NEWS RELEASE

Major Drilling Reports Profitable Second Quarter Results for Fiscal 2019

MONCTON, New Brunswick (December 4, 2018) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its second quarter of fiscal year 2019, ended October 31, 2018.

Highlights

In millions of Canadian dollars (except earnings (loss) per share)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Revenue	$105.5	$88.0	$204.0	$171.9
Gross profit	28.9	21.2	52.3	37.9
As percentage of revenue	27.4%	24.1%	25.7%	22.1%
EBITDA(1)	15.6	9.1	25.7	14.4
As percentage of revenue	14.8%	10.3%	12.6%	8.4%
Net earnings (loss)	3.3	(2.7)	0.8	(9.6)
Earnings (loss) per share	0.04	(0.03)	0.01	(0.12)

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

- Quarterly revenue was $105.5 million, up 20% from the $88.0 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 27.4%, compared to 24.1% for the corresponding period last year.
- EBITDA increased by 71% to $15.6 million.
- Net earnings were $3.3 million or $0.04 per share for the quarter, compared to a net loss of $2.7 million or $0.03 per share for the prior year quarter.
- Net cash increased $12.8 million during the quarter to $14.9 million.

"Demand for our services continued to grow in all of our regions this quarter. Despite the recent drop in commodity prices, most senior mining companies are continuing with their original plans as they work to replace their mineral reserves," said Denis Larocque, President and CEO of Major Drilling Group International Inc. "The Company's strong operational leverage was evidenced as revenue growth of 20%, combined with improved margins and flat general and administrative expenses, translated into a 71% increase in EBITDA."

"The revenue increase was led by our international operations as South and Central American revenue was up 51% and Asian and African revenue was up 25% compared to the same quarter last year. In Canada - U.S., our revenue grew modestly at 7%, as we continued to focus on specialized drilling due to the high level of labour utilization experienced in these operations. Through this strategy, we have been able to triple this region's earnings this quarter as compared to the same period last year," stated Mr. Larocque.

"The Company's net cash position (net of debt) improved by $12.8 million over the last three months, to end the quarter at $14.9 million. Capital expenditures were $7.0 million this quarter, as we added seven rigs that fit both our specialized and diversification strategies. Two of the additional rigs are suited for surface drill and blast/grade control work, while we added three others to our computerized underground fleet of rigs. We disposed of nine older, inefficient rigs, bringing the fleet total to 625 rigs. We also sold a building and other assets for $7.1 million during the quarter," added Mr. Larocque.

“With copper reserves depleting at an accelerated rate, and grades declining, many industry experts expect the copper market will face a significant deficit position in the next few years, due to the continued production and high grading of mines, combined with the lack of exploration work conducted to replace reserves. The same dynamic can be seen in most mining commodities, including gold, and 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. 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.”

“As part of our ongoing efforts to prepare for future increases in activity, we are continuing to make investments in innovation directed towards increased productivity, safety, and meeting customers’ demands. We keep growing our fleet of computerized rigs, as well as retrofitting some of our newer rigs with computerized consoles. This falls in line with the enhancement of our recruiting and training systems as we bring in a new generation of employees, while strengthening our customer service,” said Mr. Larocque.

“On December 3, 2018, the Company made the decision to close its operations in Burkina Faso. This decision is based on the fact that this branch requires significant additional investment to reach an acceptable return on investment, at a time when competition is growing in the country, while we see growth opportunities in other regions. Preliminary estimates indicate cash close-down costs of approximately $1.5 million with additional non-cash expenses of approximately $6.5 to $7.5 million related to deferred tax assets impairment, VAT receivable write-off and impairment charges relating to property, plant and equipment and inventory. The Burkina Faso operation represented approximately 1% of the total Company revenue for the quarter.”

“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. Additionally, the Company schedules substantial overhaul and maintenance work on its equipment during this slower period. These factors result in reduced revenue, increased costs, and reduced margins in the third quarter, and as we have experienced in previous years, we expect to generate a seasonal loss in the upcoming third quarter,” said Mr. Larocque.

Second quarter ended October 31, 2018

Total revenue for the quarter was $105.5 million, up 20% from revenue of $88.0 million recorded in the same quarter last year. The favourable foreign exchange translation impact for the quarter, when comparing to the effective rates for the same period last year, is estimated at $2 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations increased by 7% to $56.5 million, compared to the same period last year.

South and Central American revenue increased by 51% to $29.2 million for the quarter, compared to the same quarter last year, due to increased activity levels in most regions, led by Mexico, the Guiana Shield, and Chile.

Asian and African operations reported revenue of $19.8 million, up 25% from the same period last year. This growth in revenue was driven by stronger activity in all areas, led by Indonesia and the Philippines.

The overall gross margin percentage for the quarter was 27.4%, up from 24.1% for the same period last year. While pricing continues to improve in all regions, operational efficiencies also contributed to the improvement in margins. As well, margins benefitted from the Company’s increased focus on specialized drilling in Canada and the U.S.

General and administrative costs were flat compared to the same quarter last year at $11.2 million, while general and administrative expenses, as a percentage of revenue, decreased to 10.7% for the current quarter, compared to 12.9% for the same period last year.

Net earnings were $3.3 million or $0.04 per share ($0.04 per share diluted) for the quarter, compared to a net loss of $2.7 million or $0.03 per share ($0.03 per share diluted) for the prior year quarter.

Non-GAAP Financial Measure

The Company uses the non-GAAP financial measure, EBITDA. The Company believes this non-GAAP financial measure is key, for both management and investors, in evaluating performance at a consolidated level. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. This measure does not have a standardized meaning prescribed by GAAP 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 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 mining 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 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 13 to 16 of the 2018 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.

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 within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. 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 Wednesday, December 5, 2018 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 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 midnight, Wednesday, December 19, 2018. To access the rebroadcast, dial 905-694-9451 and enter the passcode 9521510#. 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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