MAJOR Drilling

NEWS RELEASE

Major Drilling Announces Annual and Fourth Quarter Results

MONCTON, New Brunswick (June 6, 2019) – Major Drilling Group International Inc. (TSX: MDI) today reported results for the year and fourth quarter of fiscal year 2019, ended April 30, 2019.

Highlights

In millions of Canadian dollars (except loss per share)	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Revenue	$100.4	$95.4	$384.8	$342.3
Gross profit	23.0	23.1	91.0	74.3
As percentage of revenue	23.0%	24.3%	23.6%	21.7%
EBITDA(1)	10.7	10.2	39.2	24.7
As percentage of revenue	10.6%	10.7%	10.2%	7.2%
Net loss	(3.0)	(4.3)	(18.1)	(22.5)
Loss per share	(0.04)	(0.05)	(0.23)	(0.28)

(1) Earnings before interest, taxes, depreciation and amortization, excluding restructuring charge (see "non-GAAP financial measure")

- Quarterly revenue was $100.4 million, up 5% from the $95.4 million recorded for the same quarter last year.
- Annual revenue was $384.8 million, the Company's highest annual revenue since 2013.
- Gross margin percentage for the quarter was 23.0%, compared to 24.3% for the corresponding period last year.
- EBITDA was up 5% to $10.7 million for the quarter, and up some 60% for the year as compared to the same period last year.
- Net loss was $3.0 million or $0.04 per share for the quarter, compared to a net loss of $4.3 million or $0.05 per share for the prior year quarter.

"We saw activity pick up in the second half of the quarter after getting off to a slow start with many of our rigs only restarting by mid-February," said Denis Larocque, President and CEO of Major Drilling Group International Inc. "Our Canadian operations did particularly well at the end of the quarter as we grew our market share in specialized drilling."

"As we finished our fiscal 2019 year, I am particularly pleased with the progress we have made in innovation towards increased productivity, safety, and meeting customers' demands. Productivity gains from the tools developed, combined with price increases and our highly skilled labour force, are responsible for the improvement in our EBITDA this year. Also, we have recently developed new applications for our computerized consoles, which not only helps with recruitment but also gathers useful data for our customers," said Mr. Larocque.

"The Company maintains a strong working capital position with net cash (net of debt) of $10.0 million. Net cash decreased this quarter due to a net working capital increase, mostly from higher receivables related to increased activity near the end of the quarter. As well, we spent $6.3 million on capital expenditures this quarter, adding four new rigs to our fleet. During the quarter, we sold nine rigs to local contractors in Burkina Faso and disposed of four older, inefficient and more costly rigs, in line with our strategy of improving our fleet and services. This brings the fleet total to 601 rigs," added Mr. Larocque.

"As we look forward, the fundamentals driving the business continue to be encouraging for the coming quarter and fiscal 2020. The trend we saw at the end of our fourth quarter is continuing into our first quarter. Prices for drilling services continue to improve, although these improvements are presently offset somewhat by an increase in labour, mobilization and repair costs, which is typical in a ramp-up environment. As utilization rates gradually improve, we are starting to see considerable leverage in profitability as evidenced by an almost 60% increase in our EBITDA on a revenue increase of 12% for fiscal 2019."

"Going into fiscal 2020, the Company expects to spend approximately $30 million in capital expenditures to meet customers' demands, improve rig reliability, productivity and utilization, as well as to invest in our continuous improvement initiatives. However, we will remain vigilant and flexible in order to react and adjust to unforeseen market conditions."

"Finally, I am pleased to announce the promotion of Andrew McLaughlin to the position of Vice President of Legal Affairs and General Counsel. Andrew joined Major Drilling in 2015 as General Counsel & Corporate Secretary. He brought a wealth of international experience after spending nine years in Canada's Foreign Service."

Fourth quarter ended April 30, 2019

Total revenue for the quarter was $100.4 million, up 5% from revenue of $95.4 million recorded in the same quarter last year. 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 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations increased by 12% to $51.0 million, compared to the same period last year, with all of the increase coming from our U.S. operations. During the quarter the Company incurred a one-time charge of $2.7 million related to a difficult project in Canada, however, the Company's increased focus on specialized projects yielded improved margins compared to the same period last year.

South and Central American revenue decreased by 14% to $28.0 million for the quarter, compared to the same quarter last year. Modest activity increases in Mexico, the Guiana Shield and Brazil were offset by decreases in Argentina, Chile and Colombia.

Asian and African operations reported revenue of $21.4 million, up 23% from the same period last year. Despite the shutdown of operations in Burkina Faso, the region saw substantial growth driven by Indonesia and South Africa.

The overall gross margin percentage for the quarter was 23.0%, compared to 24.3% for the same period last year. The quarter started off slowly in February with delayed startups and weather issues, however rebounded near the end of the quarter.

General and administrative costs were $11.1 million, a decrease of $1.1 million compared to the same quarter last year, despite a higher volume of activity. The decrease was driven by the shutdown of operations in Burkina Faso as well as other restructuring initiatives in various countries.

Depreciation and amortization decreased by $2.0 million to $9.8 million, the result of reduced capital expenditures during the recent industry downturn.

The Company recorded a restructuring charge of $1.0 million in the quarter as operations were rationalized and staffing levels were adjusted to local market conditions in various countries.

The income tax provision for the quarter was an expense of $2.7 million compared to an expense of $2.5 million for the prior year period. The tax expense for the quarter was mainly impacted by non-tax affected losses in certain regions, non-deductible expenses, as well as an increase in activity levels in taxable jurisdictions.

Net loss was $3.0 million or $0.04 per share ($0.04 per share diluted) for the quarter, compared to a net loss of $4.3 million or $0.05 per share ($0.05 per share diluted) for the prior year quarter.

Non-GAAP Financial Measure

The Company uses the non-GAAP financial measure, EBITDA. The Company believes this non-GAAP financial measure is key, for both management and investors, in evaluating performance at a consolidated level. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. This measure does not have a standardized meaning prescribed by GAAP and therefore 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 news 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 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 factors set out in the discussion on pages 13 to 16 of the 2018 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.

About Major Drilling

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. Established in 1980, Major Drilling has over 1,000 years of combined experience within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. Major Drilling provides a complete suite of drilling services including surface and underground coring, directional, reverse circulation, sonic, geotechnical, environmental, water-well, coal-bed methane, shallow gas, underground percussive/longhole drilling, surface drill and blast, and a variety of mine services.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, June 7, 2019 at 9:00 AM (EDT). To access the webcast, which includes a slide presentation, please go to the investors/webcast section of Major Drilling's website at www.majordrilling.com and click on the link. Please note that this is listen-only mode.

To participate in the conference call, please dial 416-340-2216 and ask for Major Drilling's Fourth Quarter Results Conference Call. To ensure your participation, please call in approximately five minutes prior to the scheduled start of the call.

For those unable to participate, a taped rebroadcast will be available approximately one hour after the completion of the call until midnight, Friday, June 21, 2019. To access the rebroadcast, dial 905-694-9451 and enter the passcode 3388239#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at www.majordrilling.com.

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