FORAGE ORBIT GARANT DRILLING

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis is a review of the results of operations, the liquidity and the capital resources of Orbit Garant Drilling Inc. ("the Company"). It should be read in conjunction with the audited consolidated financial statements of the Company as of June 30, 2008 and the notes thereto included elsewhere in this report, which are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). This discussion contains forward-looking statements. Please see ''Forward-Looking Statements'' for a discussion of the risks, uncertainties and assumptions relating to these statements.

Orbit Garant is the result of the combination of Forage Garant & Frères Inc. ("Garant") and Forage Orbit Inc. ("Orbit") pursuant to the purchase of Orbit by Garant on January 31, 2007. Garant is the predecessor business of Orbit Garant. In this discussion and analysis, ''Orbit Garant'' refers to Orbit Garant Drilling Inc., its wholly owned partnership Orbit Garant Drilling a general partnership and its wholly owned subsidiaries, including 9116-9300 Québec Inc. ("Soudure Royale"), 4378792 Canada Inc., Drift Exploration Drilling Inc. and Drift de Mexico S.A. de C.V., the latter two of which are referred to collectively as ''Drift''. All annual figures in this discussion and analysis refer to fiscal years, which end on June 30. Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed financial year, can be found on SEDAR at www.sedar.com.

Corporate Overview

From its head office in Val-d'Or, Quebec, the Company manages a fleet of approximately 119 drilling rigs that are used to service the mining industry in Canada and internationally. The Company has low cost infrastructure and vertical integration with Soudure Royale. Soudure Royal manufactures drill rigs for the Company and third parties, providing a competitive advantage in the provision of drilling services. The Company focuses on "Specialized Drilling", which refers to those drilling projects that, in the opinion of management, are completed in remote locations or, because of the scope, complexity or technical nature of the work, cannot be completed by small conventional drilling companies.

The Company has three segments of operating divisions: Drilling Canada (including domestic surface drilling and underground drilling), Drilling International and Manufacturing Canada (Soudure Royale). The domestic surface, international surface and manufacturing divisions, including the assets of Phyl-Don Holdings and Management Ltd. ("Phyl-Don"), were added to the Company as part of the Orbit and Drift acquisitions. On January 31, 2007, Garant acquired all of the shares of Orbit from the shareholders of Orbit in exchange for a combination of cash and shares of Garant. Prior to their combination, Garant focussed exclusively on underground drilling, while Orbit generated revenue from both underground drilling operations and surface drilling operations.

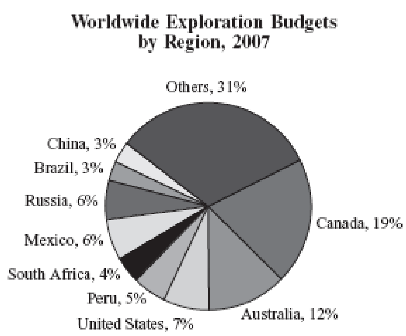
On April 16, 2007, the Company acquired all of the outstanding shares of Drift and assets associated with the reverse circulation drilling business carried on by Drift in consideration for cash. Drift continues to provide reverse circulation drilling services as a subsidiary of the Company and operates primarily in the United States and Mexico.

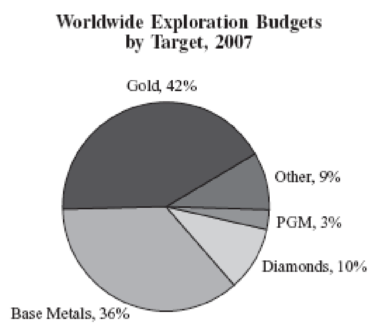
Industry Overview

Mining companies typically outsource their drilling requirements. The contract drilling industry provides drilling services for the mining industry through all stages of mine development from exploration through production. Demand is driven, in large part, by the amount of mineral exploration being undertaken.

In its 2007 Corporate Exploration Strategies report, Halifax-based Metals Economics Group (MEG) reported global non-ferrous exploration expenditures of US$5.2 billion in 2005, US$7.5 billion in 2006 and US$10.5 billion in 2007 (with a further $0.9 billion focused on uranium exploration) . This growth represents a 102% increase over a three year period and a 40% increase over 2006.

According to MEG, Canada and Latin America continue to be the two largest regions for exploration expenditures, accounting for approximately 43% or approximately US$4.3 billion of worldwide exploration expenditures in 2007. Gold (at 42%) and base metals (36%) receive most exploration expenditures.



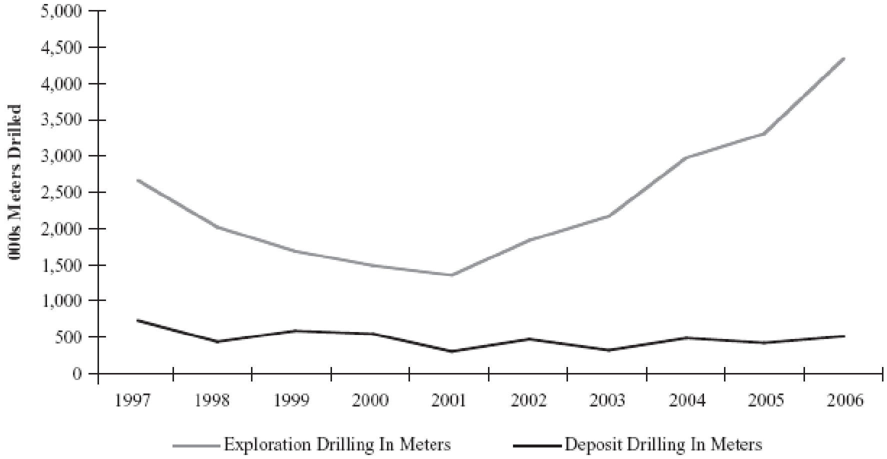


Source: MEG.

Recent growth in mineral exploration expenditures has resulted, in part, from increased demand for raw materials from emerging economies, including Brazil, Russia, India and China (collectively ‘BRIC’) and the low supply of metals and mineral reserves. This supply issue is the result of prolonged weakened investment worldwide in exploration, which is attributable to low commodity prices from 1998 to 2002.

Data from Natural Resources Canada (“NRC”) suggest that in 2007, drilling services made up $1.2 billion, or 47%, of the total $2.6 billion of mineral exploration and deposit appraisal expenditures in Canada, representing approximately 6.6 million total metres drilled. The following graph depicts the amount of exploration drilling and deposit drilling undertaken in Canada between 1997 and 2006.

