

## Major Drilling Reports New Records, with Revenue up 52% and Earnings from Continuing Operations up 86%

MONCTON, New Brunswick (September 11, 2007) – Major Drilling Group International Inc. (TSX: MDI) today reported results for its first quarter of fiscal year 2008 ended July 31, 2007.

### Highlights

\$ millions (except earnings per share)	<u>Q1-08</u>	<u>Q1-07</u>	<u>12 months to July 31, 2007</u>	<u>12 months to July 31, 2006</u>
Revenue	143.4	94.5	464.4	327.6
Gross profit	47.6	30.5	150.2	95.6
As percentage of sales	33.2%	32.3%	32.3%	29.2%
Net earnings from continuing operations	18.8	10.1	55.3	27.6
Earnings per share from continuing operations	0.80	0.44	2.38	1.20
Cash flow from continuing operations (*)	26.2	15.8	85.5	50.5

(\*) before changes in working capital

- Major Drilling posted the highest quarterly revenue in its history with revenue of \$143.4 million, up 51.7 percent from the \$94.5 million recorded for the same quarter last year, and 11.2 percent above the previous record high of \$129.0 million recorded in the fourth quarter of fiscal 2007.
- Gross margin percentage for the quarter was 33.2 percent, up from 32.3 percent for the corresponding period last year.
- Earnings from continuing operations were \$18.8 million or \$0.80 per share for the quarter, up 86.1 percent from the \$10.1 million or \$0.44 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, after gains from discontinued operations, were \$18.9 million or \$0.81 per share. This compares to \$22.9 million or \$0.99 per share for the prior year quarter, which included a gain from the sale of the manufacturing division.
- Cash flow from continuing operations before changes in working capital was \$26.2 million for the quarter compared to \$15.8 million for the same period last year.

- Subsequent to quarter end, the Company announced the acquisition of Harris Drilling in Chile for US\$22.7 million.

“We continue to show good progress in delivering strong top and bottom line performance,” said Francis McGuire, President and CEO of Major Drilling. “Overall revenue for the quarter was up more than 51 percent over the same quarter last year with all of the Company’s divisions participating in this growth. Revenue in Australia, Asia and Africa was up over 58 percent, with more than 40 percent of the region’s increase coming from the recently acquired southern African divisions. South and Central American revenue was up 56 percent, all of it coming from internal growth. Finally, Canada-U.S. revenue grew by 43 percent,” noted Mr. McGuire. “Revenue growth was somewhat impacted by the strengthening of the Canadian dollar against both U.S. and Australian currencies. The estimated unfavourable foreign exchange translation impact on revenue compared to the prior year quarter was \$2.0 million, although the estimated unfavourable translation impact on net earnings was less than \$0.5 million.”

“Overall margins showed improvement year-over-year despite continuing pressure on labour costs and African margins still lagging behind other regions. Investment in training, which is crucial to our continuing growth, continues to affect overall margin growth as we incur both additional costs and lower productivity. In southern Africa, we expect margins to gradually improve as we increase our double shifting and improve our infrastructure,” said Mr. McGuire. “South America had the usual first quarter dip in margins as compared to the fourth quarter as we moved through the winter season, during which the frequency of mobilizations and demobilizations increases.”

“Cash flow from continuing operations before changes in working capital in the quarter continued to strengthen, increasing 65.8 percent to \$26.2 million compared to the \$15.8 million recorded in the prior year quarter,” noted Mr. McGuire. “The Company continued to invest heavily in its capital expenditure program, spending \$15.0 million during the quarter to ensure continued growth. Our inventory levels were also increased in order to guard against supply interruptions.”

“Despite recent volatility in commodity prices, the fundamental drivers of our business remain relatively unchanged. Gold continues to account for about half of the exploration activity and the Company’s revenue. The supply of metals is expected to remain relatively tight for the foreseeable future as mineral companies continue to search for significant discoveries. Gold prices have remained relatively stable. Metal prices such as copper, zinc, uranium and nickel are still well above the economical thresholds required for exploration due to the tightness of supply,” noted Mr. McGuire.

“The Company continues to look for its growth to come from additional investments in people and equipment, strong market conditions and from Africa. During the first quarter, we took delivery of 15 new rigs and we expect to get 19 more in the second quarter as we continue to see an overall increase in demand for the Company’s services, creating a favorable pricing environment. In Africa, utilization continues to grow as we are having success in recruiting drillers and in double shifting our rigs,” noted Mr. McGuire.

