**NEWS RELEASE**

# Major Drilling Announces Fourth Quarter and Fiscal Year 2023 Results, Annual Net Earnings up 40%

**MONCTON, New Brunswick (June 13, 2023)** – Major Drilling Group International Inc. ("Major Drilling" or the "Company") (TSX: MDI), a leading provider of specialized drilling services to the mining sector, today reported results for the fourth quarter and fiscal year 2023, ended April 30, 2023.

**Fiscal 2023 Highlights**

- Revenue of $735.7 million, an increase of 13.1% over the prior year.
- EBITDA(1) of $144.2 million (or $1.74 per share), up from $114.1 million last year.
- Net earnings of $74.9 million (or $0.90 per share), up 40% from last year.
- Net cash(1) grew by $60.9 million during the year to $59.3 million.
- Achieved new milestone of 9.4 million Lost Time Injury ("LTI") free hours and an LTI Rate of 0.05, a new record in the Company's history.

**Q4 2023 Highlights**

- Revenue of $185.0 million, a decrease of 2.6% over the same period last year.
- EBITDA of $37.2 million (or $0.45 per share), down from $40.7 million over the same period last year.
- Net earnings of $20.8 million (or $0.25 per share), down 7% over the same period last year.
- Robust activity levels returned after a slower start to the quarter.

"In fiscal year 2023, Major Drilling generated the second highest annual revenue in the Company's history at a time where mineral exploration expenditures are still only at 60% of the amount spent at the peak in 2012. Our strong EBITDA allowed us to grow our net cash position by over $60 million this year, positioning us well as this cycle plays out, and for future years," said Denis Larocque, President and CEO of Major Drilling. "Despite some challenging weather conditions in Nevada and Northern Canada in February, which slowed down the restart of operations after our seasonally slow third quarter, we were pleased to see robust activity levels return by the end of the quarter."

"A solid financial performance allowed the Company to generate $37.2 million in EBITDA for the quarter. And despite an anticipated ramp-up in working capital, typical for the fourth quarter, our financial position remained strong, ending the quarter with $59.3 million of net cash," said Ian Ross, CFO of Major Drilling. "With $180 million in available liquidity, we are well positioned to continue the execution of our growth strategy and remain committed to investing in the business. This quarter, we spent $16.6 million on capital expenditures, including the purchase of 5 new drill rigs and support equipment as we continue to reinvest in the business for long-term success. We also disposed of 7 older, less efficient rigs, bringing the total rig count to 600. Our annual spend of $58.7 million demonstrates our ongoing commitment to providing our customers and employees with modern, innovative and safe equipment, as we continue to cement our position as the industry leader in specialized drilling. Further, I'm pleased to note that during the quarter, we announced a Normal Course Issuer Bid to provide additional flexibility to maximize shareholder value as we continue through this industry upcycle."

"Looking ahead to fiscal 2024, the outlook for Major Drilling remains extremely positive as most industry experts believe the anticipated copper supply deficit will further drive the urgent need to replenish reserves. We see an increasing number of global governments begin to address the energy transition every year, turning to renewable energy sources and upgrading their electric grids. This will require an enormous volume of copper, and likely uranium, increasing pressure on the existing supply/demand dynamic. The growing global demand for electric vehicles will only increase the need for metals like copper, nickel and lithium. We expect all of this to lead to substantial additional investments in copper and other base metal exploration projects as we help our customers discover the metals that will allow the world to accelerate its efforts toward decarbonization," said Denis Larocque.

"Gold continues to lead exploration efforts globally with the average gold mine life decreasing due to the lack of exploration over the last several years. With this growing supply shortfall, several of our senior gold customers have committed to prioritizing value-adding grassroots exploration and development. Many of the new mineral deposits are located in areas challenging to access, requiring complex drilling solutions, and increasing demand for Major Drilling's specialized services. Our position as the leader in specialized drilling continues to be a factor in attracting business from senior companies, at a time where juniors are facing difficulty financing projects."

"Despite the urgent need to replenish mineral reserves, both for gold and base metals, the industry is still early in the exploration cycle. According to S&P Global Market Intelligence, global non-ferrous exploration budgets increased to $13 billion in 2022, which is still a long way from the $21.5 billion spent in 2012 at the peak of the cycle. The mining industry is still in the discovery phase and will have to go through an intense multi-year infill drilling period to develop new mines in order to fill the projected supply gap in the different commodities."