Metres Drilled in Canada



Source: Natural Resources Canada.

According to Global Insight Inc., continued strong economic growth and infrastructure development is expected in the BRIC economies. Compound annual growth rates in real Gross Domestic Product for the period from 2008 to 2015 are forecast to be 3.8% for Brazil, 4.3% for Russia, 8.1% for India and 8.0% for China.

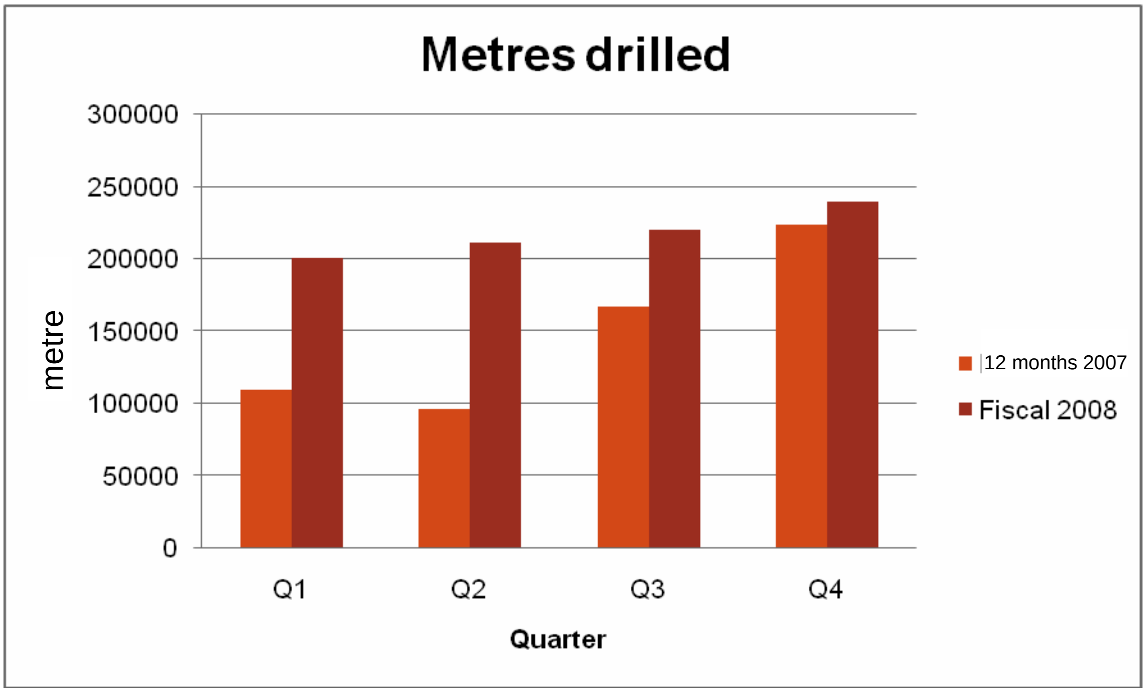
Accordingly, Management of Orbit Garant believes that industry fundamentals remain stable and therefore expects demand for its services to be maintained.

Highlights fiscal 2008

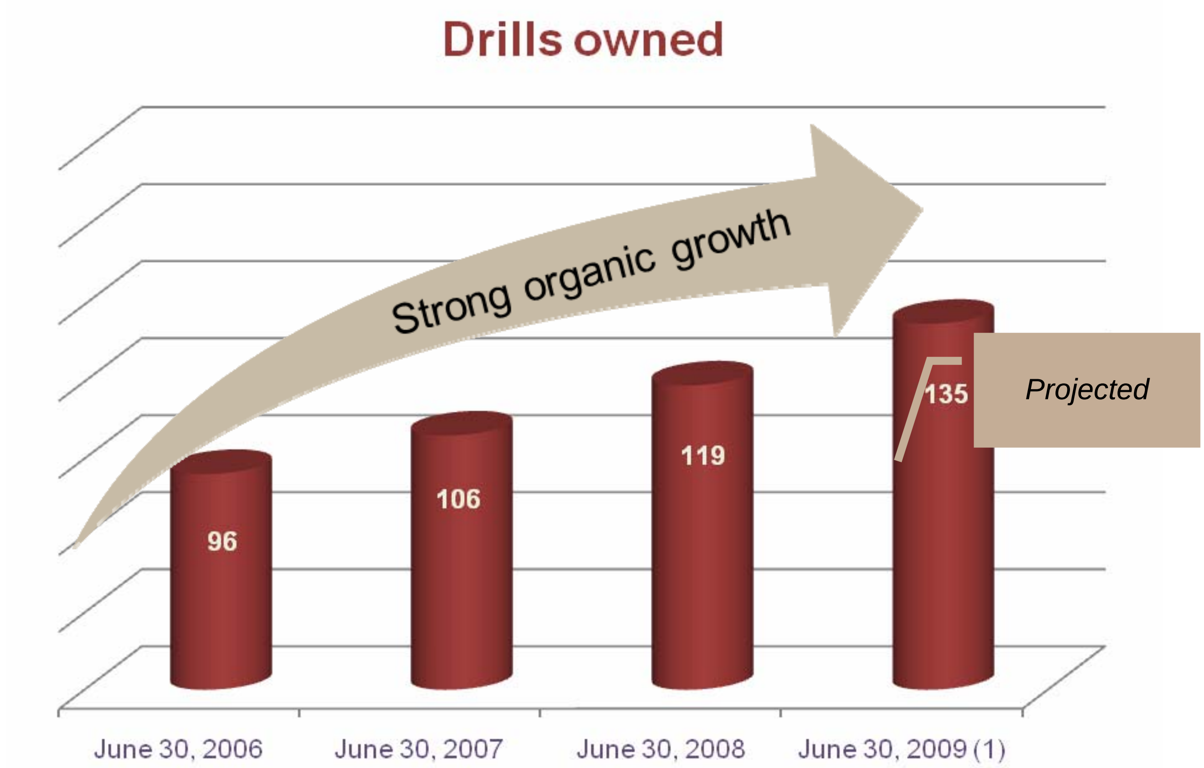
Set out below is a summary of the highlights of the Company's financial results for fiscal 2008:

1. The Company successfully completed its initial public offering ("IPO") and was able to establish a capital structure that will allow it to grow with the needs of its clients. On June 20, 2008, the Company filed a prospectus for it's IPO, qualifying the offering of 15,000,000 common shares in the capital of the Company of which (i) 7,505,006 common shares were issued and sold by Orbit Garant at a price of $4.00 per share for gross proceeds to Orbit Garant of $30,020,024, and (ii) 7,494,994 common shares being sold by certain of shareholders of Orbit Garant (the "Secondary Offering") at a price of $4.00 per common share for gross proceeds to the these shareholders of $29,979,976. The underwriters received a cash fee of $3,600,000 (6% of the gross proceeds) ($1,801,201 paid by the Company and $1,798,799 paid by the shareholders) and an additional fee of $216,000 (of which $108,072 paid by the Company and $107,928 paid by the shareholders). Other costs amounted to $2,246,306 for total share issue costs of $4,155,579. Further, a future income tax asset in the amount of $ 1,221,736 has been recorded as an offset to share issue costs.

