

**MAJOR**  
*Drilling*

June 2020



# Forward-Looking Statements



Some of the statements contained in this presentation 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 mining 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 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 risks relating to the COVID-19 outbreak and the factors set out in the discussion on pages 15 to 19 of the 2020 Management's Discussion & Analysis entitled "General Risks and Uncertainties", and such other documents as available on SEDAR at [www.sedar.com](http://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. All the forward-looking statements made in the presentation are qualified by these cautionary statements.



# Company Overview

**MAJOR**  
*Drilling*

**MAJOR** 40<sup>th</sup>  
*Drilling* ANNIVERSARY

Registered in

**20**

Countries on

**6**

Continents

**2,500+**

Employees

**600+**

Drills

Celebrating 40 years of **QUALITY • SAFETY • RESULTS**

- Symbol: MDI – T
- Shares Outstanding: 81M
- Price\*: \$3.58
- Market Cap\*: \$290M
- Headquarters: Moncton, NB, Canada
- Registered in over 20 countries on 6 continents
- CEO: Denis Larocque
- CFO: Ian Ross

\*as of June 15, 2020

While the worldwide impacts of COVID-19 are altering the way we all do business, be assured our commitment to you is unchanged. We have taken steps to keep employees safe, maintain supply-chain readiness and adapt to your needs. From shutdowns to restarts to keeping drills turning, you can depend on our partnership.

### SAFETY



New safety standards are in place as part of our COVID-19 Response.

### EMPLOYEES



Our crews and teams are our greatest asset, and we know it!

### COMMUNITY



It's a privilege to be part of the communities where we do business.

### STRENGTH & READINESS



With a strong financial position and a 600+ drill fleet, you can rely on Major Drilling.

- A leading provider of drilling services to the mining industry, registered in over 20 countries, with a fleet of 600+ rigs.
- Senior management has over 1,000 years of combined experience and expertise.
- Best balance sheet in the mineral drilling industry, with net cash balance of \$7.1 million (now excluding \$3.7 million in lease liabilities, under IFRS 16).
- Contractor of choice for many senior mining companies due to high safety standards, innovative solutions and specialized expertise.

# Locations

**MAJOR**  
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# The Emergence of “Specialized Drilling”



The more easily accessible mineral reserves all over the world are being depleted.

Our business premise is that the new deposits over the next 20 years will be in areas difficult to access and that specialized drilling will be a larger part of the market.

# Our Strategy

- Be the world leader in specialized drilling.
- Diversify our services within the drilling field.
- Maintain a strong balance sheet.
- Be the best in class in safety and human resources.
- Modernize our fleet with innovation and expand our footprint in strategic areas.
- Ensure that ESG commitments are embedded in our culture and core business practices.



## What is “Specialized Drilling”?

- Exploration/definition drilling services with significant barriers to entry:
  - deep holes
  - permafrost
  - helicopter portability
  - directional drilling
  - high altitude drilling
  - remote locations
  - top safety requirements



## Diversification



- Diversify in services not as exposed to the mining exploration cycle:
  - underground coring
  - underground percussive
  - grade control
  - dewatering
  - surface drill & blast
  - other mine services

# Fourth Quarter Highlights

- Good start to the quarter, but 2<sup>nd</sup> half impacted by COVID-19.
- Impact varied depending on jurisdictions.
- Canada most impacted with work in Ontario and Quebec.
- Complete shutdown in Chile, Argentina and South Africa.
- Asia continued but other operations were impacted by some stoppages.

# Impact of COVID-19

- To remain cash flow positive, adjusted spending and capital expenditures.
- Long-term goal is retention of our employees.
- Recorded one-time charges (goodwill, deferred tax, restructuring charge).

Despite COVID-19, still generated \$7.3 million of EBITDA and net cash position (net of debt) remains positive at \$7.1 million<sup>1</sup>

<sup>1</sup> Excluding IFRS 16 (Leases)

# Financial Review



(\$millions except per share information)

	Q4 2020	Q4 2019
Revenue	\$ 88.8	\$ 100.4
Gross margin	10.6%	13.3%
Adjusted gross margin <sup>1</sup>	21.5%	23.0%
Goodwill/Tax/Restructuring charges	71.2	1.4
Net loss	(74.3)	(3.0)
Adjusted net (loss) earnings <sup>2</sup>	(3.1)	(1.6)
Adjusted (loss) per share	(0.04)	(0.02)

<sup>1</sup>Adjusted gross margin excludes depreciation expenses.

<sup>2</sup>Net loss excluding goodwill impairment, restructuring charge and deferred tax write-down.



