

Major Drilling Reports Record Earnings, Announces Dividend

MONCTON, New Brunswick (September 9, 2008) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its first quarter of fiscal year 2009 ended July 31, 2008.

Highlights

C\$ millions (except earnings per share)	<u>Q1-09</u>	<u>Q1-08</u>	<u>12 months to July 31, 2008</u>	<u>12 months to July 31, 2007</u>
Revenue	\$178.2	\$143.4	\$625.1	\$464.4
Gross profit	63.3	47.6	211.1	150.2
As percentage of sales	35.5%	33.2%	33.8%	32.3%
Net earnings from continuing operations	26.3	18.8	82.1	55.3
Earnings per share from continuing operations	1.11	0.80	3.47	2.38
Cash flow from continuing operations (*)	36.5	26.2	119.4	86.0

(*) before changes in working capital

- Major Drilling posted the highest quarterly revenue in its history with revenue of \$178.2 million, up 24.3 percent from the \$143.4 million recorded for the same quarter last year.
- Gross margin percentage for the quarter was 35.5 percent, up from 33.2 percent for the corresponding period last year.
- Earnings from continuing operations were up 40 percent to \$26.3 million or \$1.11 per share for the quarter, from the \$18.8 million or \$0.80 per share for the prior year quarter. This represents the highest quarterly earnings from continuing operations in the Company's history.
- Net earnings for the quarter were \$26.3 million or \$1.11 per share compared to \$18.9 million or \$0.81 per share for the prior year quarter.
- Cash flow from continuing operations before changes in working capital was \$36.5 million for the quarter, up 39.3 percent from the \$26.2 million for the same period last year.
- The Company institutes a semi-annual dividend of \$0.20 per share.
- Subsequent to quarter end, the Company announced the acquisition of Forage Benoit in Québec for \$21 million.

“The Company continues to show good progress in delivering strong top and bottom line performance”, said Francis McGuire, President and CEO of Major Drilling. “In this quarter, the Company once again achieved record revenue of \$178.2 million and record profits from continuing operations of \$26.3 million, with all regions contributing to this growth.”

“Overall margins showed very good improvement year-over-year despite continuing pressure on labour costs and African margins lagging behind other regions. Investment in training, crucial to our continuing growth, continued to weigh on margin growth. Availability of crews, especially in Canada, the U.S. and Australia remains our number one challenge,” said Mr. McGuire.

“The fundamental long-term drivers of our business remain unchanged. Worldwide supply for most metals is expected to tighten in the medium to long-term due to the lack of significant discoveries. Continued growth throughout Asia, Eastern Europe and Africa and the reconstruction efforts after the earthquakes in China, which is expected to cost \$147 billion, should continue to drive demand. It takes many years to bring new capacity into production and a great deal of drilling is required to do so.”

“In the short-term, we expect to see some changes in the pattern of drilling demand. Senior mining houses, which represent some 70 percent of our business, are in the process of expanding their drilling programs. We would also expect them to increase their investments in joint ventures with junior mining companies as we go forward. Over the last month, we have seen a small number of junior mining companies reduce their drilling programs due to lack of funding but these have been limited to date. Gold, copper and uranium customers are expected to continue to expand their drilling programs. These commodities combined with our energy drilling currently account for some 80 percent of our revenue. Zinc, and to a lesser extent nickel projects are expected to be less active, at least in the short-term, due to the current economic conditions relating to these metals. These changes in demand patterns may require some adjustments in our operations over the coming months but the fundamental demand outlook remains strong.”

“Despite some potential short-term volatility, the Company continues to invest in its capital expenditure program. This quarter, we spent \$19 million to ensure continued growth. Through these investments, we added 26 rigs during the quarter. We are maintaining our capital expenditure plans, which should increase our fleet by a net 60 drills”, said Mr. McGuire. “During the quarter, we retired 13 older, inefficient rigs that had very low utilization factors.”

“As announced on August 1st, 2008, we are very pleased to welcome Forage Benoit and its employees into the Major Drilling group. This acquisition provides us with additional assets, experienced drillers and existing contracts in Québec. Through this purchase, we acquired 19 drill rigs, the majority of which have deep hole capacity and are fitted with rod handlers, which fits with the Company’s strategic focus on specialized drilling. We anticipate that the Benoit operations will produce additional annual revenue of approximately \$26 million,” stated Mr. McGuire. “The Company continues to seek acquisitions of this nature, which either complement our specialized drilling strategy or expand our geographic footprint.”

