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NEWS RELEASE

Major Drilling Announces Second Quarter Results, Net Cash Position Improves by $18 Million

MONCTON, New Brunswick (December 4, 2013) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its second quarter of fiscal year 2014, ended October 31, 2013.

Highlights

In millions of Canadian dollars (except earnings per share)	Q2-14	Q2-13	YTD-14	YTD-13
Revenue	$92.3	$199.6	$200.5	$437.2
Gross profit	30.0	66.7	65.1	148.0
As percentage of sales	32.5%	33.4%	32.5%	33.8%
Adjusted EBITDA(1)	15.7	47.9	35.3	107.9
As percentage of revenue	17.0%	24.0%	17.6%	24.7%
Net (loss) earnings	(19.1)	22.3	(17.6)	54.2
(Loss) earnings per share	(0.24)	0.28	(0.22)	0.69

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

- Net cash position (net of debt) has improved by $18.1 million and stands at $48.5 million.
- Major Drilling posted quarterly revenue of $92.3 million, down 54% from the $199.6 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 32.5%, compared to 33.4% for the corresponding period last year.
- During the quarter, the Company posted a goodwill impairment charge of $12.1 million, a combined write down and unrecognized tax losses of $5.5 million, and $0.7 million in restructuring charges. Combined, these charges represent a negative impact to second quarter 2014 earnings of $18.3 million.
- Net loss was $19.1 million or $0.24 per share ($0.24 per share diluted) for the quarter, compared to net earnings of $22.3 million or $0.28 per share ($0.28 per share diluted) for the prior year quarter.

“The current economic environment continues to impact drilling in the short to medium-term, particularly on gold projects where the Company has seen a significant slowdown in activity in calendar 2013. Sources of funding for junior mining companies are limited, and as such many of their projects, both in the base metals and gold sectors, have been delayed or cancelled. In a number of jurisdictions, uncertainty as to the policies of host governments or issues of land tenure also continue to have an impact on results. Accordingly, second quarter revenue was significantly impacted as compared to revenue realized in the same period last year. As expected, many mining companies did not extend their drilling activities beyond their original 2013 annual budgets during the quarter. Lower levels of demand have significantly increased competitive pressures and will likely continue to have an impact for the remainder of calendar 2013 and beyond. Despite lower pricing levels, the Company maintained good margin performance thanks to the improved productivity of our crews, however going forward, further reductions in pricing will be more difficult to offset by gains in productivity. Despite current conditions, we are pleased that Major Drilling was able to improve its net cash position by $18.1 million during the quarter,” said Francis McGuire, President and CEO of Major Drilling.

“Given current market conditions, the Company performed a valuation of its assets during the quarter. As a result, a goodwill impairment of $12.1 million related to Chile was recognized, primarily due to reduced cash flow expections in the near term in Chile. The goodwill write-off is non-cash in nature and does not affect liquidity or cash flows from operating activities. Also, the Company wrote down and unrecognized tax losses for a total of $5.5 million on its Australian and Colombian deferred tax assets related to carry-forward losses given the uncertainty in the near-term outlook for adequate taxable income in Australia and Colombia. Finally, the Company incurred additional restructuring charges of $0.7 million as it continues to reduce costs across the organization.”

“The Company continues to have a variable cost structure whereby most of its direct costs, including field staff, go up or down with contract revenue and a large part of the Company’s other expenses relate to variable incentive compensation based on the Company’s profitability. The Company will continue to focus on cash management by limiting capital expenditures, by reducing inventory and by closely monitoring costs. At the same time, the Company’s financial strength allows it to continue to invest in safety, to maintain its equipment in excellent condition, and to retain skilled employees, all of which are essential to react quickly when the industry recovers.”

“Long-term, the fundamental drivers of our business remain positive, with worldwide supply for most metals expected to tighten. With the number of projects being either delayed or cancelled around the world, we believe that in the medium-term, most commodities could face an imbalance between supply and demand, and that the need to develop resources in areas that are increasingly difficult to access will increase, which should increase demand for specialized drilling. This ongoing structural change in the industry toward specialized drilling and our continued focus on specialized drilling over the years has positioned us favorably relative to the industry.”

