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NEWS RELEASE

Major Drilling Announces Record Revenue and Earnings

MONCTON, New Brunswick (September 5, 2012) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its first quarter of fiscal year 2013, ended July 31, 2012.

Highlights

In millions of Canadian dollars (except earnings per share)	**Q1-13**	**Q1-12**
Revenue	$237.6	$164.2
Gross profit	81.3	51.5
As percentage of sales	34.2%	31.4%
EBITDA[1]	60.1	35.7
As percentage of revenue	25.3%	21.7%
Net earnings	31.9	17.9
Earnings per share	0.40	0.25

(1) Earnings before interest, taxes, depreciation and amortization (see "non-gaap financial measures")

- Major Drilling maintained record quarterly revenue for the second quarter in a row at $237.6 million, up 45% from the $164.2 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 34.2%, compared to 31.4% for the corresponding period last year.
- EBITDA increased 68% to $60.1 million for the quarter compared to the corresponding period last year.
- Net earnings were also an all-time record at $31.9 million or $0.40 per share for the quarter, compared to net earnings of $17.9 million or $0.25 per share for the prior year quarter.
- The Company has increased its semi-annual dividend to $0.10 per share, to be paid on November 1, 2012, which represents an 11.1% increase from the previous dividend.

"We are pleased to report record quarterly results. Our revenue increased by 45% during the quarter to $238 million and we saw our quarterly EBITDA increase by 68% year-over-year," said Francis McGuire, President and CEO of Major Drilling Group International Inc. "Margins in this quarter improved mainly due to our efforts on training and recruitment, which have allowed us to increase the number of shifts and productivity in the field this quarter."

“Looking forward, the demand for drilling services from the senior and intermediate mining houses continues. Revenue from these clients increased in the last quarter to just over $175 million compared to $102 million in the same quarter last year. Our customers remain committed to the large majority of their projects in order to replace their reserves. Senior miners will represent a greater proportion of our drilling projects going forward as junior miners become more and more cautious in their spending, given the difficulty in accessing capital.”

“Overall, we expect demand for specialized drilling to continue in the year ahead. At the end of July, specialized drilling represented 76% of our revenue and nearly half of our projects were drilling for gold. While we are optimistic that our senior customers will continue with the majority of their projects, we anticipate that overall drilling activities will decline somewhat over the next six months, particularly with respect to our junior mining clients. In anticipation of a slight decrease of our activity levels, we have reduced our capital expenditure budget for fiscal 2013 to $70 million, down from the $100 million previously announced. Because of our ongoing need to be able to respond to demand for specialized services, and the need to continue to modernize our fleet, we currently have 15 additional rigs on order.”

“Net capital expenditures for the quarter were $23.4 million as we purchased 24 rigs while retiring 10 rigs through our modernization program. During the quarter, we also added a significant number of support vehicles and other support equipment to meet changing patterns of demand and to ensure that we continue to meet the highest levels of safety standards. These additions should improve rig utilization and reliability as we focus on increasing the earning power of each crew and each rig. In fact, 60% of our rigs are now less than five years old in an industry where rigs tend to last 20 years.”

“Most of our senior and intermediate customers are in a much better financial position than three years ago and while the difficulties experienced by juniors have moderated our growth plans over the short-term, it provides a strong upside potential when their exploration activities pick up, as they must, if the mining industry is to provide the world with the resources it needs toward the end of the decade,” said Mr. McGuire. “In addition, the price of gold is almost double what it was in 2008, the price of copper remains relatively high by historical standards, and both are well above average costs of production. In order to keep our competitive edge through this period, we continue to aggressively and successfully invest in the recruitment and training of new drillers.”

“Given the Company’s continuing ability to generate significant cash, and our minimal debt levels, we have determined that it is appropriate to increase our semi-annual dividend to $0.10 per common share, which will be paid on November 1, 2012 to shareholders of record as of October 10, 2012. This dividend is designated as an “eligible dividend” for Canadian tax purposes.”

First quarter ended July 31, 2012

Total revenue for the quarter was $237.6 million, up 45% from the $164.2 million recorded in the same quarter last year. Most of the Company’s regions contributed to this growth. The favourable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, is estimated at $5 million on revenue.

Revenue for the quarter from Canada-U.S. drilling operations increased by 84% to $112.8 million compared to the same period last year. In Canada, operations from the Bradley acquisition accounted for approximately half of the increase and the pre-existing Canadian operations also saw increased activity levels. Our U.S. operations also continued its growth.

South and Central American revenue was up 35% to $69.4 million for the quarter, compared to the prior year quarter. This increase was driven by stronger activity levels in Mexico, Chile and Argentina, combined with additional contracts in Colombia and Suriname from the Bradley acquisition.

Australian, Asian and African operations reported revenue of $55.3 million, up 8% from the same period last year. The increase came mainly from African operations in Burkina Faso, the DRC and Mozambique, which mitigated a decrease in activity levels in Mongolia and Australia.

The overall gross margin percentage for the quarter was 34.2%, up from 31.4% for the same period last year. New pricing on contracts that were signed or renewed for this calendar year reflected the current stronger pricing environment. Also, our training and recruitment efforts allowed the Company to increase the number of shifts and productivity in the field during the quarter.

General and administrative costs were $17.3 million for the quarter compared to $12.3 million in the same period last year. The increase was mainly due to the acquisition of Bradley and the addition of new operations in Burkina Faso. Increased costs to support the strong growth in activity levels accounted for the rest.

Other expenses for the quarter were $5.3 million, up from $2.6 million in the prior year quarter, due primarily to higher incentive compensation expenses given the Company's increased profitability.

The Annual Meeting of the shareholders of Major Drilling Group International Inc. will be held at The TMX Broadcast Centre, Gallery, The Exchange Tower, 130 King St. W., Toronto, Ontario, on Tuesday, September 18, 2012 at 10:00 am EDT.

Non-GAAP Financial Measures

In this news release, the Company uses the following non-GAAP financial measures: EBITDA and EBITDA margin. 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 16 to 18 of the 2012 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 service companies. To support its customers' mining operations, mineral exploration and environmental activities, Major Drilling maintains operations on every continent.

Financial statements are attached.

Major Drilling will provide a simultaneous webcast of its quarterly conference call on ***Thursday, September 6, 2012 at 9:00 AM (EDT).*** *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.*

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