"As part of our ongoing efforts to prepare for future increases in activity, and what is lining up to be a busy calendar 2024, the Company expects to spend approximately $80 million in capital expenditures in fiscal 2024. We will, however, remain vigilant and flexible in order to react and adjust to unforeseen market conditions. There is a need to increase the number of specialized and underground drills in some of our busiest markets, to continue to meet and exceed the rigorous standards of our customers. We continue to make investments in innovation directed towards increased productivity, safety, and meeting customers' demands. We keep growing our fleet of computerized rigs and rod handling capacity, as well as retrofitting some of our rigs with computerized consoles and hands-free rod handlers. This falls in line with the enhancement of our recruiting and training systems as we bring in a new generation of employees, while strengthening our customer service. Finally, we will continue to invest in energy efficient solutions on and around our drills, with systems such as energy efficient drill heating systems and solar powered lighting towers. Through our ESG efforts, we will also add more water recirculation units, which can reduce water consumption by up to 90% in some cases," concluded Mr. Larocque.

| In millions of Canadian dollars (except earnings per share) | Q4 2023 | Q4 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Revenue | $ 185.0 | $ 190.0 | $ 735.7 | $ 650.4 |
| Gross margin | 25.0% | 25.5% | 24.0% | 21.5% |
| Adjusted gross margin (1) | 30.8% | 31.0% | 30.0% | 27.7% |
| EBITDA (1) | 37.2 | 40.7 | 144.2 | 114.1 |
| As percentage of revenue | 20.1% | 21.4% | 19.6% | 17.5% |
| Net earnings | 20.8 | 22.4 | 74.9 | 53.5 |
| Earnings per share | 0.25 | 0.27 | 0.90 | 0.65 |

(1) See "Non-IFRS Financial Measures"

**Fourth Quarter Ended April 30, 2023**

Total revenue for the quarter was $185.0 million, down 2.6% from revenue of $190.0 million recorded in the same quarter last year. The favourable foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was approximately $7 million and $1 million, respectively.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 8.5% to $99.8 million, compared to the same period last year. Weather negatively impacted activity levels in Nevada and Northern Canada during the early stages of the quarter, which drove the majority of the decrease compared to the prior year.

South and Central American revenue decreased by 5.5% to $45.1 million for the quarter, compared to the same quarter last year. Mexico has seen a significant slowdown in junior activity due to lack of available financing and uncertainty over new mining legislation that has reduced our revenue in the region.

Australasian and African revenue increased by 20.8% to $40.1 million, compared to the same period last year. Strong demand for our specialized services in Australia and new energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for the quarter was 25.0%, compared to 25.5% for the same period last year. Depreciation expense, totaling $10.8 million, is included in direct costs for the current quarter, versus $10.4 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 30.8% for the quarter, compared to 31.0% for the same period last year. Inflationary headwinds have largely been covered through price increases as margins remained consistent from the prior year.

General and administrative costs were $16.3 million, an increase of $1.1 million compared to the same quarter last year. Increased travel and insurance costs, coupled with annual inflationary wage adjustments, make up the majority of the increase compared to the prior year.

Other expenses were $4.0 million, up from $3.4 million in the prior year quarter, due to an increase in the annual allowance for doubtful accounts offset somewhat by lower incentive compensation expenses throughout the Company given the decreased profitability as compared to the prior year quarter.

The income tax provision for the quarter was an expense of $5.3 million, compared to an expense of $6.5 million for the prior year period. The decrease in the income tax provision was related to an overall reduction in profitability.

Net earnings were $20.8 million or $0.25 per share ($0.25 per share diluted) for the quarter, compared to net earnings of $22.4 million or $0.27 per share ($0.27 per share diluted) for the prior year quarter.

**Fiscal Year Ended April 30, 2023**

Total revenue for the year was $735.7 million, up 13% from revenue of $650.4 million recorded in the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately $23 million on revenue, while net earnings were less impacted at approximately $3 million, as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the year from Canada – U.S. increased by 10% to $405.0 million, compared to the previous year. The growth in this region was mainly attributable to increased revenue from our U.S. operations as our Canadian operations were negatively impacted by a decrease in junior activity in relation to the challenging financing environment they faced.

South and Central American revenue increased by 10% to $166.8 million for the year, compared to the previous year. This increase was related to Chile and Argentina resuming operations after COVID-19 disruptions in the previous year, which was muted by a slowdown in Mexico caused by a reduction in junior activity and uncertainty over new mining legislation.