“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. Also, due to the time it takes to mobilize once contracts are awarded, a slow pace of start-ups is expected in January, which will impact overall third quarter revenue. We expect pricing to remain competitive until utilization rates pick up significantly, especially in conventional drilling. Therefore, as we have experienced in some past years, we expect to generate a seasonal loss in the upcoming third quarter."

"Despite the difficult environment, we have one of the most solid balance sheets in our industry with $75.1 million in cash and total debt of $26.6 million at the end of the quarter, for a net cash position of $48.5 million. Net capital expenditures for the quarter were $4.9 million as we purchased 2 rigs and support equipment, while retiring 13 rigs. This strong financial position will also allow us to respond to well-priced opportunities should they arise," observed Mr. McGuire. "Finally, I would like to congratulate our employees on over 2.4 million hours worked in the last four months without a single lost time injury."

Second quarter ended October 31, 2013

Total revenue for the quarter was $92.3 million, down 54% from revenue of $199.6 million recorded in the same quarter last year. Uncertainty around economic matters impacting the mining market caused some customers to delay or cancel their exploration drilling plans, which impacted the quarter's results compared to last year. In a number of jurisdictions, uncertainty as to the policies of host governments or issues of land tenure also had an impact on quarter results. Moreover, many junior customers have scaled back or suspended drilling activities as compared to last year.

Revenue for the quarter from Canada-U.S. drilling operations decreased by 54% to $43.7 million compared to the same period last year as both countries were affected by the slowdown in the industry.

South and Central American revenue was down 66% to $17.5 million for the quarter, compared to the same quarter last year. Mexico, Chile and Argentina were affected by a reduction in work by juniors and the cancellation of projects. Additionally, in Colombia and Argentina, geopolitical factors have slowed the exploration efforts of many mining companies.

Australian, Asian and African operations reported revenue of $31.1 million, down 43% from the same period last year. Three main factors affected the region's revenue: 1) Australia, where projects have been cancelled due to high costs being incurred by mining companies and new mining taxes, 2) Mongolia, which is affected by political uncertainty around mining laws, and 3) Tanzania, where the Company has closed its operations.

The overall gross margin percentage for the quarter was 32.5%, down from 33.4% for the same period last year, but still a historically strong margin. Reduced pricing due to increased competitive pressures and delays impacted margins, however the Company has been able to recapture some of this loss through productivity gains and cost cutting.

General and administrative costs were down 22% from last year at $12.3 million for the quarter compared to $15.8 million in the same period last year. With the decrease in activity, the Company has reduced its general and administrative costs by implementing reductions of salaried employees, restructuring certain branches, and reducing management salaries.

Other expenses for the quarter were $1.0 million, down from $3.3 million in the same quarter last year, due primarily to lower incentive compensation expenses given the Company's decreased profitability.

A goodwill impairment of $12.1 million was recognized during the quarter. The goodwill write-off is non-cash in nature and does not affect liquidity or cash flows from operating activities. Although this goodwill impairment is attributable to reduced cash flow expectations in Chile for the near term, this does not reflect a change in the Company's commitment to continue to operate in Chile.

The provision for income tax for the quarter was an expense of $8.7 million compared to an expense of $11.4 million for the prior year period. This quarter's tax expense was impacted by a combined write down and unrecognized tax losses of $5.5 million on its Australian and Colombian deferred tax assets related to carry-forward losses given the uncertainty in the near-term outlook for adequate taxable income in Australia and Colombia. Also, the tax expense for the quarter was impacted by differences in tax rates between regions, non tax affected losses, and non-deductible expenses.

Non-GAAP Financial Measure

In this news release, the Company uses the non-GAAP financial measure, EBITDA. The Company believes this non-GAAP financial measure provides useful information to both management and investors in measuring the financial performance of the Company. This measure does not have a standardized meaning prescribed by GAAP and therefore it 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 2013 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' varied exploration drilling requirements, Major Drilling maintains field operations and offices in Canada, the United States, South and Central America, Australia, Asia, and Africa.

Financial statements are attached.

Major Drilling will provide a simultaneous webcast of its quarterly conference call on ***Thursday, December 5, 2013 at 9:00 AM (EST).*** *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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