2. In fiscal 2008, the Company reported record revenue from operations reaching $82,142,216, gross profit of $28,803,164, net earnings of $9,382,053 and EBITDA of $23,613,276.



3. The Company drilled a record number of 872,392 metres in fiscal 2008 , surpassing the 487,749 metres drilled in 12 months 2007.
4. The Company continued to focus on higher margin specialized drilling which generated 60% of the Companies revenue in fiscal 2008.



() To meet expected demand from our established base of major and intermediate mining companies the Board of Directors of the Company has approved the addition of a further 16 drilling rigs in fiscal 2009 (in addition to the 2 rigs added near the end of June, 2008

5. During fiscal 2008 the Company added 13 new drilling rigs, including 8 in the three months ended March 31, 2008 (“Q3”) and 3 in the 3 months ended June 30, 2008 (“Q4”), bringing the total number of drills in operation to a new high of 119.

6. The Company’s balance sheet was strengthened as its long term debt was reduced from $24.5 to $5.8 million.

7. The Company completed the integration of Orbit, Garant and Drift.

Selected annual financial information

	Fiscal 2008 12 Months	Fiscal 2007 9 Months
Contract Revenue:		
Drilling Canada		
- Surface	**24,282,703**	7,669,880
- Underground	**43,402,783**	23,607,214
Drilling Canada – Total	**67,685,486**	31,277,094
Drilling International	**8,383,809**	4,089,851
Manufacturing Canada	**6,072,921**	1,365,875
	$ 82,142,216	$ 36,732,820
Gross Profit	**$ 28,803,164**	$ 10,600,662
Gross Profit %	**35.1%**	28.9%
Net Earnings	**$ 9,382,053**	$ 1,899,093
Normalized EBITDA	**$ 23,613,276**	$ 9,063,447
Normalized EBITDA %	**28.7%**	24.7%
Net earnings per common shares	**$ 0.38**	$ 0.11
Net earnings per common shares diluted	**$ 0.37**	$ 0.10
Total Assets	**94,511,377**	72,148,562
Long Term Debt	**5,823,490**	24,473,895
Dividend in Cash	**133,456**	-
Total metres drilled	**872,392**	487,749

For the year ended June 30	**2008 Fiscal 12 Months**	2007 Comparative 12 Months	2006 Comparative 12 Months
Drilling Canada			
- Canada Underground	**43,402,783**	30,088,493	24,641,773
- Canada Surface	**24,282,703**	7,669,880	
	67,685,486	37,758,373	24,641,773
Drilling International - Surface	**8,383,809**	4,089,851	
Manufacturing Canada	**6,072,921**	1,365,875	
Total	**82,142,216**	43,214,099	24,641,773
Gross Profit	**28,803,164**	12,524,832	3,448,730
Gross Profit %	**35.1%**	29.0%	14.0%
Net Earnings $	**9,382,053**	2,714,289	1,802,807
Net earnings per common shares	**0.38**	N/A	10,827.07
Net earnings per common shares diluted	**0.37**	N/A	60.83
Total Assets	**94,511,377**	72,148,562	11,120,501
Long Term Debt	**5,823,490**	24,473,895	1,135,390
Dividend in Cash	**133,456**	1,000,000	98,608
Total metres drilled	**872,392**	597,443	476,037
Normalized EBITDA	**23,613,276**	10,558,782	2,671,306
Normalized EBITDA %	**28.7%**	24.4%	10.8%

Results of Operations

Twelve months ending June 30, 2008 compared to nine months ending June 30, 2007 and to twelve months ending June 30, 2007. [(1)]

Note:(1) Fiscal 2007 financial results reflect financial results for the nine months ended June 30, 2007. For the purposes of comparison, the figures for the 12 months ending June 30, 2007 have been calculated by adding the nine months of fiscal 2007 of Orbit Garant to the three months ended September 30, 2006 of Garant.

Contract Revenue

During the fiscal year ended June 30, 2008, the Company had contract revenue of $82,146,216, as compared to $36,732,820 in fiscal 2007 and as compared to $43,214,099 for the 12 months ended June 30, 2007, representing increases of 123% and 90% respectively.

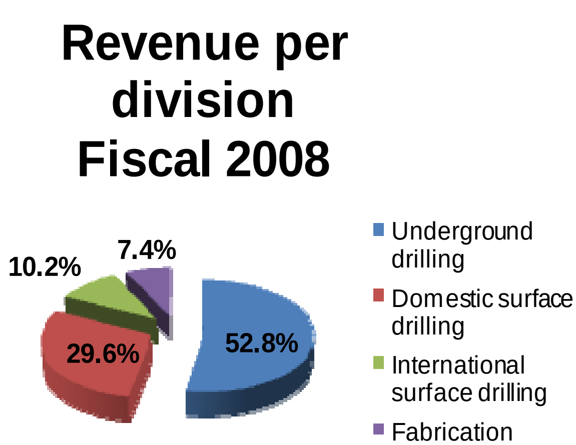
These increases are primarily due to the combination of Orbit and Drift as well as the addition of new drills and improved pricing.