# Financial Review



(\$millions)	Q4 2020	Q4 2019
Total net cash (net of debt) <sup>1</sup>	\$ 7.1	\$ 10.0
EBITDA <sup>2</sup>	7.3	10.7

## Strictly precautionary \$35M draw down of credit facility:

- No current need for funds.
- Plan to repay \$20M in Q1.

## Receivables:

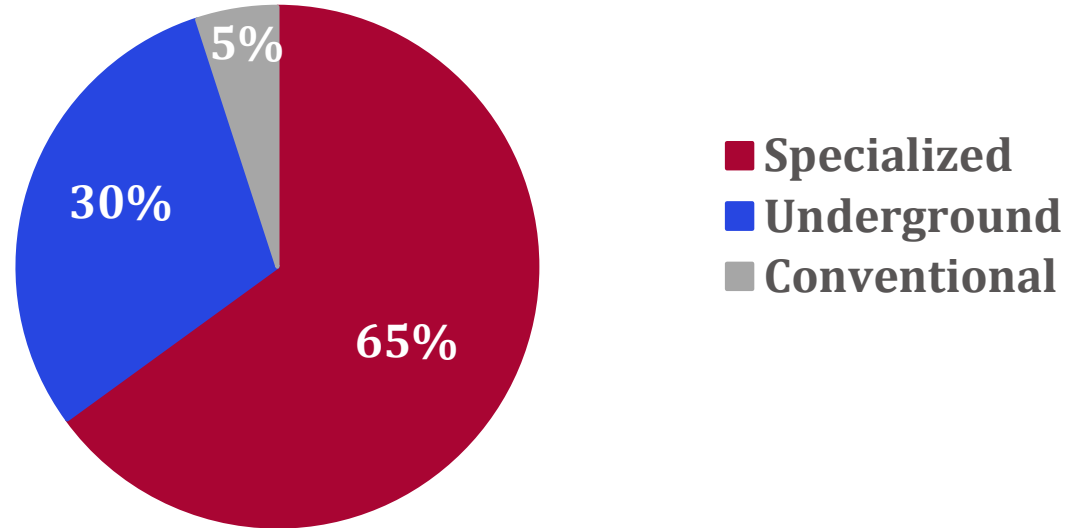
- No current issues with collectability.
- Customer base is predominantly seniors and intermediates who are well capitalized.

<sup>1</sup>Excluding IFRS 16 (Leases)

<sup>2</sup> Earnings before interest, taxes, depreciation & amortization, excluding restructuring charge and goodwill impairment.

