

Major Drilling Announces Second Quarter Results

MONCTON, New Brunswick (December 3, 2015) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its second quarter of fiscal year 2016, ended October 31, 2015.

Highlights

In millions of Canadian dollars (except loss per share)	<u>Q2-16</u>	<u>Q2-15</u>	<u>YTD-16</u>	<u>YTD-15</u>
Revenue	\$84.7	\$87.2	\$168.6	\$154.7
Gross profit	23.3	20.7	44.9	37.4
As percentage of revenue	27.5%	23.8%	26.6%	24.2%
EBITDA ⁽¹⁾	10.9	8.4	22.2	13.1
As percentage of revenue	12.9%	9.6%	13.2%	8.5%
Net loss	(5.3)	(10.1)	(16.5)	(17.5)
Loss per share	(0.07)	(0.13)	(0.21)	(0.22)

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

- Major Drilling posted relatively stable quarterly revenue of \$84.7 million, down 3% from the \$87.2 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 27.5%, compared to 23.8% for the corresponding period last year.
- EBITDA increased 30% to \$10.9 million compared to \$8.4 million for the prior year quarter.
- Net cash increased \$0.2 million to \$33.1 million during the quarter. Capital expenditures for the quarter were \$6.5 million.
- Net loss was \$5.3 million or \$0.07 per share (\$0.07 per share diluted) for the quarter, compared to a net loss of \$10.1 million or \$0.13 per share (\$0.13 per share diluted) for the prior year quarter.

“We continued to see some stability in our activity levels this quarter. This stability in our ongoing contracts in the last few quarters has allowed us to optimize productivity and costs, which is reflected in this quarter’s margins,” said Denis Larocque, President and CEO of Major Drilling. “Although volume and pricing are still not at profitable levels, we are generating cash while still investing in our equipment and training, which is key in our plan to be ready for the next upturn.”

“Our customers continue to focus their work almost exclusively on mine sites, which means they have a much greater focus on production related drilling, such as percussive and underground drilling, which has lower margins. We are continuing to adapt to the current market conditions by investing in and growing our percussive operations.”

“For now, exploration efforts from our customers are expected to remain low while most senior and intermediate mining companies are still working through their mining plans for calendar 2016. Given the recent decrease in all commodity prices over the last few months, it is very difficult to predict activity levels over the next year.”

“We are, however, in a unique position to react quickly when the industry begins to recover as the Company’s financial strength has allowed it to retain key employees and to maintain its equipment in excellent condition. As we go through this challenging period, we continue to focus on cash generation. Major Drilling remains debt free, with a net cash position of \$33 million at the end of the quarter. Capital expenditures for the quarter were \$6.5 million as we purchased five rigs, including four rigs for our percussive division, and also added support equipment, while retiring four rigs. During the quarter, we also paid \$1.8 million in contingent consideration on our Taurus acquisition,” added Mr. Larocque.

“It is important to note that we are now in our third quarter, traditionally the weakest quarter of our fiscal year, as mining and exploration companies shut down, often for extended periods over the holiday season. At this time, most senior and intermediate companies are still working through their budget process and have yet to decide on post-holiday start-up dates. As usual, due to the time it takes to mobilize once new contracts are awarded, a slow pace of start-ups is expected in January and February, which will impact overall third quarter revenue and margins, and to some extent, fourth quarter margins. We expect pricing to remain competitive until utilization rates pick up significantly.”

Second Quarter Ended October 31, 2015

Total revenue for the quarter was \$84.7 million, down 3% from revenue of \$87.2 million recorded in the same quarter last year. The decrease came from both the South and Central American and the Asian and African operations, offset by an increase in the Canada-US operations. The favorable foreign exchange translation impact for the quarter is estimated at \$8 million on revenue with a negligible impact 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 increased by 13% to \$56.1 million compared to the same period last year. Most of the increase came from percussive services in which the Company continues to invest.

South and Central American revenue was down 28% to \$16.9 million for the quarter, compared to the same quarter last year. The Company saw decreased activity levels mostly in Chile, Argentina and Colombia.

Asian and African operations reported revenue of \$11.7 million, down 16% from the same period last year. Most of the decrease came from the closure of operations in the Democratic Republic of Congo, and was also affected by political uncertainty around mining laws in Mongolia.

The overall gross margin percentage for the quarter was 27.5%, up from 23.8% for the same period last year. Good margin performance, attributable to favorable weather conditions, combined with the stability of the Company's on-going contracts, has allowed the Company to realize productivity efficiencies throughout the year. This margin is an indication that pricing appears to have now stabilized, in part as a result of the Company's discipline on pricing.

General and administrative costs were down 4% from last year at \$10.8 million for the quarter, despite an increase due to foreign exchange translation, as the Company continues to manage its costs across the operations.

The provision for income tax for the quarter was flat at \$2.4 million compared to the same quarter last year. The tax expense remains relatively high as we pay income taxes on our profitable operations but have ceased to record tax recoveries on tax losses in certain other jurisdictions.

Net loss was \$5.3 million or \$0.07 per share (\$0.07 per share diluted) for the quarter, compared to a net loss of \$10.1 million or \$0.13 per share (\$0.13 per share diluted) for the prior year quarter.

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 17 to 21 of the 2015 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.

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, and Africa. 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 **Friday, December 4, 2015 at 9:00 AM (EST)**. 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 Second 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, Friday December 18, 2015. To access the rebroadcast, dial 905-694-9451 and enter the passcode 2432166. 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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