFORE INCOME TAX	**33,767**	44,439	**79,912**	70,694
INCOME TAX - PROVISION (note 7)				
Current	**11,394**	11,303	**24,903**	17,287
Deferred	**24**	1,576	**785**	3,955
	11,418	12,879	**25,688**	21,242
NET EARNINGS	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452
EARNINGS PER SHARE (note 8)				
Basic	**$ 0.28**	$ 0.43	**$ 0.69**	$ 0.68
Diluted	**$ 0.28**	$ 0.42	**$ 0.68**	$ 0.67

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

Three months Six months ended

	ended October 31		October 31	
	2012	2011	**2012**	2011
NET EARNINGS	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452
OTHER COMPREHENSIVE EARNINGS				
Unrealized (losses) gains on foreign currency translations (net of tax)	**(1,726)**	5,765	**5,925**	7,574
Unrealized loss on interest swap (net of tax)	**(9)**	-	**(153)**	-
COMPREHENSIVE EARNINGS	**$ 20,614**	$ 37,325	**$ 59,996**	$ 57,026

Major Drilling Group International Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended October 31, 2011 and 2012
(in thousands of Canadian dollars)
(unaudited)

	Share capital	**Reserves**	**Share-based payments reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total**
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)	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
BALANCE AS AT MAY 1, 2012	**$ 230,763**	**$ 121**	**$ 11,797**	**$ 246,809**	**$ (1,791)**	**$ 487,699**
Share-based payments reserve	**(93)**		**1,572**	**-**	**-**	**1,479**
Dividends	**-**	**-**	**-**	**(7,915)**	**-**	**(7,915)**
	230,670	**121**	**13,369**	**238,894**	**(1,791)**	**481,263**
Comprehensive earnings:						
Net earnings	**-**	**-**	**-**	**54,224**	**-**	**54,224**
Unrealized loss on interest swap	**-**	**(153)**	**-**	**-**	**-**	**(153)**
Unrealized gains on foreign currency translations	**-**	**-**	**-**	**-**	**5,925**	**5,925**
Total comprehensive earnings	**-**	**(153)**	**-**	**54,224**	**5,925**	**59,996**
BALANCE AS	**$ 230,670**	**$ (32)**	**$ 13,369**	**$ 293,118**	**$ 4,134**	**$ 541,259**

AT OCTOBER 31, 2012

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	
	2012	2011	**2012**	2011
OPERATING ACTIVITIES				
Earnings before income tax	**$ 33,767**	$ 44,439	**$ 79,912**	$ 70,694
Operating items not involving cash				
Depreciation and amortization	**13,371**	9,366	**26,558**	17,946
(Gain) loss on disposal of property, plant and equipment	**(141)**	81	**(133)**	681
Share-based payments reserve	**712**	567	**1,479**	1,121
Finance costs recognized in earnings before income tax	**728**	964	**1,466**	1,786
	48,437	55,417	**109,282**	92,228
Changes in non-cash operating working capital items	**19,053**	(13,468)	**(642)**	(22,301)
Finance costs paid	**(729)**	(964)	**(1,464)**	(1,786)
Income taxes paid	**(7,554)**	(6,312)	**(15,443)**	(11,325)
Cash flow from operating activities	**59,207**	34,673	**91,733**	56,816
FINANCING ACTIVITIES				
Repayment of long-term debt	**(4,071)**	(2,039)	**(5,635)**	(4,229)
Proceeds from long-term debt	**-**	15,000	**-**	25,000
Issuance of common shares	**-**	77,104	**-**	77,104
Dividends paid	**-**	-	**(7,123)**	(5,283)
Cash flow (used in) from financing activities	**(4,071)**	90,065	**(12,758)**	92,592
INVESTING ACTIVITIES				
Business acquisitions (net of cash acquired)	**-**	(66,519)	**(813)**	(66,519)
Acquisition of property, plant and equipment (note 6)	**(16,111)**	(16,083)	**(39,512)**	(37,493)

Proceeds from disposal of property, plant and equipment	**998**	863	**1,266**	1,547
Cash flow used in investing activities	**(15,113)**	(81,739)	**(39,059)**	(102,465)
Effect of exchange rate changes	**287**	(730)	**(108)**	(1,097)
INCREASE IN CASH	**40,310**	42,269	**39,808**	45,846
CASH, BEGINNING OF THE PERIOD	**36,735**	19,792	**37,237**	16,215
CASH, END OF THE PERIOD	**$ 77,045**	$ 62,061	**$ 77,045**	$ 62,061

Major Drilling Group International Inc.
Interim Condensed Consolidated Balance Sheets
As at October 31, 2012 and April 30, 2012
(in thousands of Canadian dollars)
(unaudited)

