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NEWS RELEASE

Major Drilling Announces Third Quarter Results

MONCTON, New Brunswick (March 3, 2014) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its third quarter of fiscal year 2014, ended January 31, 2014.

Highlights

In millions of Canadian dollars (except earnings per share)	**Q3-14**	**Q3-13**	**YTD-14**	**YTD-13**
Revenue	$71.8	$123.2	$272.3	$560.4
Gross profit	17.8	29.3	82.9	177.3
As percentage of sales	24.7%	23.8%	30.4%	31.6%
Adjusted EBITDA(1)	0.6	12.4	35.9	120.3
As percentage of revenue	0.9%	10.0%	13.2%	21.5%
Net (loss) earnings	(12.8)	(4.3)	(30.4)	49.9
(Loss) earnings per share	(0.16)	(0.05)	(0.38)	0.63

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

- Major Drilling posted quarterly revenue of $71.8 million, down 42% from the $123.2 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 24.7%, compared to 23.8% for the corresponding period last year.
- Foreign exchange loss for the quarter was $3.3 million, mostly related to the devaluation of Argentine pesos.
- Net loss was $12.8 million or $0.16 per share for the quarter, compared to net loss of $4.3 million or $0.05 per share for the prior year quarter.
- The Company remains in an excellent financial position with a total net cash position (net of debt) of $33.6 million, after a dividend payment of $7.9 million last November, and capital expenditures of $6.2 million.
- Given the Company’s ability to generate cash flows, it has declared a semi-annual dividend of $0.10 per share to be paid on May 1, 2014.
- The Company achieved over 3.4 million hours worked in the last seven months without a single lost time injury.

“As we had noted in our second quarter news release, program extentions in November were lower than last year. Also, subsequent to the holiday season, and as expected, customers have been, and continue to be, slow in deciding on their 2014 calendar year drilling plans. This has led to reduced activity levels as compared to the third quarter last year, and produced a seasonal loss as anticipated,” said Francis McGuire, President and CEO of Major Drilling Group International Inc. “Quarterly results were also impacted by a foreign exchange loss of $3.3 million, mostly related to the devaluation of the Argentine peso, and the Company crystalized currency losses by converting some of its Argentine pesos into U.S. dollar investments, although at a significant discount, in order to protect against further devaluations.”

“As we started our fourth quarter, there continued to be a number of projects for which decisions had not yet been made regarding start dates and exact drilling meterage. Weather conditions have also caused start times to be delayed. This has resulted in reduced activity in February. In a number of jurisdictions, uncertainty as to the policies of host governments or issues of land tenure are causing customers to hold back on investments. This is making it difficult to predict what might happen in those markets. With lower utilization rates and a slow start in activity levels, we are also seeing pricing pressures throughout the industry.”

“In Australia we continue to see no improvement since the beginning of the year. The utilization rates for surface rigs are extremely low. Price competition has been especially intense in Eastern Australia where our operations are concentrated. We are currently considering all restructuring options for this branch, including the possibility of withdrawing from this market.”

“On the other hand, in many regions we are seeing encouraging signs of increased inquiries, especially from gold customers, which if they result in successful bids, would generate higher activity levels in the second half of this calendar year.”

“We feel we are in a strong position to react quickly when the industry begins to recover as the Company’s financial strength has allowed it to invest in safety, to maintain its equipment in excellent condition, and to retain many of its skilled employees. The Company will continue to focus on cash management by limiting capital expenditures, and by closely monitoring costs. We will, however, react to local conditions in specific markets when necessary.”

“Long-term, the fundamental drivers of our business remain positive, with worldwide supply for most metals expected to tighten. 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.”

“Despite the difficult environment, we have one of the most solid balance sheets in our industry with $62.4 million in cash and total debt of $28.9 million at the end of the quarter. This combines for a net cash position of $33.6 million, after payment of our semi-annual dividend of $7.9 million in November 2013, and capital expenditures for the quarter of $6.2 million as we purchased 3 rigs and support equipment in order to expand our energy services. We also retired 11 older mineral rigs,” observed Mr. McGuire. “Finally, I would like to congratulate our employees on over 3.4 million hours worked in the last seven months without a single lost time injury. This is a substantial achievement.”

"Given the Company's ability to continue generating cash flows, the Company is pleased to announce that its Board of Directors has declared a cash dividend of $0.10 per common share payable on May 1, 2014 to shareholders of record as of April 7, 2014. This dividend is designated as an "eligible dividend" for Canadian tax purposes," said Mr. McGuire.

Third quarter ended January 31, 2014

Total revenue for the quarter was $71.8 million, down 42% from revenue of $123.2 million recorded in the same quarter last year. There have been continued delays in the decision making process on the part of many of the Company's senior customers in regards to their 2014 exploration drilling programs, and many junior customers have scaled back or suspended drilling activities as compared to last year. Also, program extensions in November were lower than the prior year. This has led to reduced activity levels as compared to the third 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 but negligible on net earnings.

Revenue for the quarter from Canada-U.S. drilling operations decreased by 33% to $32.4 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 53% to $18.6 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 certain 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 $20.8 million, down 41% from the same period last year. In Australia, projects have been cancelled due to high costs being incurred by mining companies. Mongolia continues to be affected by political uncertainty around mining laws and Burkina Faso was affected by a reduction in work by juniors. Also, the Company closed its operations in Tanzania earlier in the fiscal year.

The overall gross margin percentage for the quarter was 24.7%, up slightly from 23.8% for the same period last year. Third quarter margins are typically impacted by a slowdown during the holiday season combined with higher than usual mobilizations, demobilizations and increased repairs during this period. Reduced pricing, due to increased competitive pressures and delays, impacted margins, however the Company has been able to recapture some of this through productivity gains and cost cutting.

General and administrative costs decreased 22% from last year at $12.1 million for the quarter compared to $15.4 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.

Foreign exchange loss was $3.3 million compared to a gain of $0.5 million last year. Most of this quarter's loss was related to the devaluation of the Argentine peso and the Company crystalized currency losses by converting some of its Argentine pesos into U.S. dollar investments, although at a significant discount, to protect against further devaluations.

The provision for income tax for the quarter was a recovery of $0.5 million compared to an expense of $1.9 million for the prior year period. This quarter's tax expense was impacted by differences in tax rates between regions, non-tax affected losses, and non-deductible expenses, including the foreign exchange loss in Argentina.

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 ***Monday, March 3, 2014 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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