NEWS RELEASE

# Major Drilling Reports Third Quarter Profit, Net Earnings Seasonally Strong as Commodity Mix Shifts to Meet Growing Energy Transition Demands

**MONCTON, New Brunswick (March 2, 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 third quarter of fiscal 2023, ended January 31, 2023.

**Quarterly Highlights**

- Revenue of $149.2 million, an increase of 7.5% over the same period last year.
- EBITDA(1) of $20.5 million (or $0.25 per share), up from $18.4 million over the same period last year.
- Net earnings of $6.3 million (or $0.08 per share), up 11% over the same period last year.
- Discretionary repayment of $10 million on long-term debt.
- Net cash(1) grew by $22.8 million during the quarter to $74.1 million.

"Once again, we are pleased to report that Major Drilling continued to see strong levels of activity, despite the usual seasonal slowdown," said Denis Larocque, President and CEO of Major Drilling. "This quarter, we were encouraged to see the beginnings of a widely anticipated shift to copper and battery metals in our operational commodity mix as our specialized drilling expertise allowed us to meet the increasing demand from customers levered to the energy transition."

"The Company's seasonally solid financial performance in the quarter allowed us to generate $20.5 million in EBITDA, increasing our net cash position (net of debt) to $74 million. As this cash generation continues to further strengthen the Company's balance sheet, we elected to pay down $10 million of the revolving-term facility in the quarter in order to minimize exposure to the current rising interest rate environment," said Ian Ross, CFO of Major Drilling. "With $195 million in available liquidity, we are well positioned to execute on our growth strategy and remain committed to investing in the business. This quarter, we spent $15.6 million on capital expenditures, including the purchase of 9 new drill rigs and support equipment for existing rigs being deployed to the field. To continue our fleet modernization, we also disposed of 10 older, less efficient rigs, bringing the total rig count to 602."

"Going forward, the outlook for calendar 2023 remains strong, although weather was somewhat challenging throughout February and operations got off to a slow start in a few regions. Major Drilling's emerging role in the energy transition continues to grow in importance, and over the last six months, we have seen the electric vehicle and electrification markets in particular drive increased demand from our copper and battery metals customers. Additionally, most of our senior gold customers have committed to elevated exploration efforts in calendar 2023. We expect these drivers to maintain our strong activity levels going into fiscal 2024, and in hand with the Company's robust financial position, will ensure we have the equipment and inventory required to be a best-in-class service provider as we move forward in this upturn," noted Mr Larocque.

"As new mineral deposits will be increasingly located in areas more challenging to access or requiring complex drilling solutions, our strategy to remain the leader in specialized drilling has been key to providing top-quality service to our valued customers through safe and productive drill programs, as evidenced by our industry-recognized hole completion rates," concluded Mr. Larocque.

| In millions of Canadian dollars (except earnings per share) | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Revenue | $ 149.2 | $ 138.8 | $ 550.8 | $ 460.4 |
| Gross margin | 17.7% | 16.9% | 23.7% | 19.8% |
| Adjusted gross margin (1) | 25.3% | 24.2% | 29.7% | 26.4% |
| EBITDA (1) | 20.5 | 18.4 | 107.0 | 73.4 |
| As percentage of revenue | 13.7% | 13.3% | 19.4% | 15.9% |
| Net earnings | 6.3 | 5.7 | 54.1 | 31.0 |
| Earnings per share | 0.08 | 0.07 | 0.65 | 0.38 |

(1) See "Non-IFRS Financial Measures"

**Third Quarter Ended January 31, 2023**

Total revenue for the quarter was $149.2 million, up 7.5% from revenue of $138.8 million recorded in the same quarter last year. The favourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately $6 million.

Revenue for the quarter from Canada - U.S. drilling operations increased by 1.7% to $79.6 million, compared to the same period last year. The region incurred marginal growth in the quarter as seniors and intermediates continued to offset the impact of a reduction in junior activity.

South and Central American revenue increased by 1.6% to $32.5 million for the quarter, compared to the same quarter last year. Strong growth in Argentina was muted by longer seasonal shutdowns in Brazil and Suriname.

Australasian and African revenue increased by 30.2% to $37.1 million, compared to the same period last year. The Asian region growth is attributed to new contracts signed in the second quarter as well as renegotiated contracts with favourable terms.

Gross margin percentage for the quarter was 17.7%, compared to 16.9% for the same period last year. Depreciation expense totaling $11.3 million is included in direct costs for the current quarter, versus $10.1 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 25.3% for the quarter, compared to 24.2% for the same period last year. While margins in the third quarter are negatively impacted by seasonal shutdowns and annual maintenance of the equipment, there was improvement from the same period last year, attributed to the improved pricing environment and enhanced productivity of existing jobs.

General and administrative costs were $16.4 million, an increase of $2.3 million compared to the same quarter last year, primarily due to increased employee compensation in keeping with rising inflation, increased insurance costs and increased travel costs with the easing of COVID-19 restrictions.

Foreign exchange loss was $0.3 million compared to a gain of $0.4 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to various other currencies.

The income tax provision for the quarter was an expense of $2.5 million, compared to an expense of $1.3 million for the prior year period. The increase in the tax expense was related to an increase in overall profitability and reduction in utilization of previously unrecognized losses compared to the prior year period.

Net earnings were $6.3 million or $0.08 per share ($0.08 per share diluted) for the quarter, compared to net earnings of $5.7 million or $0.07 per share ($0.07 per share diluted) for the prior year quarter.

**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 $000s CAD) | **Q3 2023** | Q3 2022 | **YTD 2023** | YTD 2022 |
|---|---|---|---|---|
| Total revenue | **$ 149,225** | $ 138,752 | **$ 550,776** | $ 460,440 |
| Less: direct costs | **122,787** | 115,325 | **420,161** | 369,115 |
| Gross profit | **26,438** | 23,427 | **130,615** | 91,325 |
| Add: depreciation | **11,300** | 10,145 | **32,891** | 30,163 |
| Adjusted gross profit | **37,738** | 33,572 | **163,506** | 121,488 |
| Adjusted gross margin | **25.3%** | **24.2%** | **29.7%** | **26.4%** |

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

| (in $000s CAD) | **Q3 2023** | Q3 2022 | **YTD 2023** | YTD 2022 |
|---|---|---|---|---|
| Net earnings | **$ 6,273** | $ 5,676 | **$ 54,132** | $ 31,026 |
| Finance (revenue) costs | **(620)** | 373 | **(164)** | 1,244 |
| Income tax provision | **2,507** | 1,338 | **17,333** | 8,554 |
| Depreciation and amortization | **12,330** | 11,013 | **35,700** | 32,541 |
| EBITDA | **$ 20,490** | $ 18,400 | **$ 107,001** | $ 73,365 |

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

| (in $000s CAD) | **January 31, 2023** | April 30, 2022 |
|---|---|---|
| Cash | **$ 109,564** | $ 71,260 |
| Contingent consideration | **(15,662)** | (22,907) |
| Long-term debt | **(19,802)** | (50,000) |
| Net cash (debt) | **$ 74,100** | $ (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 political and economic environments; the level of funding for the Company's clients (particularly for junior mining companies); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; the Company's dependence on key customers; implications of the COVID-19 pandemic; 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; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2022, 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 Friday, March 3, 2023 at 9:00 AM (EST). 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 7199282# and ask for Major Drilling's Third 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 Monday, April 3, 2023. To access the rebroadcast, dial 905-694-9451 and enter the passcode 7128946#. 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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