	October 31, 2012	April 30, 2012
ASSETS		
CURRENT ASSETS		
Cash	**$ 77,045**	$ 37,237
Trade and other receivables	**139,259**	159,770
Income tax receivable	**2,955**	3,314
Inventories	**93,248**	95,905
Prepaid expenses	**9,193**	7,476
	321,700	303,702
PROPERTY, PLANT AND EQUIPMENT	**338,031**	318,171
DEFERRED INCOME TAX ASSETS	**2,280**	2,859
GOODWILL	**55,380**	54,946
INTANGIBLE ASSETS	**4,291**	6,295

	$	**721,682**	$	685,973

LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	**$**	**92,660**	$	115,805
Income tax payable		**12,297**		3,142
Current portion of long-term debt		**9,333**		8,712
		114,290		127,659
CONTINGENT CONSIDERATION		**2,152**		2,760
LONG-TERM DEBT		**37,873**		42,274
DEFERRED INCOME TAX LIABILITIES		**26,108**		25,581
		180,423		198,274
SHAREHOLDERS' EQUITY				
Share capital		**230,670**		230,763
Reserves		**(32)**		121
Share-based payments reserve		**13,369**		11,797
Retained earnings		**293,118**		246,809
Foreign currency translation reserve		**4,134**		(1,791)
		541,259		487,699
	$	**721,682**	$	685,973

MAJOR DRILLING GROUP INTERNATIONAL INC.
Notes to INTERIM CONDENSED Consolidated Financial Statements
FOR THE SIX MONTHS ended October 31, 2012 and 2011 (UNAUDITED)
(in thousands of Canadian dollars, except per share information)

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

These interim condensed consolidated 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 as outlined in the annual notes to consolidated financial statements for the year ended April 30, 2012.

Basis of consolidation

These 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

These interim condensed consolidated financial statements have been prepared based on the historical cost basis except for certain financial instruments that are measured at fair value, using the same accounting policies and methods of computation as presented in the annual consolidated financial statements for the year ended April 30, 2012.

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 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

The preparation of financial statements in conformity with IFRS 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 depreciation purposes, the useful lives of intangible assets 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 applies 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.

5. SEASONALITY OF OPERATIONS

With the exception of the third quarter, the Company exhibits comparatively less seasonality in quarterly revenue than in the past. The third quarter (November to January) is normally the Company's weakest quarter due to the shutdown of mining and exploration activities, often for extended periods over the holiday season, particularly in South and Central America.

6. PROPERTY PLANT & EQUIPMENT

Capital expenditures for the three months ended October 31, 2012 were $17,815 (2011 - $16,230) and for the six months ended October 31, 2012 were $41,216 (2011 - $37,640). The Company obtained direct financing for the three and six months ended October 31, 2012 of $1,704 (2011 - $147).

7. INCOME TAXES

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

		2013 Q2		2012 Q2		YTD 2013		YTD 2012
Earnings before income tax	**$**	**33,767**	$	44,439	**$**	**79,912**	$	70,694
Statutory Canadian corporate income tax rate		**28%**		29%		**28%**		29%
Expected income tax expense based on statutory rate	**$**	**9,455**	$	12,887	**$**	**22,375**	$	20,501
Non-recognition of tax benefits related to losses		**316**		265		**631**		313
Other foreign taxes paid		**343**		236		**698**		287
Rate variances in foreign jurisdictions		**810**		(190)		**1,391**		(488)
Other		**494**		(319)		**593**		629
	$	**11,418**	$	12,879	**$**	**25,688**	$	21,242

The Company periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Company recorded its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax laws. While management believes they have adequately provided for the probable outcome of these matters, future results may include favorable or unfavorable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved, or when the statute of limitation lapses.

8. EARNINGS PER SHARE

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

		2013 Q2		2012 Q2		YTD 2013		YTD 2012
Net earnings for the period	**$**	**22,349**	$	31,560	**$**	**54,224**	$	49,452
Weighted average shares outstanding - basic (000's)		**79,147**		74,246		**79,147**		73,143
Net effect of dilutive securities:								
Stock options (000's)		**453**		662		**537**		901
Weighted average number of shares - diluted (000's)		**79,600**		74,908		**79,684**		74,044

Earnings per share:				
Basic	**$ 0.28**	$ 0.43	**$ 0.69**	$ 0.68
Diluted	**$ 0.28**	$ 0.42	**$ 0.68**	$ 0.67

The calculation of the diluted earnings per share for the three months ended October 31, 2012 exclude the effect of 349,252 options (2011- 313,502), and the six months ended October 31, 2012 exclude the effect of 126,820 options (2011 - 93,304) as they are anti-dilutive.

The total number of shares outstanding on October 31, 2012 was 79,147,378 (2011 - 78,910,376).