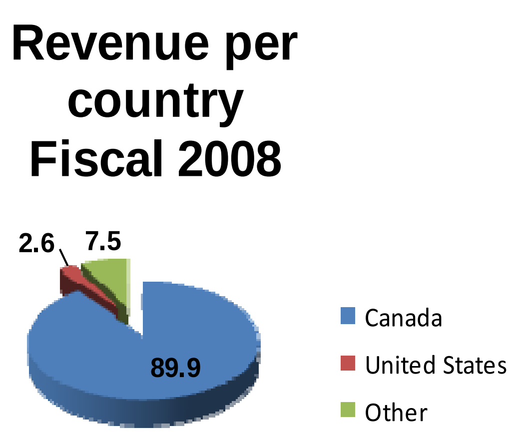
Underground drilling sales revenue increased to $43,402,783 in fiscal 2008 as compared to $23,607,214 in fiscal 2007 and compared to $30,088,493 in the 2007 12 month period, representing increases of 84% and 44% respectively. These increases are due primarily to the combination of Orbit's underground division with the Company's underground division.

Domestic surface drilling contract revenue increased to $24,282,703 in fiscal 2008 as compared to $7,669,880 in fiscal 2007. Prior to February 1, 2007 the Company did not have a surface drilling division and so the increase is a result of the acquisition of Orbit, price increase, and the addition of drills

International drilling contract revenue increased to $8,383,809 in fiscal 2008 compared to $4,089,851 in fiscal 2007. Prior to February 1, 2007 the Company did not have an international surface drilling division and so the increase is a direct result of the acquisition of Orbit and Drift.

Revenue attributable to the sale of drills to unrelated third parties by Soudure Royale was $6,072,921 during the fiscal year 2008 compared to $1,365,875 during fiscal 2007. Soudure Royale was acquired as part of the Orbit combination with Garant and so all of this revenue is incremental to the Company when compared to the same period in the prior fiscal year. In December of 2007 Soudure Royale acquired assets from R.A. Meca-tech Inc. to increase its production capacity, from 20 drills annually to 50 on a single shift per day basis, enabling future growth.





Cost of Contract Revenue and Gross Profit

Gross margins for the fiscal year 2008 were 35.1% compared to 28.9% for fiscal 2007 and 29% for the 2007 12 month period. Total gross profit during fiscal 2008 was $28,803,164 compared to $10,600,662 in fiscal 2007 and $12,524,832 in the 2007 12 month period representing increases of 171% and 130% respectively. The increase in gross profit is a result of: ((i contractual price increases in all segments taking effect; and (ii) the inclusion of Orbit, Drift USA and Drift Mexico to the underground drilling divisions of the Company's financial results.
The Company experienced increases in certain costs during the fiscal 2008. Labor, and consumables, which partially offset the gains in price, attributable to contractual increases and new contracts. The Company also invests in its own accredited certification program for drillers, helpers and foremen.

General and Administrative Expenses

General and administrative expenses ("G&A") was $5,830,834 during the fiscal 2008, an increase of $3,841,035 compared to the fiscal year 2007 and 3,396,293 for the 2007 12 month period. The increase is a consequence of the overhead of Orbit and Drift being included in fiscal 2008 and additions to the management team to accommodate growth. As a percent of sales, G&A was 7.1% during fiscal 2008, 5.4% during the fiscal 2007 and 5.6% for the 12 months of 2007.

Normalized EBITDA

Consolidated Normalized EBITDA in fiscal 2008 was $23,613,276, as compared to $9,063,447 in fiscal 2007 and to $10,558,782 in the 12 month 2007 period, representing increases of 161% and 124% respectively. This is attributable to the acquisitions of Orbit, Drift and organic growth. The normalized EBITDA for fiscal 2008 represents 28.7% of the sales, compared to 24.7% during fiscal 2007.

Financial Expenses

Interest costs were $1,962,080 in fiscal 2008 compared to $1,062,663 in fiscal 2007 due to the increase of the long term debt incurred to finance the acquisition of Orbit, Drift and additional drills and related equipment over the course of the year.

Amortization

The acquisition of the capital assets of Orbit and Drift during 2007, as well as the purchase of additional underground and surface rigs following the acquisitions, resulted in total amortization of $3,318,298 in the fiscal 2008 compared to $1,673,821 in fiscal 2007. In addition, reorganizations during the 2007 fiscal year gave rise to certain intangible assets, the amortization of which totalled $4,022,002 during fiscal 2008 compared to $2,464,935 in fiscal 2007.

Net Earnings

Net earnings for fiscal 2008 totalled $9,382,053 or an increase of 394% compare to 1,899,093 during fiscal 2007. The increase relates primarily to the acquisition of Orbit and the addition of 13 new drills. The average tax rate for the Company in 2008 fiscal period was 32% as compared to 34.4% in fiscal 2007.

12 months ended June 30, 2007 Compared to fiscal ended June 30, 2006

Contract Revenue

Total contract revenue increased from $24,641,773 in fiscal 2006 compared to $43,214,099 in the 12 months of 2007. Approximately $17,091,286 of this increase relates primarily to the acquisition of Orbit, Soudure Royale and, to a lesser extent, to the acquisition of Drift (including the assets of Phyl-Don).

Underground drilling contract revenue increased from $24,641,773 to $30,088,493 over this period, a gain of 22%. This was due primarily to the consolidation of Orbit's existing underground division with Garant's.

Domestic surface drilling contract revenue increased from $0 to $7,669,880 from 2006 to 2007. The Company did not previously have a surface drilling division and so the increase is a result of the acquisition of Orbit. Similarly, revenue related to international surface work performed by Orbit and Drift was added to the consolidated revenue of the Company, resulting in revenue of $4,089,851 from nil in the prior fiscal year.

Revenue attributable to the sale of drills to unrelated third parties by Soudure Royale was $1,365,875 for the five months following the acquisition of Orbit. Soudure Royale was acquired as part of the Orbit transaction and so all of this revenue is incremental to the Company.

Cost of Contract Revenue and Gross Profit

Total gross profit increased by $9,076,102 in 2007 to $12,524,832 as compared to $3,448,730 in the previous year. The domestic surface division, international surface division (including Drift) and Soudure Royale accounted for $7,917,865, $2,311,779 and $371,018 of gross profit, respectively. These divisions were acquired during 2007 and therefore that gross profit is incremental to the previous year. The balance of the gross profit increase is attributable to: (i) the replacement of a lower-margin underground contract with several higher-margin contracts in the second half of the year; (ii) the positive impact of contractual price increases in the underground segment; and (iii) the inclusion of Orbit's underground drilling division in Company's financial results.

The Company experienced increases in certain costs during the year, specifically labor and consumables, which partially offset price increases attributable to contractual increases and new contracts. With the combination of the businesses on January 31, 2007, the Company was able to enter into a new supply agreement with its primary supplier of consumables, Boart Longyear. Drillers, whose compensation represents the largest single cost item, are paid in line with the industry standard as published by the Canadian Diamond Drilling Association.

