

Major Drilling Reports First Quarter Results for Fiscal 2017

MONCTON, New Brunswick (September 6, 2016) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its first quarter of fiscal year 2017, ended July 31, 2016.

Highlights

| In millions of Canadian dollars (except earnings per share) | <u>Q1-17</u> | <u>Q1-16</u> |
|--|--------------|--------------|
| Revenue | \$69.1 | \$83.9 |
| Gross profit | 15.1 | 21.6 |
| As percentage of revenue | 21.9% | 25.8% |
| EBITDA ⁽¹⁾ | 3.8 | 11.4 |
| As percentage of revenue | 5.5% | 13.5% |
| Net loss | (9.8) | (11.2) |
| Loss per share | (0.12) | (0.14) |

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

- Quarterly revenue was \$69.1 million, down 18% from the \$83.9 million recorded for the same quarter last year, but up 8% over the last 3 months.
- Gross margin percentage for the quarter was 21.9%, compared to 25.8% for the corresponding period last year.
- Net cash decreased \$4.6 million during the quarter to \$33.4 million.
- Net loss was \$9.8 million or \$0.12 per share for the quarter, compared to a net loss of \$11.2 million or \$0.14 per share for the prior year quarter.

“Although most mining companies remain cautious in their spending, we have seen an increase in activity compared to the beginning of the year. Revenue is up 8% compared to the previous quarter as demand for our services has improved,” said Denis Larocque, President and CEO of Major Drilling Group International Inc.

“The Company’s net cash position (net of debt) continues to be positive at \$33.4 million. The decrease this quarter was mainly due to the purchase of over \$3 million in inventory in preparation for potential increased activity levels. The Company also spent \$2.8 million on capital expenditures this quarter,” added Mr. Larocque.

“We continue to focus our efforts on getting prepared in anticipation of a possible recovery in demand for our services while remaining disciplined on pricing and focused on cost control. Commodity prices have improved over the last six months, fueling mineral financings, which have continued to improve during the quarter. However, there is typically a lag between the timing of these financings and the impact they can have on the drilling industry. The Company’s financial strength allows it to invest in safety, to maintain its equipment in good condition, and to retain many of its skilled employees, strategically positioning us to react quickly when the industry recovers.”

“In the 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. Typically, gold and copper projects represent over 70% of the Company’s activity. Mineral reserves of ten of the top senior gold mining companies have decreased by almost 15% over the last two years. As well, many industry experts expect that the copper market will face a deficit position by no later than 2018, due to the continued production and high grading of mines, combined with the lack of exploration work conducted to replace reserves. Therefore, it is expected that 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,” said Mr. Larocque.

First quarter ended July 31, 2016

Total revenue for the quarter was \$69.1 million, down 18% from revenue of \$83.9 million recorded in the same quarter last year. The favourable foreign exchange translation impact for the quarter is estimated at \$1.8 million on revenue but negligible on net earnings, when comparing to the effective rates for the same period last year.

Revenue for the quarter from Canada-U.S. drilling operations decreased by 14% to \$43.8 million compared to the same period last year. The increase in revenue from the US operations was more than offset by the decrease from the Canadian operations.

South and Central American revenue was down 34% to \$13.5 million for the quarter, compared to the prior year quarter. The decrease came mostly from the Mexican and Chilean operations.

Asian and African operations reported revenue of \$11.8 million, down 5% from the same period last year. Asia showed some improvement, which was more than offset by a decrease in activity levels in Africa.

The overall gross margin percentage for the quarter was 21.9%, down from 25.8% for the same period last year. Pricing pressure and higher repair costs impacted margins in the current quarter.

General and administrative costs were flat at \$10.6 million compared to the same quarter last year, despite a small increase due to foreign exchange translation. The Company continues to monitor its general and administrative costs across all of its operations.

The income tax provision for the quarter was an expense of \$0.9 million compared to an expense of \$2.8 million for the prior year period. The tax expense for the quarter was impacted by non-tax affected losses and non-deductible expenses, while incurring taxes in profitable branches.

Net loss was \$9.8 million or \$0.12 per share for the quarter, compared to a net loss of \$11.2 million or \$0.14 per share for the same quarter last year.

The Annual and Special 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 Friday, September 9, 2016 at 3:00 pm EDT.

Non-GAAP Financial Measures

In this news release, the Company uses the non-GAAP financial measure, EBITDA, excluding restructuring charges. 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 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 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 2016 Annual Report entitled "General Risks and Uncertainties", and such other documents as available on the SEDAR website 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.

Major Drilling Group International Inc. is one of the world's largest drilling services companies primarily serving the mining industry. To support its customers' varied exploration drilling requirements, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. Major Drilling provides all types 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 and a variety of drilling-related mine services.

Financial statements are attached.

Webcast/Conference Call Information

Major Drilling will provide a simultaneous webcast and conference call to discuss its quarterly results on Wednesday, September 7, 2016 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 First Quarter 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, Wednesday September 21, 2016. To access the rebroadcast, dial 905-694-9451 and enter the passcode 7971354. 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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