9. 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 similar. The accounting policies of the segments are the same as those described in the annual consolidated financial statements for the year ended April 30, 2012. Management evaluates performance based on earnings from operations in these three geographic segments before finance costs and income taxes. Data relating to each of the Company's reportable segments is presented as follows:

	2013 Q2	2012 Q2	**YTD 2013**	YTD 2012
Revenue				
Canada - U.S.	**$ 93,980**	$ 84,151	**$ 206,817**	$ 145,589
South and Central America	**50,897**	68,062	**120,310**	119,354
Australia, Asia and Africa	**54,760**	61,641	**110,075**	113,063
	$ 199,637	$ 213,854	**$ 437,202**	$ 378,006
Earnings from operations				
Canada - U.S.	**$ 20,305**	$ 18,929	**$ 45,776**	$ 28,915
South and Central America	**8,622**	16,591	**25,373**	27,190
Australia, Asia and Africa	**9,813**	13,811	**18,834**	24,869
	38,740	49,331	**89,983**	80,974
Eliminations	**(987)**	(59)	**(466)**	(84)
	37,753	49,272	**89,517**	80,890
Finance costs	**728**	964	**1,466**	1,786
General and corporate expenses*	**3,258**	3,869	**8,139**	8,410
Income tax	**11,418**	12,879	**25,688**	21,242
Net earnings	**$ 22,349**	$ 31,560	**$ 54,224**	$ 49,452

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

Depreciation and amortization				
Canada - U.S.	**$ 5,585**	$ 4,054	**$ 11,065**	$ 7,395
South and Central America	**2,613**	2,484	**5,825**	4,755
Australia, Asia and Africa	**3,672**	2,391	**7,699**	5,055
Unallocated corporate assets	**1,501**	437	**1,969**	741
Total depreciation and amortization	**$ 13,371**	$ 9,366	**$ 26,558**	$ 17,946

Canada - U.S. includes revenue of $55,582 and $45,406 for Canadian operations for the three months ended October 31, 2012 and 2011 respectively, and $122,607 and $78,631 for the six months ended October 31, 2012 and 2011 respectively.

	October 31, 2012	April 30, 2012
Identifiable assets		
Canada - U.S.	**$ 255,790**	$ 252,233
South and Central America	**228,887**	212,861
Australia, Asia and Africa	**199,021**	186,442
	683,698	651,536
Eliminations	**(1,067)**	(573)
Unallocated and corporate assets	**39,051**	35,010
	$ 721,682	$ 685,973

Canada - U.S. includes property, plant and equipment for Canadian operations at October 31, 2012 of $98,281 (April 30, 2012 - $87,629).

10. BUSINESS ACQUISITION

The Company has finalized the valuation of assets for the Bradley Group Limited, acquired September 30, 2011. There were no material adjustments required to values allocated to net tangible and intangible assets presented in the annual consolidated financial statements for the year ended April 30, 2012.

11. FINANCIAL INSTRUMENTS

There are no significant changes to financial instruments compared to the Company's annual consolidated financial statements for the year ended April 30, 2012 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 long-term debt and contingent consideration which approximates their fair values, 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. The fair value of the interest rate swap included in long-term debt is measured using quoted interest rates.

		October 31, 2012		April 30, 2012
Contingent consideration	**$**	**2,152**	$	2,760
Long-term debt		**47,206**		50,986

Credit risk
As at October 31, 2012, 86.9% of the Company's trade receivables were aged as current and 1.9% of the trade receivables were impaired.

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

Balance as at April 30, 2012	**$ 2,236**
Increase in impairment allowance	**317**
Write-off charged against allowance	**(113)**
Foreign exchange translation differences	**(6)**
Balance as at October 31, 2012	**$ 2,434**

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, 2012		April 30, 2012
U.S. Dollars	**$**	**8,189**	$	45,555

If the Canadian dollar moved by plus or minus 10% at October 31, 2012, the unrealized foreign exchange gain or loss would move by approximately $819 (April 30, 2012 - $4,556).

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

Non-derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Trade and other payables	$ 92,660	$ -	$ -	$ -	$ 92,660
Contingent consideration	750	1,251	151	-	2,152
Long-term debt	9,322	15,974	18,044	3,833	47,173
	$ 102,732	$ 17,225	$ 18,195	$ 3,833	$ 141,985

Derivative financial liabilities:

	1 year	2-3 years	4-5 years	thereafter	Total
Interest rate swap	$ 11	$ 24	$ (2)	$ -	$ 33

SOURCE: MAJOR DRILLING GROUP INTERNATIONAL INC.

For further information:
Denis Larocque, Chief Financial Officer
Tel: (506) 857-8636
Fax: (506) 857-9211
ir@majordrilling.com