

Major Drilling Announces Acquisition of Leading Australian Speciality Drilling Contractor

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MONCTON, May 17, 2021 - [Major Drilling Group International Inc.](#) (TSX: MDI) ("Major Drilling" or the "Company") is pleased to announce that it has entered into an agreement to acquire all of the issued and outstanding shares of McKay Drilling PTY Limited ("McKay"), a leading specialty drilling contractor based in Perth, Australia for an amount up to A\$80 million, or approximately C\$75 million (the "Acquisition"). The Acquisition will be immediately accretive on an earnings per share basis upon closing and provides Major Drilling a strong established presence in an important growth market.

Founded in 1990, McKay is considered a leader in reverse circulation drilling and operates a state-of-the-art fleet of 15 high-capacity reverse circulation rigs and five deep-hole diamond rigs with the most advanced hands-free remote operation and monitoring technology. McKay's fleet is at the very high end of specialized drilling equipment and includes support equipment and inventories necessary for its operation. The company is widely regarded as an innovator in the Australian mining industry and has long-standing relationships with Australia's largest mining companies. For the twelve-month period ending March 31, 2021, McKay generated revenue of approximately A\$60 million and EBITDA (see "Non-IFRS Financial Measure") of approximately A\$17 million.

"We are very excited to welcome McKay and its employees into the Major Drilling group. McKay has a well-established brand in Australia, particularly among mining majors, that is built on decades of delivering innovation and high-quality service to its clients," said Denis Larocque, President & CEO of Major Drilling. "This acquisition is a meaningful part of our growth strategy and provides us a strong foothold in an important growth market with high barriers to entry. In addition to a fleet of state-of-the-art rigs, we are acquiring a highly experienced team with local knowledge and long-standing relationships and existing contracts with leading blue chip mining companies. Finally, McKay and Major Drilling have very similar cultural and operational values and approaches, along with a strong commitment to sustainable resource development, consistent with our global ESG framework. With McKay's operational management team remaining in place, Major Drilling will be in a strong position to service customers in both reverse circulation and diamond drilling services in the very active Western Australian market."

"Joining Major Drilling represents an exciting new chapter for our business," said Mark McKay, Managing Director and Founder of McKay Drilling. "Since inception, McKay Drilling has set the standard in the Australian drilling industry. Denis and I agree that a company is only as good as the people working within it, and I'm proud of the fantastic team we have built. Major Drilling is a great fit for McKay in terms of capabilities, values, and culture, and I am looking forward to seeing our team grow to new heights together. I would like to thank all of our staff for their hard work and dedication in helping to grow our business to where it is today and our clients for their continued support. Major Drilling's global expertise and financial strength will allow us to continue our progress in developing innovative solutions for our industry and remain a leader in the Australian market for decades to come."

The purchase price for the Acquisition is an amount up to A\$80 million, consisting of: (i) a cash payment of A\$40 million payable on closing of the Acquisition, subject to working capital adjustments; (ii) A\$15 million paid through the issuance of common shares of Major Drilling, valued based on the volume weighted average price of the common shares prior to closing, subject to TSX approval; and (iii) an earn out of up to A\$25 million payable in cash over the next three years, based on the achievement of certain milestones. The cash portion of the purchase price is expected to be funded from Major Drilling's cash and existing debt facilities. The company is in discussions to increase its credit facilities to ensure it maintains the necessary flexibility to respond to current market conditions. The Acquisition is subject to customary closing conditions, including TSX approval, and is expected to close on or about June 1, 2021.

Non-IFRS Financial Measure

EBITDA is a non-IFRS financial measure that the Company believes is key, for both management and investors, in evaluating performance. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. This measure does 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.

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 and McKay's services; the Canadian and international economic environments; the post-acquisition accretion to the Company's financial results; the realization of the intended benefits of the acquisition and any integration-related issues, costs or delays; the Company's dependence on key customers; the level of funding for the Company's clients (particularly for junior mining companies); implications of the COVID-19 pandemic; competitive pressures; exposure to 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; as well as other risk factors described under "General Risks and Uncertainties" in the Company's Annual Information Form for the year ended April 30, 2020, available on the SEDAR website at www.sedar.com. 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 alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, and Africa. 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.

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