**NEWS RELEASE**

# Major Drilling Reports Third Quarter Results for Fiscal 2019

**MONCTON, New Brunswick (February 28, 2019)** – Major Drilling Group International Inc. (TSX: MDI) today reported results for its third quarter of fiscal year 2019, ended January 31, 2019.

**Highlights**

| In millions of Canadian dollars (except loss per share) | Q3 2019 | Q3 2018 | YTD 2019 | YTD 2018 |
|---|---|---|---|---|
| Revenue | $80.4 | $75.0 | $284.4 | $246.9 |
| Gross profit | 15.6 | 13.2 | 68.0 | 51.1 |
| As percentage of revenue | 19.4% | 17.6% | 23.9% | 20.7% |
| EBITDA(1) | 2.8 | 0.1 | 28.5 | 14.5 |
| As percentage of revenue | 3.5% | 0.1% | 10.0% | 5.9% |
| Net loss | (15.9) | (8.5) | (15.1) | (18.1) |
| Loss per share | (0.20) | (0.11) | (0.19) | (0.23) |

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

- Quarterly revenue was $80.4 million, up 7% from the $75.0 million recorded for the same quarter last year.
- The Company generated $2.8 million of EBITDA during the quarter compared to $0.1 million last year.
- Net loss included $8.1 million of charges ($7.2 million non-cash) related to the closure of the Burkina Faso operations.
- Net cash increased $5.3 million during the quarter to $20.2 million.
- Recipient of the PDAC Safe Day Everyday Gold Award for the second consecutive year.

"Our third quarter results reflect a normal part of our operational pattern, as mining and exploration companies shut down operations, in some cases for extended periods, over the holiday season. Additionally, the Company typically schedules substantial overhaul and maintenance work on its equipment during this slower period," said Denis Larocque, President and CEO of Major Drilling Group International Inc. "As expected, January had a slow start as we were still waiting on customer plans for calendar 2019 and many of our rigs only restarted between late January and mid-February."

"Despite this seasonal slowdown, the Company generated $2.8 million of EBITDA and the Company's net cash position (net of debt) improved by $5.3 million over the last three months, to end the quarter at $20.2 million. Capital expenditures were $6.3 million this quarter, as we added seven rigs that fit both our specialized and diversification strategies. During the quarter, we sold four rigs to local contractors in Burkina Faso and disposed of eighteen older, inefficient underground rigs, in line with our strategy of improving our underground fleet and services. This brings the fleet total to 610 rigs," added Mr. Larocque.

"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.

"As we look forward, the fundamentals driving the business continue to be encouraging for the coming quarter and into fiscal 2020. Gold prices have increased recently and mineral reserves for gold and base metals continue to be depleted. Many industry experts expect that most base metals 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.

Given this situation, most of our senior and intermediate customers have increased their exploration budgets for calendar 2019, and the demand for drilling services continues to increase."

"During the quarter, the Company made the decision to close its operations in Burkina Faso, and as such, took a total charge of $8.1 million, after tax. This decision was based on the fact that this branch required significant additional investment to reach an acceptable return on investment, at a time when political and security risks are increasing in that country. The Company recorded $6.9 million in restructuring charges consisting of a non-cash write-down of assets of $6.0 million related to VAT receivable write-off and impairment charges relating to property, plant and equipment and inventory, as well as net cash charges of $0.9 million for severance, moving costs and lease termination. Also, the Company wrote down $1.2 million in deferred tax assets (recorded in its deferred tax expense) related to Burkina Faso. The Burkina Faso operations represented approximately 2% of the total Company revenue year-to-date."

"Finally, we are pleased to be the recipient of the PDAC Safe Day Everyday Gold Award for the second consecutive year, in recognition of our Canadian crews having worked over 1,000,000 hours, lost time injury free, during 2017. Our Canadian crews have now worked more than 5,000,000 hours over four and a half years without a single lost time injury," said Denis Larocque. "The safety and well-being of our crews is our first and highest responsibility on every project," said Ben Graham, Vice President - HR & Safety. "We work hard to earn the trust and support of our crews, and we are pleased to see their success recognized by a group of our clients and peers."

**Third quarter ended January 31, 2019**

Total revenue for the quarter was $80.4 million, up 7% from revenue of $75.0 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 5% to $37.3 million, compared to the same period last year, with all of the increase coming from underground operations.

South and Central American revenue increased by 6% to $24.2 million for the quarter, compared to the same quarter last year. Activity increases in Mexico, Guiana Shield and Chile were offset by a decrease in Argentina.

Asian and African operations reported revenue of $18.9 million, up 14% from the same period last year. Increases in Indonesia, the Philippines and Southern Africa were offset by the shutdown of the Burkina Faso operations early in the quarter.

The overall gross margin percentage for the quarter was 19.4%, up from 17.6% for the same period last year. Margins were impacted by late startups due to extremely cold weather, but were offset by improved pricing and operational efficiencies.

General and administrative costs were $11.9 million, a decrease of $0.2 million compared to the same quarter last year, despite a higher volume of activity.

Depreciation and amortization decreased by $2.3 million to $9.8 million, the result of reduced capital expenditures during the recent industry downturn.

The Company recorded a restructuring charge related to the closure of its Burkina Faso operations of $6.9 million, consisting primarily of a non-cash write-down of assets of $6.0 million and $0.9 million of closedown costs relating to severance, lease termination and moving costs.

The income tax provision for the quarter was an expense of $1.9 million compared to a recovery of $3.7 million for the prior year period. The tax expense for the quarter included a write-down of $1.2 million in deferred tax assets related to Burkina Faso. Also, the tax expense for the quarter was impacted by non-deductible expenses and non-tax affected losses in certain regions, while incurring taxes in profitable branches. In the same quarter last year, tax recovery benefitted from a one-time favourable adjustment of $1.6 million from a reduction of the U.S. federal corporate tax rate.

Net loss was $15.9 million or $0.20 per share ($0.20 per share diluted) for the quarter, compared to a net loss of $8.5 million or $0.11 per share ($0.11 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 Friday, March 1, 2019 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 Third 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, Friday, March 15, 2019. To access the rebroadcast, dial 905-694-9451 and enter the passcode 9775143#. 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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