MAJOR Drilling

NEWS RELEASE

Major Drilling Announces Third Quarter Results, Strong Cash Generation Continues

MONCTON, New Brunswick (February 29, 2024) – Major Drilling Group International Inc. ("Major Drilling" or the "Company") (TSX: MDI), a leading provider of specialized drilling services to the mining sector, today reported results for the third quarter of fiscal 2024, ended January 31, 2024.

Quarterly Highlights

- Revenue of $132.8 million, down 11% from the $149.2 million recorded for the same quarter last year.
- Foreign exchange loss of $2.9 million in Argentina due to significant devaluation of the Argentine Peso in December.
- Net loss of $2.3 million (or $0.03 per share), compared to net earnings of $6.3 million (or $0.08 per share) for the same period last year.
- Repurchased 317,400 shares at a cost of $2.7 million.
- Net cash(1) position increased $12.2 million during the quarter to $96.4 million.
- Collaborative investments in cutting-edge technology with key customers for optimized drilling operations.

"The Company continued its cash generation through this third quarter, which is traditionally the weakest of our fiscal year, as mining and exploration companies pause operations for the holiday season. We continue to see increased demand from copper and battery metal customers, up 8% over last year, however, we saw several projects slow down earlier than last year, as noted in our previous quarter release," said Denis Larocque, President and CEO of Major Drilling.

"Globally, senior mining companies are well funded and are maintaining, and in some regions expanding drilling programs, even though calendar 2023 saw a slowdown in precious metal exploration, driven primarily by the reduction of funding for juniors and intermediates. Regionally, we have seen growth in several of our markets in South America, while in Canada-U.S., the reduction of junior activity has created a more competitive environment, but we remain disciplined on pricing," added Mr. Larocque.

"The Company generated $11.4 million in EBITDA with results impacted by the typical third quarter seasonality, along with a $2.9 million foreign exchange loss in Argentina in relation to the significant devaluation of the Argentine Peso in December following economic reforms implemented by the new Argentinian government," said Ian Ross, CFO of Major Drilling. "The Company's balance sheet provides a competitive advantage with $96.4 million in net cash, and we remain committed to our strategy of positioning the Company for elevated drilling activity levels as mining companies address depleting reserves. In line with this strategy, we spent $21.4 million on capital expenditures during the quarter, including 6 new drills, while disposing of 3 older, less efficient drills, bringing the total fleet count to 605. As well, we spent $2.7 million in the quarter acquiring and cancelling 317,400 shares at a weighted average price of $8.45 per share."

"Amidst robust cash generation, we maintain the industry's largest, and one of the most modern fleets, with continued investment in strategic innovation. Over the last two years, in partnership with some of our key customers, we've developed cutting-edge technologies, including digitizing our rigs to capture drilling data, and the introduction of analytics to optimize drilling operations. Moreover, we started partnering with some of these customers to leverage this drilling data for the development of their models," said Mr. Larocque. "Additionally, we made great progress in our enhanced hands-free rod handling capacity, a critical safety feature valued by many of our important clients and a growing trend in the industry."

“As we enter our fourth quarter, we anticipate reaching last year's activity levels by April, after a slow start to the quarter due to delayed mobilizations. We are encouraged to see elevated activity levels returning in the coming months, driven by demand from copper and battery metals, while we wait for a rebound in activity and financing in the gold sector. Despite economic volatility, worldwide consumption of minerals and mine production continue at high levels, while reserves remain stagnant due to a lack of exploration. As the world transitions to a green economy, the potential supply and demand imbalance of various metals creates a positive long-term outlook for our industry, and the Company remains well positioned to capitalize on this potential,” concluded Mr. Larocque.

In millions of Canadian dollars (except earnings per share)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenue	$ 132.8	$ 149.2	$ 538.7	$ 550.8
Gross margin	14.2%	17.7%	22.3%	23.7%
Adjusted gross margin (1)	23.4%	25.3%	28.8%	29.7%
EBITDA (1)	11.4	20.5	95.2	107.0
As percentage of revenue	8.5%	13.7%	17.7%	19.4%
Net earnings (loss)	(2.3)	6.3	43.2	54.1
Earnings (loss) per share	(0.03)	0.08	0.52	0.65

(1) See “Non-IFRS Financial Measures”

Third Quarter Ended January 31, 2023

Total revenue for the quarter was $132.8 million, down 11.0% from revenue of $149.2 million recorded in the same quarter last year. The foreign exchange translation impact on revenue and net earnings for the quarter, when comparing to the effective rates for the same period last year, was nil as rates were stable year-over-year.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 21.7% to $62.3 million, compared to the same period last year. The decrease was mainly due to a seasonal shutdown of certain drill programs earlier than in previous years due to budgets being spent quicker as a result of inflationary pressures, and a lack of junior and intermediate financing, which has driven a more competitive environment.

South and Central American revenue increased by 4.6% to $34.0 million for the quarter, compared to the same quarter last year. The growth in the region was supported by busy markets in Chile and Brazil, but was slightly muted by slowdowns in Argentina due to the elections, and Mexico as a result of overall investment sentiment.

Australasian and African revenue decreased by 1.3% to $36.6 million, compared to the same period last year. The slight decrease in the region from the prior year was mainly driven by a few projects shutting down earlier for the holiday season compared to previous years.