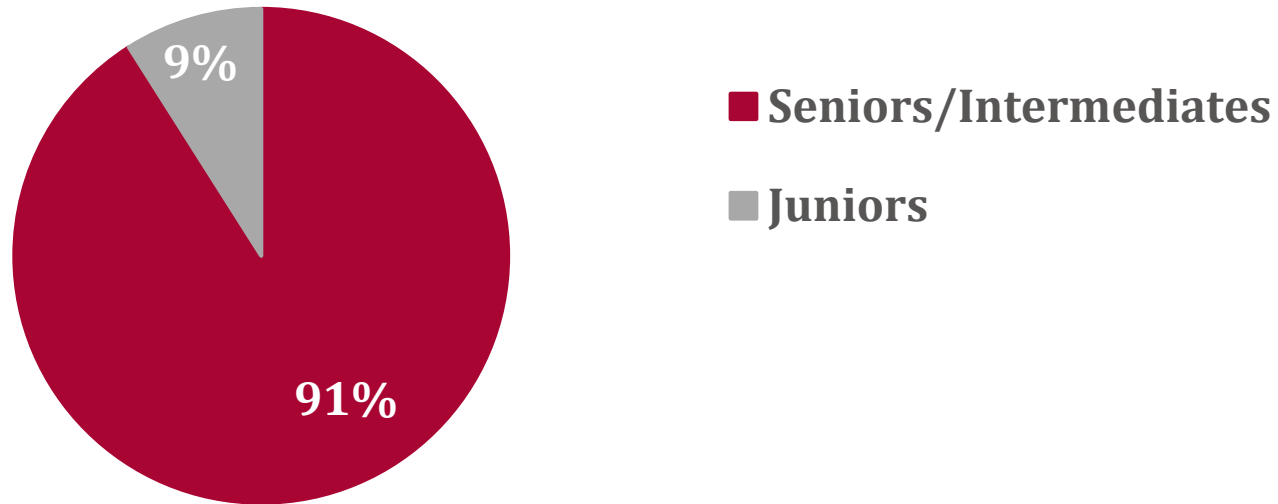
# Drilling Revenue by Type of Projects

3 months ended April 30, 2020



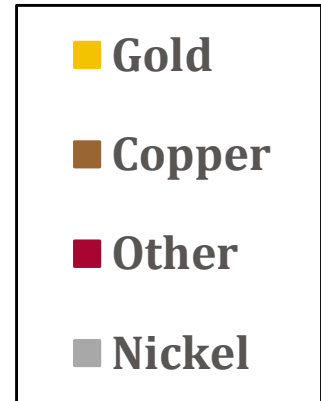
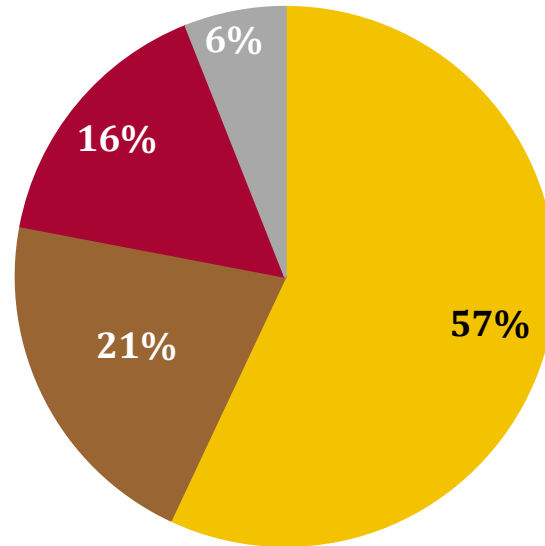
## Drilling Revenue by Customer

3 months ended April 30, 2020



# Drilling Revenue by Commodity

3 months ended April 30, 2020



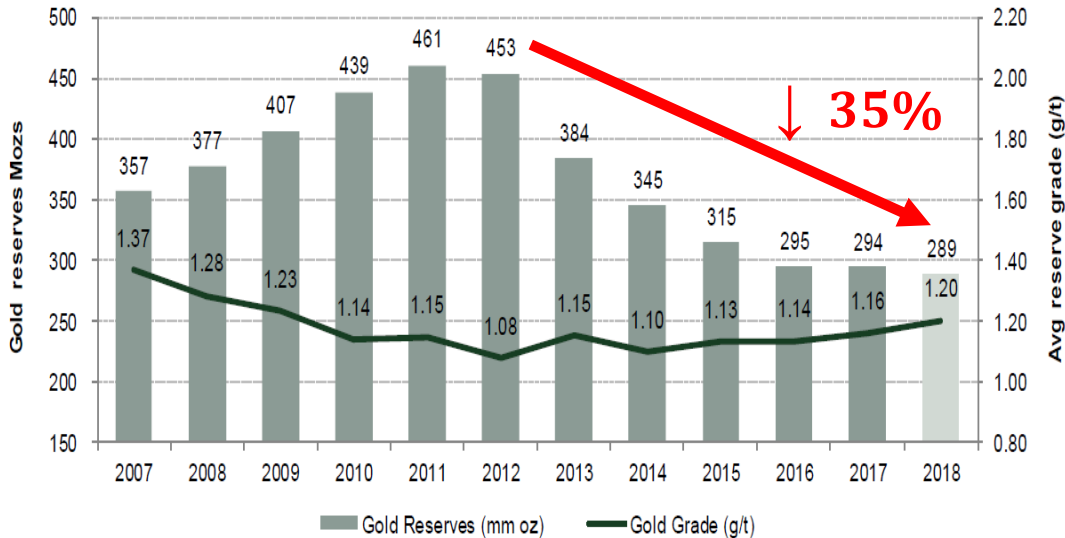
# Due to Lack of Exploration...

- Gold → Mineral reserves down 35% since 2012.
- Copper → Will face supply deficit in next few years.
- Electric Cars → Lithium and Nickel.



## Gold Reserves Declining Fast

Exhibit 1. Large cap total gold reserves and average grade

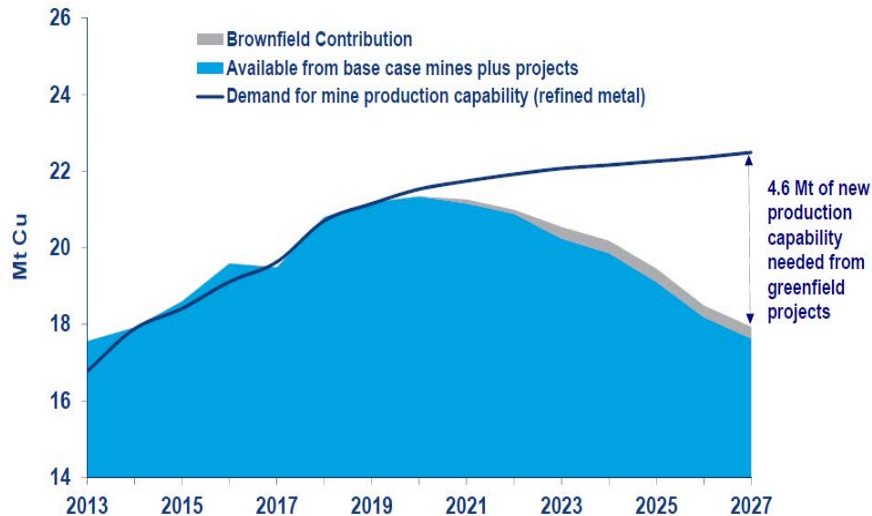


Source: Company reports, TD Securities Inc.