General and Administrative Expenses

G&A increased in the 2007 12 months over 2006 as a result of the acquisitions of Orbit and Drift. Total G&A in 2007 was $2,434,541, compared to $813,178 for fiscal 2006. This represents only five months of increased overhead due to the acquisitions of Orbit and Drift. As a percent of sales, this level of G&A was 5.6% for the12 months in 2007 and 3.3% in fiscal 2006

Normalized EBITDA

Consolidated normalized EBITDA in the 2007 12 month period was $10,558,782, an increase of $7,887,476 or 295% over 2006. This increase is attributable primarily to the acquisition of Orbit and to the acquisition of Drift and, to a lesser extent, the organic growth in the underground segment.

Financial Expenses

Interest costs increased significantly during the 12 month period of 2007 due to the recapitalization of Orbit Garant on September 30, 2006 and the subsequent acquisitions of Orbit on January 31, 2007 and Drift on April 17, 2007. Each of these transactions resulted in the addition of debt in the capital structure to bring the total leverage to a level appropriate for the Company. Total interest in 2006 was $189,851 while in 2007 this amounted to $1,136,822.

Amortization

The acquisition of Orbit and Drift during the 12 month period of 2007, as well as the purchase of additional underground and surface rigs following the acquisitions, resulted in total amortization of $1,850,748 in 2007 as compared to $738,523 in 2006. In addition, the acquisitions of Orbit and Drift during the year gave rise to certain intangible assets, the amortization of which totalled $2,464,935 in 2007 (versus $0 in 2006).

Net Earnings

Net earnings for the 12 months of 2007 $2,714,289 or a 151% increase over the $1,082,807 achieved in 2006, prior to the acquisitions. The average tax rate for the Company in 2007 was 34% as compared to 32% in 2006. This increase was principally due to tax rate variations of each tax jurisdiction.

Summary of Quarterly Results

	June 30 2008	March 31 2008	December 31 2007	September 30 2007	June 30 2007	March 31 2007	December 31 2006	September 30 2006
Contract Revenue (2)	24,639	22,071	18,053	17,378	17,879	13,127	5,726	6,481
Gross Profit (2)	8,723	7,516	6,316	6,249	5,382	3,779	1,439	1,924
Gross Profit %	35,4%	34,1%	35,0%	36,0%	30,1%	28,8%	25,1%	29,7%
Net Earning (2)	1 ,421	2,824	2,453	2,684	1,239	637	23	815
EBITDA NORMALIZED (2)	6,570	6,464	5,294	5,286	4,605	3,208	1,250	1,495
Net earnings per common shares								
- basic	0,07	0,11	0,10	0,10	0,06	0,04	0.01	8,151.96
diluted	0,07	0,11	0,10	0.09	0.06	0.03	0.01	8,151.96

(2) in thousand dollars

ANALYSIS OF THE 4TH QUARTER OF FISCAL 2008

Contract Revenue

During the quarter ended June 30, 2008, the revenues were $24,639,259 which represents an increase of $6,760,327 or 37.8% as compared to June 30, 2007.

Gross profit reached $8,723,240 for the period for an increase of $3,341,288 or 62% during the similar period in 2007.

The increase in revenue is due primarily to the following:

1) The number of drills at the end of Q4 was 119 compared to 106 drills in June 30, 2007;
2) The total number of metres drilled during Q4 was 239,778 compared to 224,109 during the same period in fiscal 2007.
3) The Company began to benefit from the price increases previously negotiated;

Underground drilling revenue increased to $12,214,979 in Q4 of fiscal 2008, from $10,140,924 in Q4 fiscal 2007, representing an increase of 20.5 %. This increase is due primarily to price increase and strong market fundamentals.

Domestic surface drilling revenue increased to $7,801,429 in Q4 of fiscal 2008, versus $4,456,312 in Q4 fiscal 2007, representing an increase of 75%.

International drilling revenue was $2,308,857 in Q4 of fiscal 2008 compared to $2,835,721 in the comparable period in fiscal 2007, a decrease of 19%. This decline was expected due to the relocation of equipment, primarily in Guyana.

Revenue attributable to the sale of drills to unrelated third parties by Soudure Royale was $2,313,995 during Q4 in fiscal 2008 as compared to $445,975 during Q4 in fiscal 2007, an increase of 418%.

Cost of Contract Revenue and Gross Profit

Gross margin for Q4 in fiscal year 2008 was 35.4% compared to 30.1% for the Q4 period in fiscal 2007. Total gross profit in Q4 fiscal 2008 was $8,723 240 compared to $5,381,952 in Q4 fiscal 2007, representing an increase of 62%. The increase in gross profit of $ 3,341,288 is a result of higher contract pricing and the Company completing the integration of Orbit, Garant and Drift.

General and Administrative Expenses

G&A was $2,287,515 during the Q4 period in fiscal 2008, an increase of $1,338,772 over the comparable in fiscal 2007. As a percent of sales, G&A was 9.3% during Q4 fiscal 2008 and 5.3% during Q4 in fiscal 2007. The Company hired additional employees in order to support its growth.

Normalized EBITDA

Consolidated normalized EBITDA in Q4 fiscal 2008 was $6,569,744, compared to $4,605,308 in Q4 period fiscal 2007 and representing an increase of 42.7%. This is can be attributed to efficiencies that were obtained as the Company integrated Orbit, Garant and Drift, price increases, a record number of metres drilled, and a continued focus on higher margin Specialized Drilling.

Financial Expenses

Financial expenses were $481,388 during Q4 fiscal 2008 compared to $456,572 during Q4 fiscal 2007.

Amortization

The acquisition of the capital assets of Orbit and Drift during 2007, as well as the purchase of additional underground and surface rigs following the acquisitions, resulted in total amortization of $1,457,952 during Q4 of fiscal 2008, compared to $778,758 in Q4 of fiscal 2007. Amortisation of intangible assets was stable at $1,055,501.

Net Earnings

Net earnings for Q4 fiscal 2008 totalled $0.07 per common share, compared to $0.06 per common share in Q4 fiscal 2007, an increase of 14%. The average tax rate for the Company in 2008 Q4 fiscal period was 32% as compared to 34% in Q4 fiscal 2007.

