



Major Drilling Announces Fourth Quarter and Fiscal Year 2024 Results

MONCTON, New Brunswick (June 11, 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 fourth quarter and fiscal year 2024, ended April 30, 2024.

Fiscal 2024 Highlights

- Recorded revenue of \$706.7 million, the third highest in the Company's 44-year history.
- Net earnings of \$53.1 million (or \$0.64 per share), compared to net earnings of \$74.9 million (or \$0.90 per share) for the prior year.
- Repurchased 1,337,968 shares at a cost of \$11.2 million.
- Net cash⁽¹⁾ position increased \$28.1 million during the year to \$87.4 million.
- Achieved new milestone with a Total Recordable Incident Rate (“TRIR”) of 1.14 for fiscal 2024, a new record in the Company's history.
- Investment of \$74 million in capex positions the Company to meet its customers' growing demands.

Q4 2024 Summary

- Revenue of \$168.0 million, down 9% from the \$185.0 million recorded for the same quarter last year.
- Net earnings of \$9.9 million (or \$0.12 per share), compared to net earnings of \$20.8 million (or \$0.25 per share) for the same period last year.
- Canada-U.S. results impacted by longer holiday breaks and subsequent delays to re-mobilizations.
- Continuing to develop exclusive technologies with key customers.

In millions of Canadian dollars (except earnings per share)	Q4 2024	Q4 2023	YTD 2024	YTD 2023
Revenue	\$ 168.0	\$ 185.0	\$ 706.7	\$ 735.7
Gross margin	19.3%	25.0%	21.6%	24.0%
Adjusted gross margin ⁽¹⁾	26.9%	30.8%	28.4%	30.0%
EBITDA ⁽¹⁾	25.3	37.2	120.5	144.2
As percentage of revenue	15.0%	20.1%	17.1%	19.6%
Net earnings	9.9	20.8	53.1	74.9
Earnings per share	0.12	0.25	0.64	0.90

⁽¹⁾ See “Non-IFRS Financial Measures”

“Fiscal 2024 was a successful year for us, ranking as the third highest revenue in our history, despite facing declining commodity prices and challenging financing conditions for junior and intermediate mining companies throughout calendar 2023,” said Denis Larocque, President and CEO of Major Drilling. “We continued to invest in our equipment, innovation, and field crews, anticipating that future demand will require significantly more drilling activity to address the supply shortfall issues currently driving commodity prices. Mineral exploration efforts are now at less than 60% of those seen at the peak in 2012, even as gold and copper prices have recently hit record highs due to supply not keeping pace with demand.”

“As expected, the fourth quarter saw a slow start in North America due to delayed mobilizations and reduced junior and intermediate funding. This was partly offset by increased activity from areas more exposed to copper like Chile, Mongolia and Brazil, which we expect to continue to grow.”

“Despite a challenging start, the Company generated \$25.3 million in EBITDA in the fourth quarter of 2024. We experienced our typical fourth quarter ramp-up in working capital associated with increasing levels of activity throughout the quarter and finished the year in a strong financial position with \$87.4 million in net cash,” said Ian Ross, CFO of Major Drilling. “As part of the ongoing effort to maintain our industry leading fleet and support gear, while positioning the Company for heightened activity levels, we spent \$18.5 million on capex during the quarter. This included the purchase of 7 new drill rigs, while we disposed of 6 older, less efficient rigs, bringing the total rig count to 606. Our annual capex spend of \$74 million in fiscal 2024 allowed us to meet the rigorous standards of our growing senior mining customer base as we prioritized the latest technologies and innovative solutions, including hands-free rod handling,” concluded Mr. Ross.

“Throughout fiscal 2024, I have been proud of our investments and advancements in strategic innovation and the partnerships we have built with our key customers. We have developed cutting-edge technologies, such as digitizing our rigs to capture drilling data and introducing analytics to optimize drilling operations, and more recently, we are working to leverage our drilling data to help in the development of customer models. We anticipate exciting progress in this area as we continue to strategically exploit solutions to further integrate our skills, data, and processes into the services we provide our customers,” said Mr. Larocque.

