NEWS RELEASE

# Major Drilling Announces Third Quarter Results and Declares Dividend

**MONCTON, New Brunswick (March 2, 2015)** – Major Drilling Group International Inc. (TSX: MDI) (the "Company") today reported results for its third quarter of fiscal year 2015, ended January 31, 2015.

**Highlights**

| In millions of Canadian dollars (except loss per share) | Q3-15 | Q3-14 | YTD-15 | YTD-14 |
|---|---|---|---|---|
| Revenue | \$69.8 | \$71.8 | \$224.5 | \$272.3 |
| Gross profit | 7.8 | 17.8 | 45.2 | 82.9 |
| As percentage of sales | 11.2% | 24.7% | 20.1% | 30.4% |
| EBITDA(1) | (6.6) | 0.6 | 6.5 | 35.9 |
| As percentage of revenue | (9.4%) | 0.9% | 2.9% | 13.2% |
| Net loss | (19.0) | (12.8) | (36.5) | (30.4) |
| Loss per share | (0.24) | (0.16) | (0.46) | (0.38) |

(1) Earnings before interest, taxes, depreciation and amortization, excluding restructuring charges and goodwill impairment (see "non-GAAP financial measures")

- Cash on hand at quarter-end was \$50.7 million while total debt was \$18.8 million, for a net cash position of \$31.9 million.
- Quarterly revenue was \$69.8 million, down 3% from the \$71.8 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 11.2%, compared to 24.7% for the corresponding period last year.
- Net loss was \$19.0 million or \$0.24 per share for the quarter, compared to a net loss of \$12.8 million or \$0.16 per share for the prior year quarter.
- The Company has declared a semi-annual dividend of \$0.02 per share to be paid on May 1, 2015. This represents a reduction from the previous semi-annual dividend of \$0.10 per share, in order to preserve the Company's ability to promptly respond to an increase in activity or to opportunities should they arise.

"Our third quarter was extremely challenging. Year-over-year revenue was relatively flat. The gains made with the addition of our new percussive drilling division were offset by the loss of revenue in our energy business and the closures of our operations in Australia and the Democratic Republic of Congo ("DRC")," said Francis McGuire, President and CEO of Major Drilling Group International Inc.

"Third quarter margins are typically impacted by a slowdown during the holiday season, but this quarter was hit particularly hard. The three main elements affecting margins were: reduced pricing; extensive mobilizations and repositioning costs; and high repair and purchasing costs in anticipation of the post-Christmas startups. We have seen a significant decrease in higher margin specialized drilling and a much greater focus on production related drilling, which generates lower revenue and has lower margins. Revenue and margins should return to their pre-holiday levels as we move forward."

"As we go through this challenging period, we continue to focus on cash preservation. Major Drilling remains net debt free, with a net cash position of $31.9 million at the end of the quarter, a decrease of $0.4 million during the quarter. The Company spent $2.6 million on net capital expenditures this quarter, adding 2 underground drills while retiring 11 rigs," added Mr. McGuire.

"Given the current low commodity price environment and the uncertainty over how long it will persist, the Company's Board of Directors has approved an amended dividend policy, declaring a cash dividend of $0.02 per common share payable on May 1, 2015 to shareholders of record as of April 7, 2015. The Company believes that it is prudent to lower the amount of its semi-annual dividend to ensure that it balances its cash inflows with capital expenditure requirements, preserves its ability to adequately respond to a future upturn in the mining industry and emerge as one of the strongest drilling companies. This dividend is designated as an "eligible dividend" for Canadian tax purposes," said Mr. McGuire.

"Long-term, we believe that most commodities will face an imbalance between supply and demand as mining reserves continue to decrease due to the lack of exploration, while despite an economic slowdown, worldwide consumption continues to increase. At some point in the near future, the need to develop resources in areas that are increasingly difficult to access will significantly increase, at which time we expect to see a resurgence in demand for specialized drilling."

**Third quarter ended January 31, 2015**

Total revenue for the quarter was $69.8 million, down 3% from revenue of $71.8 million recorded in the same quarter last year. There have been continued delays in the decision making process on the part of many of the Company's senior customers in regards to their 2015 exploration drilling programs, and many junior customers have suspended drilling activities. The favourable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, is estimated at $2.6 million on revenue but negligible on net earnings.

Revenue for the quarter from Canada-U.S. drilling operations increased by 27% to $41.1 million compared to the same period last year. The increase relates to the Taurus acquisition and is somewhat offset by the slowdown in the energy sector.

South and Central American revenue was down 8% to $17.2 million for the quarter, compared to the same quarter last year. Chile and Argentina were affected by a reduction in work by juniors and the cancellation of certain projects, while Mexico saw a slight increase in demand compared to the same period last year.

Australian, Asian and African operations reported revenue of $11.5 million, down 45% from the same period last year. Several factors affected the region's revenue this quarter compared to last year. The Company closed its operations in Australia earlier in the year, and also closed its operations in the DRC due to ongoing administrative difficulties associated with operating in that country. Also, Mongolia continues to be affected by political uncertainty around mining laws.

The overall gross margin percentage for the quarter was 11.2%, down from 24.7% for the same period last year. Third quarter margins are typically impacted by a slowdown during the holiday season combined with higher than usual mobilizations, demobilizations and increased repairs during this period. Margins continue to be affected by reduced pricing due to increased competitive pressures. As well, customers are focusing on mine site drilling, especially underground drilling, which tends to have lower margins.

General and administrative costs decreased 3% from last year at $11.7 million for the quarter despite an increase due to foreign exchange translation and the Taurus acquisition. With the decrease in activity, the Company has reduced its general and administrative costs by implementing reductions of salaried employees and restructuring certain branches.

Foreign exchange loss was $0.8 million compared to a loss of $3.3 million last year. Most of last year's quarterly loss was related to the devaluation of the Argentine peso and the Company crystalized currency losses by converting some of its Argentine pesos into U.S. dollar investments, although at a significant discount, to protect against further devaluations.

The income tax provision for the quarter was a recovery of $1.7 million compared to a recovery of $0.5 million for the prior year period. The tax recovery for the quarter was impacted by non-tax affected losses and non-deductible expenses.

Net loss was $19.0 million or $0.24 per share ($0.24 per share diluted) for the quarter, compared to a net loss of $12.8 million or $0.16 per share ($0.16 per share diluted) for the prior year quarter.

**Non-GAAP Financial Measures**

In this news release, the Company uses the non-GAAP financial measure, EBITDA, excluding restructuring charges and goodwill impairment. 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 15 to 18 of the 2014 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 services companies. To support its customers' mining operations, mineral exploration and environmental activities, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, and Africa.

Financial statements are attached.

**Webcast/Conference Call Information**

*Major Drilling will provide a simultaneous webcast and conference call of its quarterly results on **Tuesday, March 3, 2015 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.*

*To access the conference call, please dial 647-427-7450 and ask for Major Drilling's Third Quarter Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled call.*

*For those unable to participate, a taped rebroadcast will be available approximately two hours after the completion of the call until midnight, Tuesday March 10, 2015. To access the rebroadcast, dial 416-849-0833, 514-807-9274, 403-451-9481 or 902-455-3955 and enter the passcode 81564254. The webcast will also be archived for 90 days and can be accessed on the Major Drilling website at www.majordrilling.com or on the CNW Group website at www.newswire.ca.*

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