

# Major Drilling to Acquire Norex Drilling Limited

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MONCTON, Oct. 07, 2019 - [Major Drilling Group International Inc.](#) (TSX: MDI) is pleased to announce that it has entered into an agreement to acquire all of the issued and outstanding shares of Norex Drilling Limited ("Norex"), a family-owned drilling company and a leading exploration drilling contractor based in Timmins, Ontario, Canada.

The purchase price for the acquisition is valued at an amount up to \$19.7 million, which will consist of the following: (i) a cash payment of \$15.2 million payable on closing of the transaction, subject to working capital adjustments; (ii) \$2.0 million paid by the issuance of common shares of Major Drilling, valued on the closing of the transaction (subject to TSX approval); and (iii) an earn out of \$2.5 million payable in cash following the third anniversary of closing. The cash portion of the purchase price is expected to be funded from Major Drilling's current cash balance.

"We are very excited to welcome Norex and its 120 employees into the Major Drilling group. Norex has been operating successfully in the Ontario marketplace for some 40 years, and has a solid reputation with its clients. The acquisition of Norex is a unique opportunity for Major Drilling to gain a strong position to service our customers in both surface and underground exploration drilling services in the prolific Northeastern Ontario region. The culture and operational values of both companies are very similar in terms of personnel and strategies, and this will allow us to provide our customers with expanded drilling services," said Denis Larocque, President & CEO of Major Drilling.

Major Drilling is retaining the management team, is gaining access to skilled and experienced drillers and personnel, and is taking over existing contracts. Through this purchase, Major Drilling will also acquire an additional 22 drill rigs, including 17 compatible specialized surface drill rigs and 5 underground drills, together with related support equipment and inventory.

For the last two years, Norex had average yearly revenue of approximately \$21 million and EBITDA of approximately \$5 million. While Norex's historical performance should not be viewed as guidance for future performance, we are optimistic about the continuing growth potential in this region considering Norex's customers' stated plans and the current market condition in the mining industry.

The acquisition is expected to close on or about November 1, 2019, and is subject to customary closing conditions.

## Non-IFRS Measures

Major Drilling uses the non-IFRS financial measure, EBITDA (earnings before interest, taxes, depreciation and amortization). Major Drilling believes this non-IFRS financial measure is key, for both management and investors, in evaluating performance at a consolidated level. 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. This measure should not be construed as a substitute or an alternative to other financial measures determined in accordance with IFRS.

## Forward-Looking Statements

Some of the statements contained in this news release may be forward-looking statements, such as, but not limited to, those relating to: the level of activity in the mining industry and the demand for Major Drilling's and Norex's services; the Canadian and international economic environments and

conditions; the post-acquisition accretion to Major Drilling's financial results; organic growth opportunities; the impact of operational changes; and the expected closing date of the proposed acquisition. 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, risks and uncertainties such as, but not limited to, the factors set out in the discussion on pages 14 to 18 of the 2019 Annual Report entitled "General Risks and Uncertainties", and such other documents as available on SEDAR at [www.sedar.com](http://www.sedar.com). All such factors, risks and uncertainties should be considered carefully when making decisions with respect to Major Drilling. There can be no assurance that the proposed acquisition will occur as described or at all or that the anticipated benefits will be realized. The proposed acquisition is subject to the fulfillment of certain conditions, and there can be no assurance that any such conditions will be met. The proposed acquisition could be modified, restructured or terminated.

Readers are cautioned not to place undue reliance on statements containing forward-looking information that are included in this press release, which are made as of the date of this press release. Major Drilling 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.

#### 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 within its management team alone. The Company maintains field operations and offices in Canada, the United States, Mexico, South America, Asia, Africa and Europe. 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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