MAJOR Partners on the Ground

NEWS RELEASE

Major Drilling Announces Annual and Fourth Quarter Results for Fiscal 2014

MONCTON, New Brunswick (June 5, 2014) – Major Drilling Group International Inc. (TSX: MDI) today reported results for the year and fourth quarter ended April 30, 2014.

Highlights

In millions of Canadian dollars (except earnings per share)	Q4-14	Q4-13	Fiscal 2014	Fiscal 2013
Revenue	\$82.6	\$135.5	\$354.9	\$695.9
Gross profit	21.5	43.1	104.4	220.3
As percentage of revenue	26.0%	31.8%	29.4%	31.7%
EBITDA(1)	8.4	23.5	44.4	142.8
As percentage of revenue	10.2%	17.3%	12.5%	20.5%
Net (loss) earnings	(24.9)	2.2	(55.3)	52.1
(Loss) earnings per share - Basic	(\$0.31)	\$0.03	(\$0.70)	\$0.66

(1) Earnings before interest, taxes, depreciation and amortization, excluding restructuring charges, goodwill and intangible impairment and gain on reversal of contingent consideration (see "non-GAAP financial measures")

- Net cash position (net of debt) improved by \$12.9 million in the quarter to \$46.5 million.
- Quarterly revenue was \$82.6 million, down 39% from the \$135.5 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 26.0%, compared to 31.8% for the corresponding period last year.
- During the quarter, the Company posted a restructuring charge of \$17.2 million, \$9.7 million of which is non-cash, related to the closure of its Australian operations and other staff reduction initiatives implemented during the quarter across the Company.
- During the quarter, the Company posted a goodwill impairment charge of \$2.3 million relating to its Mozambique operations.
- Net loss was \$24.9 million or \$0.31 per share for the quarter, compared to earnings of \$2.2 million or 0.03 per share for the prior year quarter.

"Market conditions continue to be extremely difficult. Despite this, we are pleased to have met our goal of generating cash while still paying our dividend and investing in our fleet when appropriate. Senior mining companies are still very cautious with their investment in exploration and have been focusing on expanding their production at existing mines. 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. These and other factors have led to significantly decreased activity in the industry. Lower levels of demand have significantly affected pricing, which is reflected in our lower gross margins," said Francis McGuire, President and CEO of Major Drilling. "In many cases, pricing levels are at the lowest that they have been in 15 years."

"Despite the difficult environment, we have one of the most solid balance sheets in our industry with $74.2 million in cash and total debt of $27.7 million at the end of the quarter. This combined for a net cash position of $46.5 million. Even in this difficult quarter, the Company increased its net cash balance during the quarter by $12.9 million after spending $5.2 million in capital expenditures for the quarter, through the purchase of two rigs and support equipment. We also retired 11 older mineral rigs," observed Mr. McGuire.

"During the quarter, we made the difficult decision to close down our operations in Australia and as such, took a charge of $16.8 million. The Company recorded $9.7 million in a non-cash write-down of assets as well as net cash charges of $7.1 million in Australia for severance, moving costs and lease termination. Those cash costs should be more than offset by the sale of some Australian assets. Also, during the quarter, the Company incurred additional restructuring charges of $0.4 million relating to severance as it continues to reduce costs across the organization."

"Given current market conditions, the Company recognized a goodwill impairment of $2.3 million related to its Mozambique operations, primarily due to reduced cash flow expections in the near term. The goodwill write-off is non-cash in nature and does not affect liquidity or cash flows from operating activities."

"The Company will continue to focus on cash generation by limiting capital expenditures as necessary, by reducing inventory and by closely managing costs. By focusing on cash management, our goal is to sustain our dividend. 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 relates to variable incentive compensation based on the Company's profitability."

"Due to the uncertainty around economic matters impacting the mining market, it is very difficult to predict customer behavior over the next twelve months. Although we have seen a pick up in financing activity for mining related projects, senior customers are still very cautious about investing in future projects. We are in a unique position to react quickly when the industry begins to recover as the Company's financial strength has allowed it to invest in safety and to maintain its equipment in excellent condition. However, we have a growing concern that quality people are permanently leaving the industry, and during a recovery, shortages of qualified labour will once again become a critical issue."

Fourth quarter ended April 30, 2014

Total revenue for the quarter was $82.6 million, down 39% from the $135.5 million recorded in the same quarter last year. Due to the uncertainty around economic matters impacting the mining market, some customers delayed or cancelled 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.

Revenue for the quarter from Canada-U.S. drilling operations decreased by 25% to $46.5 million compared to the same period last year. All of the decrease came from Canada as our U.S. operation was able to maintain its activity at the same levels as the corresponding quarter last year.

South and Central American revenue was down 64% to $15.7 million for the quarter, compared to the prior year quarter. All of the countries in this region, particularly Mexico, Chile and Argentina, were affected by a reduction in work by juniors due to the cancellation or reduction of projects.

Australian, Asian and African operations reported revenue of $20.5 million, down 32% from the same period last year. Mongolia and Mozambique were the most affected in the region. In Mongolia, mining investment has significantly slowed down due to political uncertainty. In Mozambique, the cancellation of one large project had a significant impact on that operation. In Australia, revenue was down to $2 million during the quarter from $4 million last year.

The overall gross margin percentage for the quarter was 26.0% compared to 31.8% for the same period last year. Reduced pricing due to increased competitive pressures and delays impacted margins.

General and administrative costs were $12.7 million for the quarter compared to $15.3 million in the same period last year. With the decrease in activity, the Company has reduced its general and administrative costs across the operation.

The Company recorded a restructuring charge of $17.2 million consisting primarily of a non-cash write-down of assets of $9.7 million in Australia, $7.1 million of close-down costs in Australia relating to severance, lease termination and moving costs, and $0.4 million in additional restructuring charges as it continues to reduce costs across the organization.

Also, during the quarter, the Company recognized a goodwill impairment charge of $2.3 million related to its Mozambique operations, primarily due to reduced cash flow expections in the near term. The goodwill write-off is non-cash in nature and does not affect liquidity or cash flows from operating activities.

Non-GAAP Financial Measure

In this news release, the Company uses the non-GAAP financial measure, EBITDA excluding restructuring charges, goodwill and intangible impairment and gain on reversal of contingent consideration. 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 ***Friday, June 6, 2014 at 9:00 AM (EDT).*** *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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