NEWS RELEASE

# Major Drilling Announces Annual and Fourth Quarter Results for Fiscal 2016

**MONCTON, New Brunswick (June 7, 2016)** – Major Drilling Group International Inc. (TSX: MDI) (the "Company") today reported results for the year and fourth quarter ended April 30, 2016.

**Highlights**

| In millions of Canadian dollars (except loss per share) | Q4-16 | Q4-15 | Fiscal 2016 | Fiscal 2015 |
|---|---|---|---|---|
| Revenue | $64.1 | $81.2 | $304.6 | $305.7 |
| Gross profit | 12.1 | 20.7 | 70.0 | 65.9 |
| As percentage of revenue | 18.8% | 25.5% | 23.0% | 21.6% |
| EBITDA[(1)] | (0.4) | 6.8 | 20.3 | 13.4 |
| As percentage of revenue | (0.6%) | 8.4% | 6.7% | 4.4% |
| Net loss | (12.9) | (13.1) | (45.3) | (49.6) |
| Loss per share | ($0.16) | ($0.16) | ($0.57) | ($0.62) |

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

- Net cash position, net of debt, improved by $3.2 million during the quarter, to $38.0 million.
- Quarterly revenue was $64.1 million, down 21% from the $81.2 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 18.8%, compared to 25.5% for the corresponding period last year.
- Net loss was $12.9 million or $0.16 per share for the quarter, compared to a net loss of $13.1 million or $0.16 per share for the prior year quarter.
- For the fiscal year ended April 30, 2016, although revenue was flat year-over-year, EBITDA increased 52% as compared to last year.

"This was a very difficult quarter and as discussed in the third quarter release, the calendar year got off to a slow start. Most of our customers have reduced their exploration budgets for calendar 2016 based on low commodity prices that were prevailing at the end of calendar 2015. Although some commodity prices have improved over the last four months, most mining companies remain cautious in their spending," said Denis Larocque, President and CEO of Major Drilling Group International Inc.

"During the quarter, we had to adjust pricing to retain certain long-term contracts. As well, our repair costs were higher than usual as our efforts to prepare for a potential upturn continued. These initiatives affected our margins."

"We continue to focus on cash preservation and remain net debt free. Our net cash position improved by $3.2 million during the quarter, to $38.0 million. The Company spent $0.3 million on net capital expenditures this quarter," added Mr. Larocque.

"As we begin a new fiscal year, we are encouraged by the recent increase in mineral financings. There is typically a lag of six to nine months between the timing of these financings and the impact they can have on the drilling industry. Therefore, we will continue our efforts to get prepared in anticipation of a possible recovery in demand for our services in the second half of our fiscal year. In the meantime, we remain disciplined on pricing and focused on cost control. The Company's financial strength allows it to invest in safety, to maintain its equipment in good condition, and to retain many of its skilled employees, strategically positioning us to react quickly when the industry recovers."

"Based on the current level of activity, capital expenditures in fiscal 2017 are expected to be in line with fiscal 2016, although we could invest more should we see clear signs of a recovery."

"In the long-term, 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. Typically, gold and copper projects represent over 70% of the Company's activity. Mineral reserves of ten of the top senior gold mining companies have decreased by almost 15% over the last two years. As well, many industry experts expect that the copper market will face a deficit position by no later than 2018, due to the continued production and high grading of mines, combined with the lack of exploration work conducted to replace reserves. 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," said Mr. Larocque.

**Fourth quarter ended April 30, 2016**

Total revenue for the quarter was $64.1 million, down 21% from revenue of $81.2 million recorded in the same quarter last year. The favorable 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 20% to $39.9 million compared to the same period last year. The decrease relates to the Canadian coring and energy operations, which was offset slightly by an increase from the percussive division.

South and Central American revenue was down 29% to $15.0 million for the quarter, compared to the same quarter last year. Mexico, Chile and Colombia were affected by a reduction in work by juniors and the cancellation of certain projects.

Asian and African operations reported revenue of $9.2 million, down 11% from the same period last year, largely as a result of the Company's decision to close its operations in South Africa and

Namibia, as well as a general reduction in work and the cancellation of certain projects in other regions.

The overall gross margin percentage for the quarter was 18.8%, down from 25.5% for the same period last year. Reduced pricing due to increased competitive pressures and higher repair costs impacted margins in the current quarter.

General and administrative costs were relatively flat from the same quarter last year at $11.3 million. The Company continues to monitor its general and administrative costs in order to maintain a proper level in preparation for an eventual recovery.

Foreign exchange loss was $0.5 million compared to a loss of $1.2 million in the same quarter last year. This loss was due to exchange rate variations on monetary working capital items.

The Company recorded a restructuring charge of $0.4 million in the quarter, mainly relating to severance charges in various countries.

The income tax provision for the quarter was a recovery of $0.8 million compared to an expense of $5.1 million for the prior year period. The tax recovery for the quarter was impacted by non-tax affected losses and non-deductible expenses.

Net loss was $12.9 million or $0.16 per share ($0.16 per share diluted) for the quarter, compared to a net loss of $13.1 million or $0.16 per share ($0.16 per share diluted) for the prior year quarter.

**Non-GAAP Financial Measures**

In this news release, the Company uses the non-GAAP financial measure, EBITDA, excluding restructuring charges. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by GAAP and therefore they 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 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 17 to 21 of the 2015 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.

Major Drilling Group International Inc. is one of the world’s largest drilling services companies primarily serving the mining industry. To support its customers’ varied exploration drilling requirements, Major Drilling maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. Major Drilling provides all types 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 and a variety of drilling-related mine services.

Financial statements are attached.

**Webcast/Conference Call Information**

*Major Drilling will provide a simultaneous webcast and conference call to discuss its quarterly results on Wednesday, June 8, 2016 at 9:00 AM (EDT). 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 Fourth Quarter 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 June 22, 2016. To access the rebroadcast, dial 905-694-9451 and enter the passcode 8426283. 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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