“As we move into our first quarter of fiscal 2025, drilling activity is returning to last year's levels, while looking ahead to fiscal 2025 and beyond, the outlook for Major Drilling remains positive amidst current market dynamics. As a reminder, copper and gold typically account for 65 to 75% of our activity. Demand for copper is projected to rise rapidly as substantial infrastructure investments are required for the green transition, and the anticipated artificial intelligence revolution. Industry experts predict this will result in significant supply deficits in the coming years, creating an urgent need to replenish reserves. Over the past three months, copper prices have surged by 35%, recently hitting record highs of \$5.00 per pound due to concerns over supply shortages.”

“The decline in gold reserves among most senior mining companies highlights the urgent need for increased exploration to discover new gold deposits. Mineral reserves are down 35% from 2012 and supply is limited. Coupled with heightened demand from various sectors such as investment, technology, and jewelry, this has exerted upward pressure on gold prices as investors seek safe-haven assets amid economic uncertainties and geopolitical tensions. Consequently, we are seeing senior gold customers increasingly prioritize value-adding grassroots exploration and development in order to replenish their reserves to meet future demand.”

“We also expect the demand for other battery metals such as nickel, zinc, lithium, and even silver, which comprise the majority of the remaining activity in our industry, to continue to grow as the prominence of electric vehicles, solar panels, and the general electrification of the global infrastructure grows.”

“Despite the pressing need to replenish mineral reserves for both gold and battery metals, the industry is still in the early stages of the exploration cycle. According to S&P Global Market Intelligence, global non-ferrous exploration budgets were at \$12.8 billion in 2023, which is only 60% of the \$21.5 billion spent at the peak of the last cycle in 2012. The mining industry remains in the discovery phase and will need to undergo an intensive, multi-year infill drilling period to develop new mines and address the projected supply gaps in various commodities. Many of these new mineral deposits will be in challenging, hard-to-reach areas, necessitating complex drilling solutions and increasing the demand for Major Drilling’s specialized services.”

“Our position as the leader in specialized drilling continues to be a factor in attracting business from senior companies, and we are proud to maintain the industry's largest, most modern fleet. To strengthen our leadership position in the industry, the Company expects to spend approximately \$65 million in capital expenditures in fiscal 2025, including more investments to equip our rigs with the latest technology,” concluded Mr. Larocque.

Fourth Quarter Ended April 30, 2024

Total revenue for the quarter was \$168.0 million, down 9.2% from revenue of \$185.0 million recorded in the same quarter last year. The unfavourable foreign exchange translation impact on revenue for the quarter, when comparing to the effective rates for the same period last year, was approximately \$2 million, with minimal impact on net earnings as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the quarter from Canada - U.S. drilling operations decreased by 25.4% to \$74.5 million, compared to the same period last year, as a lack of junior and intermediate funding and program delays continue to negatively impact this region.

South and Central American revenue increased by 9.3% to \$49.3 million for the quarter, compared to the same quarter last year, as increased copper activity continues to drive the growth in this region.

Australasian and African revenue increased by 10.2% to \$44.2 million, compared to the same period last year, as this region has also been positively impacted by the increased activity levels for copper.

Gross margin percentage for the quarter was 19.3%, compared to 25.0% for the same period last year. Depreciation expense, totaling \$12.8 million, is included in direct costs for the current quarter, versus \$10.8 million in the same quarter last year. Adjusted gross margin, which excludes depreciation expense, was 26.9% for the quarter, compared to 30.8% for the same period last year. Program delays in North America were the main driver of reduced margins in the quarter as the Company strategically retained extra drilling labour to prepare for heightened activity levels in the coming months.

General and administrative costs were \$17.6 million, an increase of \$1.3 million compared to the same quarter last year. Increased inflationary wage adjustments make up the majority of the increase compared to the prior year.

Other expenses were \$3.0 million, down from \$4.0 million in the prior year quarter, due to a decrease in the annual allowance for doubtful accounts as well as lower incentive compensation expenses given the decreased profitability as compared to the prior year quarter.

The income tax provision for the quarter was an expense of \$2.4 million, compared to an expense of \$5.3 million for the prior year period. The decrease in the income tax provision was related to an overall reduction in profitability.

Net earnings were \$9.9 million or \$0.12 per share (\$0.12 per share diluted) for the quarter, compared to net earnings of \$20.8 million or \$0.25 per share (\$0.25 per share diluted) for the prior year quarter.