“Finally, we will have additional growth from the Harris acquisition. As announced on September 6, 2007, we are very pleased to welcome Harris Drilling and its employees into the Major Drilling group. Harris has been operating in Chile since 1981 and has an excellent reputation with its clients. This acquisition provides us with additional assets, experienced drillers and existing contracts in Chile. We anticipate the Harris operation will produce additional revenue of approximately US\$11 million for the remaining eight months of our fiscal year, ending April 30, 2008,” stated Mr. McGuire.

### **First quarter ended July 31, 2007**

Total revenue from continuing operations for the quarter was \$143.4 million, up \$48.9 million or 51.7 percent from the \$94.5 million recorded in the same quarter last year.

Revenue for the quarter from Canada-U.S. drilling operations increased by 42.9 percent to \$49.3 million compared to \$34.5 million for the same period last year. Additional equipment and improved pricing contributed to this growth.

South and Central American revenue was at \$42.5 million for the quarter, up 55.7 percent from the \$27.3 million posted for the prior year quarter. Revenue growth was driven primarily by Mexico, Venezuela and Chile, which combined for almost 90 percent of the region’s growth over the prior year quarter as demand continues to be strong.

Australian, Asian and African operations reported revenue of \$51.6 million, up some 58 percent from the \$32.6 million reported in the same period last year. The recently acquired southern African operations contributed 41.2 percent of the region’s growth. Australia, Indonesia and Tanzania showed good revenue growth in the quarter compared to the same period last year. Mongolian revenue was down slightly as the mining industry in that country continues to struggle with uncertainty relating to government mining policies, which delayed many project startups. Also during the quarter, the Company started operations in Armenia and expects to have up to six rigs in operation by the fourth quarter of this year.

The overall gross margin percentage for the quarter improved to 33.2 percent compared to 32.3 percent for the same period last year. Good margin improvements in South and Central America, U.S. and Australia, were muted somewhat by labour productivity issues in Canada, by lower margins in the new African operation and by reduced margins in Mongolia as uncertainty in government mining policies delayed many project startups.

General and administrative costs were \$10.0 million for the quarter, compared to \$7.2 million in the same period last year. The increase is primarily due to the African acquisition and increased administrative salary expenses and staffing levels.

Other expenses for the quarter increased to \$3.5 million, up from \$2.8 million in the prior year quarter, due primarily to higher incentive compensation expenses given the Company’s improved profitability in the current year.

Foreign exchange loss in the quarter was \$1.0 million compared to \$0.3 million in the prior year quarter as a result of unfavourable variation in the U.S. dollar against the Canadian dollar.

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

Amortization expense was \$6.1 million for the quarter compared to \$4.4 million for the same quarter last year, as a result of the increased direct investment in equipment.

The provision for income tax was \$7.9 million in the quarter compared to \$4.8 million for the prior year quarter, reflecting the increased profitability of the operations.

Net earnings from continuing operations for the quarter were \$18.8 million or \$0.80 per share (\$0.79 per share on a diluted basis) compared to \$10.1 million or \$0.44 per share (\$0.43 per share on a diluted basis) in the prior year period.

Gain from discontinued operations was \$0.1 million or \$0.01 per share for the quarter compared to \$12.8 million or \$0.55 per share for the same period last year. Discontinued operations include last year's sale of the manufacturing division and the termination of operations in China. Gain from discontinued operations in the first quarter of 2007 largely reflects the gain of \$15.6 million (after income taxes) from the sale of the manufacturing division, partially offset by a loss in the Chinese operations after close-down provisions.

Resulting net earnings were \$18.9 million or \$0.81 per share (\$0.80 per share on a diluted basis) compared to \$22.9 million or \$0.99 per share (\$0.97 per share on a diluted basis) for the same period last year.

On a rolling 12-month basis to July 31, 2007, revenue from continuing operations increased by 41.8 percent to \$464.4 million compared to \$327.6 million for the prior year period. Net earnings from continuing operations, on the same rolling 12-month basis, more than doubled to \$55.3 million from \$27.6 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 Ontario Club, Austin Gallery, 1 King Street West – 12th Floor, Toronto, Ontario today, September 11, 2007 at 11:00 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 19 to 22 of the 2007 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 11, 2007 at 9:00 AM (EDT)**. To access the webcast please go to the Major Drilling website at [www.majordrilling.com](http://www.majordrilling.com) and click the attached link, or go directly to the CNW Group website at [www.newswire.ca](http://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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