“We are confident in the long-term outlook for specialized drilling, and confident in the Company’s ability to generate strong future cash flows. Cash flow from continuing operations before changes in working capital in the quarter continued to strengthen, increasing 39 percent to \$36.5 million compared to the \$26.2 million recorded in the prior year quarter,” noted Mr. McGuire. “We expect future cash flows to be sufficient to sustain our growth plans and therefore we believe that it is appropriate to institute a semi-annual dividend. The first dividend of \$0.20 per common share will be paid on October 31, 2008 to shareholders of record as of October 10, 2008 and is designated as an “eligible dividend” for Canadian tax purposes.”

First quarter ended July 31, 2008

Total revenue from continuing operations for the quarter was \$178.2 million, up \$34.8 million or 24.3 percent from the \$143.4 million recorded in the same quarter last year.

Revenue for the quarter from Canada-U.S. drilling operations increased by 12.8 percent to \$55.6 million compared to \$49.3 million for the same period last year. Additional equipment and improved pricing contributed to this growth.

South and Central American revenue was at \$55.3 million for the quarter, up 30.1 percent from the \$42.5 million posted for the prior year quarter. This strong quarterly growth was driven primarily by strong demand in Mexico and Chile (including the Harris acquisition) partially offset by revenue reduction in Venezuela and Ecuador, which were impacted by political decisions.

Australian, Asian and African operations reported revenue of \$67.3 million, up some 30.4 percent from the \$51.6 million reported in the same period last year. Australia, Mongolia and Africa accounted for most of the growth for this region.

The overall gross margin percentage for the quarter was 35.5 percent, up from 33.2 percent for the same period last year. Gross margin percentages improved year-over-year in all regions due to generally improved pricing, better equipment and improved overall productivity. In Africa, margins were still impacted by operational issues but improved from the fourth quarter of 2008. The Company has made several management and operational changes in the region and expects results to improve in the coming quarters.

General and administrative costs were \$13.4 million for the quarter, compared to \$10.0 million in the same period last year. The increase is primarily due to increased staffing levels and infrastructure costs to accommodate growth. The Company also added significant resources in safety and training, particularly in the second half of last year. In addition, the Company has started a new research and development program with the goal of finding new ways to enhance productivity and safety.

Other expenses for the quarter increased to \$3.8 million, up from \$3.5 million in the prior year quarter, due primarily to higher incentive compensation expenses given the Company’s improved profitability in the current year, and write-off of disposed assets.

Foreign exchange loss in the quarter was \$0.2 million compared to \$1.0 million in the prior year quarter.

Short-term interest revenue was \$0.1 million for the quarter compared to \$0.3 million for the same quarter last year, while interest expense on long-term debt was \$0.6 million compared to \$0.7 million for the same quarter last year.

Amortization expense was \$7.6 million for the quarter compared to \$6.1 million for the same quarter last year, as a result of the increased direct investment in equipment.

The provision for income tax was \$11.5 million in the quarter compared to \$7.9 million for the prior year quarter, reflecting the increased profitability of the operations.

Net earnings from continuing operations for the quarter were \$26.3 million or \$1.11 per share (\$1.10 per share on a diluted basis) compared to \$18.8 million or \$0.80 per share (\$0.79 per share on a diluted basis) in the prior year period.

Resulting net earnings were \$26.3 million or \$1.11 per share (\$1.10 per share on a diluted basis) compared to \$18.9 million or \$0.81 per share (\$0.80 per share on a diluted basis) for the same period last year.

On a rolling 12-month basis to July 31, 2008, revenue from continuing operations increased by 34.6 percent to \$625.1 million compared to \$464.4 million for the prior year period. Earnings from continuing operations, on the same rolling 12-month basis, increased by 48.5 percent to \$82.1 million from \$55.3 million for the corresponding period last year.

The Annual General Meeting of the shareholders of Major Drilling Group International Inc. will be held at The TSX Broadcast Centre, TSX Gallery, The Exchange Tower, 130 King St. W., Toronto, Ontario, today, September 9, 2008 at 10:00 am EDT.

Some of the statements contained in this press release may be forward-looking statements, such as estimates and statements that describe or are with respect to the future price of minerals and metals, the Company's future plans, 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 starting on pages 21 to 24 of the 2008 Annual Report entitled "General Risks and Uncertainties", as filed with the Canadian Securities Commission (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' mining operations and mineral exploration activities, Major Drilling maintains operations in Canada, the United States, South and Central America, Australia, Indonesia, Mongolia, Armenia, and Africa.

Financial statements are attached.

*Major Drilling will provide a simultaneous webcast of its quarterly conference call on **Tuesday, September 9, 2008 at 8:30 AM (EDT)**. To access the webcast please go to the Major Drilling 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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