- Global gold reserves declining for the last 6 years due to lack of significant exploration.
- Down to pre-2005 levels.
- Price of gold increased above US\$1,700/oz.
- Some companies with less than 10 years of reserves.
- Takes 10-15 years to bring mine into production.

## Copper Supply Deficit

Copper base case mine capability and refined demand (Mt)



Source: Wood Mackenzie Q3 2017 Scenario

Source: Wood Mackenzie

- Copper industry facing supply deficit.
- Government infrastructure stimulus plan likely geared towards green economy, i.e. more electrification.
- Demand for EVs gaining momentum.
- EVs contain 3.5X more copper than regular vehicles + charging stations.

# Exploration Drilling Needed

- Low number of large exploration projects.
- Without exploration, most commodities will be in a supply deficit within five years.
- New deposits will be in areas more difficult to access requiring specialized drilling.

# At the Moment...

- Activity is restarting in many jurisdictions as restrictions get lifted, but it will be a slow process.
- Management has experience in navigating volatile situations.
- Will continue to monitor each region and take actions as warranted.

# Looking Forward...

Our financial situation has allowed us to be ready for a recovery:

- Retention is key
- Major Drilling is well positioned with a large inventory of consumables, rods and drill parts.
- Rigs package are ready to go.



# Positive Outlook

- Gold prices above \$1,700 and junior financing happening.
- Copper's decrease in demand due to economic slowdown could be offset by infrastructure stimulus plans around the world.
- Stimulus plans said to revolve around green economy, meaning a need for more conductive metals such as copper, lithium and cobalt.

### Major Drilling's Sustainability Statement:

*Major Drilling's long-term sustainability depends on us serving as: stewards of the environment where we work; valued contributors to the communities where we operate; and responsible corporate citizens in the eyes of our workforce, our clients, our shareholders and other external stakeholders.*

### Environmental



Minimize, mitigate and remediate our environmental impact by:

- Efficient use of energy/resources
- Prioritizing environmental management
- Exercising responsible operational water management
- Seeking opportunities to reduce emissions
- Reducing waste

### Social



Act in a socially responsible manner that benefits the communities where we operate.

Put the health and safety of our people first.

Actively pursue diversity and inclusivity in our leadership roles.

Respect the fundamental freedoms and human rights of our workers and community members.

### Governance



Conduct our work with the highest standards of ethics and transparency:

- Code of Ethics and Business Conduct
- Anti-Corruption Policy and supplier confirmations

Rely on advice of our global ESG Committee and leadership/oversight of our Board.

Social responsibility is an integral part of Major Drilling's core values. Every year our teams across the globe give back to their communities by donating their time and effort to build a better future. A few such efforts this year were:

- Donating & planting trees at São Judas Tadeu Nursery, Brazil.
- An annual "Day of Love" was spent painting, gardening & organizing at a local women's shelter in Moncton, Canada.
- Donated the use of a boom truck to deliver food and supplies to the people in the community of Pagsanjan, Philippines.
- Donated PPE to four hospitals in Papua, Sumbawa, Banyuwangi and North Sumatra, to help healthcare workers battling COVID-19 in Indonesia.

"It's an important part of our company culture to connect to the community through social responsibility efforts. I continue to be impressed with the involvement and creativity shown by each of our locations each year to help address real needs in their local communities."

- Major Drilling President & CEO, Denis Larocque



# MDI Stock Price





# MAJOR Drilling TRAILBLAZER



## Investing in Training & Innovation

- Challenging labour situation is going to get worse.
- Investing in computerized rigs that will cater to the next generation of employees.
- Several innovation initiatives with data to boost productivity and better customer information.





# Windfall Discovery 1 Project Achieves Longest Diamond Drill Hole in Canada



# Ready for a Recovery

Major Drilling remains the leader in specialized drilling.

- Company has financial resources to:
  - continue to enhance training and safety systems;
  - invest in equipment to meet customers' needs in terms of technology and safety; and
  - allow us to attract the best employees.

# Questions?