Fiscal Year Ended April 30, 2024

Total revenue for the year was \$706.7 million, down 4% from revenue of \$735.7 million recorded in the previous year. The favourable foreign exchange translation impact, when comparing to the effective rates for the previous year, was approximately \$6 million on revenue, while net earnings were less impacted at approximately \$1 million, as expenditures in foreign jurisdictions tend to be in the same currency as revenue.

Revenue for the year from Canada – U.S. decreased by 15% to \$344.9 million, compared to the previous year. This region continues to be negatively impacted by financing constraints for the junior and intermediate miners, causing a decrease in activity from the prior year.

South and Central American revenue increased by 12% to \$187.4 million for the year, compared to the previous year. This increase was driven by busy markets in Chile as the demand for battery metals is having a positive impact, and the Guiana Shield region, which is benefiting from historically high gold prices throughout the fiscal year. The growth in these regions more than offset reduced activity levels in Mexico and Argentina due to a subdued investment sentiment for mining.

Australasian and African revenue increased by 6% to \$174.4 million, compared to the previous year. Strong demand for the Company's specialized services in Australia and energy work in Mongolia were responsible for the year-over-year growth.

Gross margin percentage for the year was 21.6%, compared to 24.0% for the previous year. Depreciation expense totaling \$47.8 million is included in direct costs for the current year, versus \$43.7 million in the prior year. Adjusted gross margin, which excludes depreciation expense, was 28.4% for the year, compared to 30.0% for the prior year. The decrease in margins from the prior year was mainly attributable to reduced activity levels and a competitive environment in our North American markets.

General and administrative costs were \$68.9 million, an increase of \$3.9 million, compared to the previous year. The majority of this increase was due to inflationary wage adjustments.

Other expenses were \$10.3 million, down from \$13.4 million in the prior year, due primarily to lower incentive compensation expenses throughout the Company, given the decreased profitability.

Foreign exchange loss was \$5.5 million, compared to \$2.8 million for last year. While the Company's reporting currency is the Canadian dollar, various jurisdictions have net monetary assets or liabilities exposed to other currencies. Despite the

Company's best efforts to minimize exposure, the loss from Argentina was \$4.1 million as they experienced a significant devaluation of the Peso as part of economic reforms implemented by the new Argentinian government.

The income tax provision for the year was an expense of \$17.9 million, compared to an expense of \$22.7 million for the prior year. The decrease was driven by an overall decrease in profitability compared to the prior year.

Net earnings were \$53.1 million or \$0.64 per share (\$0.64 per share diluted) for the year, compared to \$74.9 million or \$0.90 per share (\$0.90 per share diluted) for the prior year.

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)	<u>Q4 2024</u>	<u>Q4 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Total revenue	\$168,035	\$184,966	\$706,694	\$735,742
Less: direct costs	135,567	138,680	553,970	558,841
Gross profit	32,468	46,286	152,724	176,901
Add: depreciation	12,772	10,760	47,814	43,651
Adjusted gross profit	45,240	57,046	200,538	220,552
Adjusted gross margin	26.9%	30.8%	28.4%	30.0%

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

(in \$000s CAD)	<u>Q4 2024</u>	<u>Q4 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Net earnings	\$9,930	\$20,790	\$53,085	\$74,922
Finance (revenues) costs	(888)	(668)	(2,204)	(832)
Income tax provision	2,394	5,317	17,928	22,650
Depreciation and amortization	13,852	11,778	51,718	47,478
EBITDA	\$25,288	\$37,217	\$120,527	\$144,218

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

(in \$000s CAD)	<u>April 30, 2024</u>	<u>April 30, 2023</u>
Cash and cash equivalents	\$ 96,218	\$ 94,432
Contingent consideration	(8,863)	(15,113)
Long-term debt	-	(19,972)
Net cash (debt)	\$ 87,355	\$ 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 below. 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; the level of funding for the Company’s clients (particularly for junior mining companies); exposure to currency movements (which can affect the Company’s revenue in Canadian dollars); the integration of business acquisitions and the realization of the intended benefits of such acquisitions; efficient management of the Company’s growth; currency restrictions; 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; changes in jurisdictions in which the Company operates (including changes in regulation); 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, 2024, 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 the world’s leading provider of specialized drilling services 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 Wednesday, June 12, 2024 at 8:00 AM (EDT). 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 5422503# 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 Saturday, July 13, 2024. To access the rebroadcast, dial 905-694-9451 and enter the passcode 3703544#. 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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