

Major Drilling Sees Signs of Recovery in its Fourth Quarter Results

MONCTON, New Brunswick (June 5, 2017) – Major Drilling Group International Inc. (TSX: MDI) today reported results for the year and fourth quarter of fiscal year 2017, ended April 30, 2017.

Highlights

In millions of Canadian dollars (except loss per share)	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Revenue	\$ 81.5	\$ 64.1	\$ 300.6	\$ 304.6
Gross profit	19.6	12.1	60.2	70.0
As percentage of revenue	24.1%	18.8%	20.0%	23.0%
EBITDA ⁽¹⁾	5.5	(0.4)	10.6	20.3
As percentage of revenue	6.7%	(0.6%)	3.5%	6.7%
Net loss	(8.2)	(12.9)	(42.1)	(45.3)
Loss per share	(0.10)	(0.16)	(0.52)	(0.57)

(1) Earnings before interest, taxes, depreciation and amortization, excluding restructuring charge and contingent consideration true-up (see "non-GAAP financial measure")

- Quarterly revenue was \$81.5 million, up 27% from the \$64.1 million recorded for the same quarter last year.
- Gross margin percentage for the quarter improved to 24.1%, compared to 18.8% for the corresponding period last year.
- EBITDA increased to \$5.5 million for the quarter, compared to a loss of \$0.4 million for the same quarter last year.
- Net loss was \$8.2 million or \$0.10 per share for the quarter, compared to a net loss of \$12.9 million or \$0.16 per share for the prior year quarter.
- In order to remain a leader in the industry and meet customer demands, the Company is ramping up its investments in continuous improvements such as deep-hole rigs, underground mobile rigs and rod handling.

"As expected, we are off to a much better start to the calendar year with revenue up 27% compared to the same quarter last year. This increase in revenue came from improved rig utilization. Pricing remains competitive, although we have seen pricing improve in certain areas given the shortage of experienced drill crews," said Denis Larocque, President and CEO of Major Drilling Group International Inc. "What is also encouraging is that we are seeing increased demand in all of our operations, particularly in South and Central America, which had been the most affected by the prolonged downturn."

"During the quarter, we saw a gradual increase in activity month by month, with this trend continuing into our first quarter of fiscal 2018. Global exploration spending improved as most senior and intermediate companies have increased their exploration budgets for calendar 2017 and junior mining companies continue to be active following recent financings. We continue to see prices for drilling improving, although at the moment, these improvements are offset by an increase in labour, mobilization and repair costs, which is typical in a ramp-up environment. As utilization rates gradually improve, we should start to have considerable leverage to increase revenue and profits as we move forward."

"The Company's net cash position (net of debt) continues to be very healthy at \$18.1 million. The decrease this quarter was due to an increase in receivables from increased activity and increased inventory to offset the anticipated shortage of product supply. As well, we spent \$7.3 million on capital expenditures this quarter, adding 5 new rigs to our fleet while disposing of 4 older, inefficient and more costly rigs, bringing the fleet total to 646 rigs," added Mr. Larocque.

"Due to tremendous efforts from our dedicated employees, I am very pleased with where the Company is positioned. Coming out of one of the longest downturns in the industry with net cash on hand allows us to improve our fleet and meet our customers' demands in terms of rod handling, mobile equipment and deep-hole capacity, which has been key to our success as the leader in specialized drilling."

“As we begin a new fiscal year, we have a positive but cautious view. Most senior and intermediate companies have seen their mineral reserves deplete over the last few years and recognize the need to address supply shortages looming in most commodities. One of the challenges that is re-emerging in our sector is the shortage of experienced drill crews in the industry, a factor that will put some pressure on cost and productivity as we go forward. We continue to focus and invest in safety, which has produced continuous improvements over the last few years. We have enhanced our recruiting and training systems, allowing us to efficiently bring competent employees to the field while at the same time, in our quest for zero harm, reducing the number of injuries sustained by new recruits as compared to previous cycles. Our partnership with the Bathurst campus of the Collège Communautaire du Nouveau-Brunswick for their new driller training program will help with the initiatives we are deploying to recruit and train new employees, and is part of the efforts we are making to get prepared for a potential upturn in our industry.”

“The Company expects to spend \$25 million in capital expenditures in fiscal 2018 to meet customers’ demands, improve rig reliability, productivity and utilization, as well as invest in our continuous improvement initiatives. However, we will remain vigilant and flexible in order to react and adjust to unforeseen market conditions.”

“Finally, I would like to take this opportunity to thank Mr. Francis McGuire, who has stepped down from the Board of Directors to pursue a new position as the President of Atlantic Canada Opportunities Agency. Francis has made enormous contributions to our success over the years and we wish him well with his future endeavors.”

Fourth quarter ended April 30, 2017

Total revenue for the quarter was \$81.5 million, up 27.1% from revenue of \$64.1 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 \$0.3 million on revenue, with a negligible impact on net earnings.

Revenue for the quarter from Canada - U.S. drilling operations increased by 19.0% to \$47.5 million, compared to the same period last year. The increase came from all operations as the Company saw increased activity from both seniors and juniors over the same period last year.

South and Central American revenue increased by 52.0% to \$22.8 million for the quarter, compared to the same quarter last year. The increase was driven primarily by Mexico and the Guiana Shield, with other countries showing slight improvements.

Asian and African operations reported revenue of \$11.2 million, up 21.7% from the same period last year. Burkina Faso and the Philippines make up most of this increase, offset by a slight decrease in Indonesia as a result of ongoing political issues in the country.

The overall gross margin percentage for the quarter was 24.1%, up from 18.8% for the same period last year. Increased activity, along with some price adjustments and better production, resulted in the increased margins.

General and administrative costs were up 3.5% from the same quarter last year at \$11.7 million. General and administrative expenses have increased slightly in the quarter as the Company continues to prepare for increased activity in the industry.

Other expenses were \$2.6 million compared to \$0.6 million for the same quarter last year. This increase was impacted primarily by an increase in bad debt expense, severance paid in the quarter and a true-up of \$0.7 million on the contingent consideration due to better than expected results arising from the Taurus acquisition.

Foreign exchange loss was \$0.8 million compared to a loss of \$0.5 million in the same quarter last year. This loss was due to exchange rate variations on monetary working capital items.

The income tax provision for the quarter was an expense of \$0.2 million compared to a recovery of \$0.8 million for the prior year period. The tax expense for the quarter was impacted by non-tax affected losses and non-deductible expenses.

Net loss was \$8.2 million or \$0.10 per share (\$0.10 per share diluted) for the quarter, compared to a net loss of \$12.9 million or \$0.16 per share (\$0.16 per share diluted) for the prior year quarter.

Non-GAAP Financial Measure

In this news release, the Company uses the non-GAAP financial measure, EBITDA, excluding restructuring charge and contingent consideration true-up. 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 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 15 to 18 of the 2016 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. 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, surface drill and blast, and a variety of drilling-related mine services.

Webcast/Conference Call Information

Major Drilling will provide a simultaneous webcast and conference call to discuss its quarterly results on Tuesday, June 6, 2017 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 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, Tuesday, June 20, 2017. To access the rebroadcast, dial 905-694-9451 and enter the passcode 1932810. 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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