Australasian and African revenue increased by 24% to $163.9 million, compared to the previous year. Strong demand for our specialized services in Australia and new energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for the year was 24.0%, compared to 21.5% for the previous year. Depreciation expense totaling $43.7 million is included in direct costs for the current year, versus $40.6 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 30.0% for the year, compared to 27.7% for the prior year. This growth was driven by enhanced productivity and price adjustments, which have more than offset inflation pressures.

General and administrative costs were $65.0 million (8.8% of revenue), an increase of $8.0 million, compared to the previous year (8.8% of revenue). The majority of this increase was due to inflationary wage adjustments, increased travel, and increased insurance costs.

Other expenses were $13.4 million, up from $11.8 million in the prior year, due primarily to higher incentive compensation expenses throughout the Company, given the increased profitability.

Foreign exchange loss was $2.8 million, compared to $1.4 million for last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. In the current fiscal year, various market drivers, such as high inflation and the war in Ukraine, stimulated foreign exchange market volatility.

The income tax provision for the year was an expense of $22.7 million, compared to an expense of $15.0 million for the prior year. The increase was driven by an overall increase in profitability compared to the prior year.

Net earnings were $74.9 million or $0.90 per share ($0.90 per share diluted) for the year, compared to $53.5 million or $0.65 per share ($0.65 per share diluted) for the prior year.

**Non-IFRS Financial Measures**

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS 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 IFRS.

**Adjusted gross profit/margin - excludes depreciation expense:**

| (in $000s CAD) | **Q4 2023** | Q4 2022 | **YTD 2023** | YTD 2022 |
|---|---|---|---|---|
| Total revenue | **$ 184,966** | $ 189,975 | **$ 735,742** | $ 650,415 |
| Less: direct costs | **138,680** | 141,527 | **558,841** | 510,642 |
| Gross profit | **46,286** | 48,448 | **176,901** | 139,773 |
| Add: depreciation | **10,760** | 10,416 | **43,651** | 40,579 |
| Adjusted gross profit | **57,046** | 58,864 | **220,552** | 180,352 |
| Adjusted gross margin | **30.8%** | 31.0% | **30.0%** | 27.7% |

**EBITDA - earnings before interest, taxes, depreciation, and amortization:**

| (in $000s CAD) | **Q4 2023** | Q4 2022 | **YTD 2023** | YTD 2022 |
|---|---|---|---|---|
| Net earnings | **$ 20,790** | $ 22,433 | **$ 74,922** | $ 53,459 |
| Finance (revenues) costs | **(668)** | 385 | **(832)** | 1,629 |
| Income tax provision | **5,317** | 6,471 | **22,650** | 15,025 |
| Depreciation and amortization | **11,778** | 11,440 | **47,478** | 43,981 |
| EBITDA | **$ 37,217** | $ 40,729 | **$ 144,218** | $ 114,094 |

**Net cash (debt) – cash net of debt, excluding lease liabilities reported under IFRS 16 Leases:**

| (in $000s CAD) | **April 30, 2023** | April 30, 2022 |
|---|---|---|
| Cash | **$ 94,432** | $ 71,260 |
| Contingent consideration | **(15,113)** | (22,907) |
| Long-term debt | **(19,972)** | (50,000) |
| Net cash (debt) | **$ 59,347** | $ (1,647) |

**Forward-Looking Statements**

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this news release that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management related to the factors set forth below. While these factors and assumptions are considered reasonable by the Company as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; the level of funding for the Company's clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company's revenue in Canadian dollars); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company's growth; currency restrictions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; 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; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" in the Company's MD&A for the year ended April 30, 2023, available on the SEDAR website at www.sedar.com. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

Forward-looking statements made in this document are made as of the date of this document and the Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events, or for any other reasons, except as required by 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 and expertise within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. 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 Wednesday, June 14, 2023 at 8:00 AM (EDT). To access the webcast, which includes a slide presentation, please go to the investors/webcasts 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 416-340-2217, participant passcode 7282992# 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 Saturday, July 15, 2023. To access the rebroadcast, dial 905-694-9451 and enter the passcode 9670769#. The webcast will also be archived for one year and can be accessed on the Major Drilling website at www.majordrilling.com.

**For further information:**
Ian Ross, Chief Financial Officer
Tel: (506) 857-8636
**ir@majordrilling.com**