Effect of Exchange Rate

Except as noted in the following sentence, all of the Company's revenue was denominated in Canadian dollars. The Company's main exposure to exchange rate fluctuations arose from certain purchases denominated in U.S. dollars which is offset in part by the revenue of approximately $3.5 million earned in U.S. dollars related primarily to the surface reverse circulation drilling business carried on by Drift, and in fiscal 2008 the net currency exposure totalled approximately $1 million. Accordingly, fluctuations in the U.S. dollar against the Canadian dollars do not have a significant impact on the financial results of the Company

Seasonality

The revenue of the Company shows some seasonal trends but fluctuations due to seasonality are not significant. In the underground drilling division, scheduled mine shut-downs over the holiday and summer periods at some locations result in reduced revenue in these periods. In the domestic surface drilling division, weather conditions in the spring and fall often cause drilling programs to pause or be planned around the seasonal fluctuations. Similarly, in the international surface drilling division, weather conditions at certain times of the year make drilling difficult, resulting in revenue fluctuations.

Liquidity and Capital Resources

Statement of cash flow

Operating activities

Cash flow from operations before non cash operating working capital items were $15,085,494 for the fiscal period ended June 30 2008 compared to $5,104,777 for the fiscal ended June 30, 2007. The increase is mainly due to the significant increase in the net earnings arising from the acquisition of Orbit, Soudure Royale, Drift as well as an increase in demand for the drilling services resulting in more metres drilled by the Company.

Investing activities

Cash used in the investing activities was $8,837,741 for the fiscal year ended June 30, 2008 compared to $33,833,980 for fiscal 2007. During the fiscal year ended June 30 2008, $4,275,921 was applied to business acquisitions and $4,753,381 for acquisition of capital assets. This compared to $31,576,382 for business acquisitions and $2,351,020 for the aquision of capital assets acquisition for the fiscal year ended June 30, 2007.

Financing activities

The cash flow from financing activities was $10,311,814 for the fiscal 2008 mainly from the issuance of shares for $30,130,024 less repayment of long term debt in the amount of $21,731,010.

During the 9 month period ended June 30, 2007, cash from investing activities totalled $30,720,591 derived mainly from long term debt $37,803,892, less repayment of long term debt $18,754,240. It also came from issuance of share capital for $10,512,000.

As of June 30, 2008, the Company had $5,996,868 in cash compared to a bank overdraft of $1,494,525 as of June 30, 2007.

As of June 30, 2008, the Company's working capital was $19,843,174. The Company's working capital requirements are primarily to fund labour costs and inventory acquisition.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditures and debt obligations. The Company's principal capital expenditures are used to acquire drills and vehicles to transport its drills. Acquisitions of capital assets in fiscal 2008 were $4,753,381, which the Company expects to increase in the near future to service its expanded operations.

Source of financing

The Company's primary sources of liquidity are from operations and borrowings under its re-amended and restated credit agreement between the Company and National Bank of Canada Inc. dated as of June 26, 2008 (the "New Credit Agreement").

The Company has historically used cash from operations to maintain its existing drills and fund the building or purchase of new rigs to expand capacity and other working capital needs. Pursuant to the New Credit Agreement, the Company currently has a 364-day revolving operating facility of up to $7 million to manage working capital requirements throughout the year.

Under the terms of the New Credit Agreement, the Company also has a non-revolving, reducing four year term long term debt facility of a maximum amount of $20,000,000 and a non-revolving, reducing four year term capital expenditure facility of a maximum amount of $6,000,000.

The New Credit Agreement contains negative covenants that will limit the Company's ability to undertake certain actions, including covenants: limiting mergers, liquidations, dissolutions and changes of ownership; limiting the incurrence of additional indebtedness; restricting encumbrances on the Company's assets; limiting guarantees, loans, investments and acquisitions that may be made by the Company; limiting derivative instruments, dividends and other capital distributions to related parties; restricting capital expenditures; and restricting certain asset sales.

As at June 30, 2008, the Company had future contractual obligations as follows:

	Total	Less than 1 year	2-3 years	4-5 years
Long-term debt	$5,823,490	$3,463,856	$2,349,512	$10,122
Capital lease obligations	—	—	—	—
Operating leases	191,000	114,000	77,000	—
Client deposits	1,728,329	1,728,329	—	—
Purchase obligations	—	—	—	—
Other long-term obligations	—	—	—	—
Total	**$7,742,819**	**$5,306,185**	**$2,426,512**	**$10,122**

RELATED PARTY TRANSACTIONS

The Company is related to 2867-3820 Québec Inc., 1684181 Ontario Inc. due to the significant influence exercised by these companies on Orbit Garant .The Company is also related to 6483976 Canada Inc. (Usinage X-SPEC) due to the significant influence exercised by the Company on Usinage X-SPEC).

During the year, the Company entered into the following transactions with such related parties:

	June 30, 2008 (12 months) $	June 30, 2007 (9 months) $
Sales	**122,521**	27 633
Purchases	**2,756,911**	551 514
Rent	**111,000**	37 500
Management fees	**250,000**	187 500

The above transactions were made within the normal course of operations and have been recorded at the exchange amount which is the amount of consideration established and agreed to by related parties.

During the year ended June 30, 2007, the Company paid to 1684181 Ontario Inc. business acquisition fees in the amount of $500,000 and IPO transaction fees in the amount of $50,000. During the year ended June 30, 2008, the Company paid, to 1684181 Ontario Inc., IPO transaction fees in the amount of $450,000. These transactions were not made within the normal course of operations and have been recorded at the exchange amount.

As at June 30, 2008, accounts payable and accrued liabilities include a balance of $886,556 (June 30, 2007, $157,854) resulting from these transactions.

Soudure Royale leases the building where its manufacturing is undertaken from Pierre Alexandre pursuant to a five year lease expiring 2012. The Company also leases its head office from Pierre Alexandre. Management believes these leases are consistent with current market rates.

SIGNIFICANT ACCOUNTING POLICIES

AMALGAMATION

Orbit Garant resulted from the amalgamation under the Canada Business Corporations Act of Forages Garant & Frères, Garant Drilling GP Inc., 4382447 Canada Inc. and Ironbridge Equity Holdings Inc. pursuant to articles of amalgamation dated January 31, 2007. The resulting Company, then named Forages Garant & Frères Inc., changed its name to Forages Orbit Garant Inc. / Orbit Garant Drilling Inc. pursuant to a Certificate of Amendment dated January 31, 2007 and subsequently to Forage Orbit Garant Inc. / Orbit Garant Drilling Inc. pursuant to a Certificate of Amendment dated March 6, 2007.