Gross margin percentage for the quarter was 14.2%, compared to 17.7% for the same period last year. Depreciation expense totaling $12.3 million is included in direct costs for the current quarter, versus $11.3 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 23.4% for the quarter, compared to 25.3% for the same period last year. The decrease in margins from the prior year was mainly attributable to reduced activity levels. The Company also uses the seasonal slowdown to conduct annual preventative maintenance while the drills are idle for the holiday season.

General and administrative costs were $17.1 million, an increase of $0.7 million compared to the same quarter last year. The increase from the prior year was driven by annual inflationary wage adjustments and increased travel costs.

Foreign exchange loss was $2.3 million, compared to a loss of $0.3 million for the same quarter last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to various other currencies. Despite the Company's best efforts to minimize exposure, during the quarter, the loss from Argentina was $2.9 million as they experienced a significant devaluation of the Peso in December as part of economic reforms implemented by the new Argentinian government. This loss was offset by smaller gains in other countries.

The income tax provision for the quarter was an expense of $0.9 million, compared to an expense of $2.5 million for the prior year period. The decrease from the prior year was driven by reduced profitability.

Net loss was $2.3 million or $0.03 per share ($0.03 per share diluted) for the quarter, compared to net earnings of $6.3 million or $0.08 per share ($0.08 per share diluted) for the prior year quarter.

Non-IFRS Financial Measures

The Company's financial data has been prepared in accordance with IFRS, with the exception of certain financial measures detailed below. The measures below have been used consistently by the Company's management team in assessing operational performance on both segmented and consolidated levels, and in assessing the Company's financial strength. The Company believes these non-IFRS financial measures are key, for both management and investors, in evaluating performance at a consolidated level and are commonly reported and widely used by investors and lending institutions as indicators of a company's operating performance and ability to incur and service debt, and as a valuation metric. These measures do not have a standardized meaning prescribed by IFRS 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 IFRS.

Adjusted gross profit/margin - excludes depreciation expense:

(in $000s CAD)	**Q3 2024**	Q3 2023	**YTD 2024**	YTD 2023
Total revenue	**$ 132,824**	$ 149,225	**$ 538,659**	$ 550,776
Less: direct costs	**113,938**	122,787	**418,403**	420,161
Gross profit	**18,886**	26,438	**120,256**	130,615
Add: depreciation	**12,251**	11,300	**35,042**	32,891
Adjusted gross profit	**31,137**	37,738	**155,298**	163,506
Adjusted gross margin	**23.4%**	25.3%	**28.8%**	29.7%

EBITDA - earnings before interest, taxes, depreciation, and amortization:

(in $000s CAD)	**Q3 2024**	Q3 2023	**YTD 2024**	YTD 2023
Net earnings (loss)	**$ (2,312)**	$ 6,273	**$ 43,155**	$ 54,132
Finance (revenues) costs	**(359)**	(620)	**(1,316)**	(164)
Income tax provision	**924**	2,507	**15,534**	17,333
Depreciation and amortization	**13,097**	12,330	**37,866**	35,700
EBITDA	**$ 11,350**	$ 20,490	**$ 95,239**	$ 107,001

Net cash (debt) – cash net of debt, excluding lease liabilities reported under IFRS 16 Leases:

(in $000s CAD)	**January 31, 2024**	April 30, 2023
Cash	**$ 104,866**	$ 94,432
Contingent consideration	**(8,505)**	(15,113)
Long-term debt	**-**	(19,972)
Net cash (debt)	**$ 96,361**	$ 59,347

Forward-Looking Statements

This news release includes certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this news release that address future events, developments, or performance that the Company expects to occur (including management's expectations regarding the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses) are forward-looking statements. Forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. All forward-looking information in this news release is qualified by this cautionary note.

Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management related to the factors set forth herein. While these factors and assumptions are considered reasonable by the Company as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information.

Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: the level of activity in the mining industry and the demand for the Company's services; competitive pressures; global and local political and economic environments and conditions; exposure to currency movements (which can affect the Company's revenue in Canadian dollars); currency restrictions; the level of funding for the Company's clients (particularly for junior mining companies); changes in jurisdictions in which the Company operates (including changes in regulation); efficient management of the Company's growth; the integration of business acquisitions and the realization of the intended benefits of such acquisitions; safety of the Company's workforce; risks and uncertainties relating to climate change and natural disaster; the Company's dependence on key customers; the geographic distribution of the Company's operations; the impact of operational changes; failure by counterparties to fulfill contractual obligations; disease outbreak; as well as other risk factors described under "General Risks and Uncertainties" in the Company's MD&A for the year ended April 30, 2023, available on the SEDAR+ website at www.sedarplus.ca. Should one or more risk, uncertainty, contingency, or other factor materialize or should any factor or assumption prove incorrect, actual results could vary materially from those expressed or implied in the forward-looking information.

Forward-looking statements made in this document are made as of the date of this document and the Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events, or for any other reasons, except as required by 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. Established in 1980, Major Drilling has over 1,000 years of combined experience and expertise within its management team. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa, and Australia. Major Drilling provides a complete suite 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 mine services.

Webcast/Conference Call Information

Major Drilling Group International Inc. will provide a simultaneous webcast and conference call to discuss its quarterly results on Friday, March 1, 2024 at 8:00 AM (EST). To access the webcast, which includes a slide presentation, please go to the investors/webcasts 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 416-340-2217**,** participant passcode 4513723# and ask for Major Drilling's Third 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 Monday, April 1, 2024. To access the rebroadcast, dial 905-694-9451 and enter the passcode 6191673#. 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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