Forages Garant & Frères Inc. resulted from the amalgamation of 4382463 Canada Inc. and Forages Garant & Frères Inc. under a Certificate of Amalgamation dated October 1, 2006.

Garant Drilling GP Inc., Ironbridge Equity Holdings Inc., 4382447 Canada Inc., and Garant Drilling LP were created on September 16, 2006 and 44382463 Canada Inc. was created on September 25, 2006. Garant Drilling LP was dissolved on January 30, 2007. The net assets of each constituent Company are as follows based on the net assets of each Company as if the amalgamation had occurred on September 16, 2006 being the date of incorporation of 4382447 Canada Inc.:

	Net assets
	$
4382463 Canada Inc.	100
Garant Drilling GP Inc.	100
Ironbridge Equity Holdings Inc.	100
4382447 Canada Inc.	1
	301
Elimination of inter-company investment	300
	1

The consolidated financial statements for the nine-months ended June 30, 2007, reflect the results of operations as if this amalgamation had occurred on September 16, 2006. There were no operations between September 16 and September 29, 2006

BUSINESS ACQUISITIONS

Acquisition of Forage Garant & Frères Inc.

On September 30, 2006, pursuant to a share agreement between 4382463 Canada Inc. and the shareholders of Forages Garant & Frères Inc., 4382463 Canada Inc. acquired all outstanding shares of Forages Garant & Frères Inc. for total consideration of $17,530,771(excluding acquisition cost) payable through the issuance of 2,500,000 common shares of 4382463 Canada Inc. and $15,030,771 in cash. The results of operations of Forages Garant & Frères Inc. are included in the consolidated financial statements from the effective date of acquisition. On September 30, 2006, Forages Garant & Frères Inc. was dissolved, pursuant to an amalgamation of the companies under the Canadian Business Corporations Act, in 4382463 Canada Inc. which changed its name to Forages Garant & Frères. Inc.

Following this transaction, an amount of $5,364,444 was accounted for as goodwill, $7,000,000 as customer relationship and $910,000 as a non-competition agreement. These amounts are not deductible for income tax purposes.

Acquisition of Forage Orbit Inc.

On January 31, 2007, pursuant to a share agreement between the Company and the shareholders of Forage Orbit Inc. (“Orbit”), the Company acquired all issued and outstanding shares of Orbit for a total consideration of $24,031,195 (excluding acquisition costs) payable through the issuance of 11,538,000 common shares of the Company and $12,493,195 in cash. The results of operations of Orbit are included in the consolidated financial statements from the effective date of acquisition.

Following this transaction, an amount of $9,731,938 has been accounted for as goodwill, $5,600,000 as customer relationship and $1,200,000 as a non-competition agreement. These amounts are not deductible for income tax purposes.

Acquisition of the shares of Drift Exploration Drilling Inc. (US) and Drift de Mexico SACV and assets of Phyl-Don Holdings and Management Ltd.

On April 16, 2007, the Company acquired all issued and outstanding shares of Drift Exploration Drilling Inc. (a US Company) and Drift de Mexico SACV for a total cash consideration of $140,713 (excluding acquisition costs) and all operating inventories and capital assets of Phyl-Don Holdings and Management Ltd. for a cash consideration of $1,460,000. The results of operations of the respective entities are included in the consolidated financial statements from the effective date of acquisitions. Following this transaction, an amount of $191,111 has been accounted for as goodwill

Acquisition of 9116-9300 Québec Inc. (Soudure Royale Concept)

On May 31, 2007, the Company acquired 25% of the outstanding common shares of 9116-9300 Québec Inc. for a consideration of $165,000 (excluding acquisition costs) payable through the issuance of 109,870 common shares of the Company. Following this transaction, an amount of $178,831 has been accounted for as goodwill.

As a result of this transaction, the Company holds 100% of the issued and outstanding shares of 9116-9300 Québec Inc.

Contingent consideration

The purchase price of Forages Garant & Frères Inc. was subject to an adjustment of an amount of up to $2,000,000 calculated on the achievement of specified earnings targets during the nine-month period ended June 30, 2007. The specified earnings were achieved on June 30, 2007 and a payable amount of $2,000,000 has been accounted for as an increase of goodwill and paid on September 30, 2007.

The purchase price of Orbit is subject to an adjustment of an amount up to $2,250,000 calculated on the achievement of specified earnings levels over the periods ended January 31, 2008, 2009 and 2010. If the specified earnings are achieved, a payable amount will be accounted for as an increase of goodwill. The specified earnings were achieved for the period ended January 31, 2008. Further, concurrent with the IPO, a part of the gross proceeds from the IPO was use to pay the total contingent consideration of $2,250,000 and has been accounted for during the year ended June 30, 2008, as an increase of goodwill.

Also, during the year ended June 30, 2008, an amount of $25,921 was accounted for as an increase in goodwill representing additional acquisition costs related to these acquisitions.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Goodwill

Goodwill representing the excess of purchase price over fair value of the net identifiable assets of acquired businesses is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess.

Intangible assets

Intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the straight-line method and the following periods:

Customer relationship	42 months
Non-competition agreement	5 years

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss if any is determined as the excess of the carrying value of the asset over its fair value.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recorded to account for future tax effects of differences between the value of the assets and liabilities on the balance sheet and their tax values, by using the tax rates in effect for the year during which the differences are expected to reverse. Management reduces the carrying value of the future income tax assets by a valuation allowance when it is more likely than not that some portion of the asset will not be realized.

Foreign currency translation

Integrated foreign operation and accounts denominated in foreign currency are translated as follows: monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the period except for amortization, which is translated at historical rates. Translation gains or losses are included in earnings.

Revenue recognition

Revenue from drilling contracts is recognized on the basis of actual metres drilled for each contact. Revenue from ancillary services is recorded when the service is rendered. The Company recognizes revenue when persuasive evidence of an arrangement exists, service has been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured.

Earnings per share

Earnings per share are calculated using the weighted daily average number of shares outstanding during the year.

Diluted earnings per share are determined as net earnings divided by the weighted average number of diluted common shares for the year. Diluted common shares reflect the potential dilutive effect of exercising the stock options based on the treasury stock method.

Stock options

The Company uses the fair value method to account for stock options. In accordance with this method, compensation cost is measured at the fair value of the option at the grant date and is amortized to earnings over the vesting period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates relate to the useful lives of capital assets, intangible assets, depreciation of goodwill, and intangible assets, depreciation of inventory valuation, determination of bad debt allowance, purchase price allocation related to business acquisitions, income and other taxes, amounts recorded as accrued liabilities and stock-based compensation.

FUTURE ACCOUNTING CHANGES

a) Inventories

In June 2007, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3031, Inventories, replacing Section 3030, Inventories. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning July 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. (For example, it requires that fixed and variable production overheads be systematically allocated to the carrying amount of inventory.) The Company does not expect that the adoption of this new Section will have a material impact on its consolidated financial statements.

b) Financial instruments

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Company will adopt the new standards for its fiscal year beginning July 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Company does not expect that the adoption of these new Sections will have a material impact on its consolidated financial statements.

c) Goodwill and intangible assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and intangible assets, replacing Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning July 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company does not expect that the adoption of this new Section will have a material impact on its consolidated financial statements.

d) International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect the financial reporting requirements applicable to Canadian companies. The AcSB strategic plan outlines the convergence of Canadian accounting standards with international standards (IFRS) over an anticipated five-year transition period. In February 2008, the AcSB announced that 2011 would be the changeover date for public entities to move from Canadian GAAP to IFRS. Consequently, the Company's transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending June 30, 2011. While the Company has begun assessing the adoption of IFRS, the impact of this transition on the consolidated financial statements cannot be estimated at this time.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include, but are not limited to, the useful lives of capital assets and intangible assets for amortization purposes, depreciation of goodwill , inventory valuation, valuation of future income taxes, assumptions used in compilation of stock based compensation, fair value of assets acquired and liabilities assumed in business acquisitions, and amounts recorded as accrued liabilities. Actual results could differ materially from those estimates and assumptions.

Outstanding Securities as of September 25, 2008

	2008	2007
Number of shares	32,281,542	24,749,870
Number of options	1,673,000	1,017,000
	33,954,542	**25,766,870**

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual information Form dated September 25, 2008. These risks and uncertainties are not the only facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be materially adversely affected.

Risks Related to the Business and the Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies which in turn are driven significantly by commodity prices. Gold and base metal prices are currently at levels well above historical averages. There is a risk that a significant decline in commodity prices could substantially reduce future exploration and drilling expenditures by mining companies which in turn could result in a decline in the demand for the drilling services offered by the Company and would materially impact the Company's revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

The operating and financial performance of Orbit Garant is influenced by a variety of international and country-specific general economic and, business conditions (including inflation, interest rates and exchange rates) access to debt and capital markets, as well as monetary and regulatory policies. Deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance and condition, cash flows and growth prospects of the Company.

Reliance on and Retention of Employees

In addition to the availability of capital for equipment, a key limiting factor in the growth of drilling services companies is the supply of qualified drillers, who the Company relies upon to operate its drills. The increase in demand for drilling services has created a situation where there is a shortage of qualified drillers and competition for drillers is intense. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its customers through price increases.

Increased Cost of Sourcing Consumables

When bidding on an underground drilling contract, the cost of sourcing consumables is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to an increase in the cost of consumables and labor during that period of time. A material increase in the cost of the labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Leverage and Restrictive Covenants

Orbit Garant entered into the New Credit Agreement in order to provide it with credit facilities to fund, among other things, working capital and acquisitions. The degree to which Orbit Garant is leveraged could have important consequences including: Orbit Garant's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of Orbit Garant's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations, and certain of Orbit Garant's borrowings (including borrowings under the New Credit Agreement) will be at variable rates of interests, which exposes Orbit Garant to the risk of increased interest rates which may have an adverse effect on Orbit Garant's financial condition.

The New Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's management with respect to certain business matters. These covenants are anticipated to place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the New Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the New Credit Agreement could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the New Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the New Credit Agreement will mature no later than the fourth anniversary thereof. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant, or available on acceptable terms, in an amount sufficient to fund Orbit Garant's needs. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Ongoing Integration of Business Systems

The Company has recently installed new accounting, inventory and operating information and technology systems. These systems are designed to improve the business operations and management oversight. However, there may be a level of disruption to the business with incorrect information produced and relied upon while implementation and training is being completed and management's attention may be diverted to ensuring the successful integration of the new technology during this process. The Company's financial performance, financial condition, cash flows and growth prospects may be adversely affected by any implementation problems associated with the business systems.

Recent Acquisitions

The combination of Orbit and Garant on January 31, 2007, and the acquisition of Drift (and the assets of Phyl-Don) on April 16, 2007, are recent developments and the Company may be exposed to business risks or liabilities for which it may not be fully indemnified or insured. The ongoing integration of existing and new computer systems, equipment and personnel may impact the success of the acquisitions. Any issues arising from the integration of the acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of the Company's existing operations. If this happens, it may have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Supply of Consumables

The Company's strong growth has placed pressure on the ability of Soudure Royale and Usinage X-Spec to manufacture and deliver to the Company, respectively, new drills and consumables. Any negative impact to the ability of Soudure Royale and Usinage X-Spec to deliver their products may constrain the Company's ability to increase its capacity and increase or maintain revenue and profitability.

Demand for Drills

Current commodity prices have led to an increase in the demand for drilling services and an increase in the supply of drills. In the event of a decrease in demand for drilling services, this market may be oversupplied with drills which may result in margin pressure and a loss of market share by the Company and could have a material adverse effect on the financial performance, financial condition, cash flows, and growth prospects of the Company. In addition, if demand for drills declines, the contribution of Soudure Royale to the Company's profitability and cash flows would be expected to decline.

Competition

The Company faces considerable competition from several large drilling services companies and many smaller, regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period of time and have substantially greater financial and other resources than the Company. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability and growth opportunities. The capital cost to acquire drilling rigs is relatively low, enabling competitors to finance expansion and providing opportunity for new competitors to enter the market. This dynamic exposes the Company to the risk of reduced market share and scope for geographic growth as well as lower revenue and margin for its existing business. As well, there can be no guarantee that the scale advantage that the Company currently enjoys in the Val-d'Or region will continue. Any erosion of the Company's competitive position could have a material adverse effect on the Company's business, results of operations, financial condition and growth prospects.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company may lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process.

Inability to Sustain and Manage Growth

The Company's revenue has grown in recent years as a result of the combination of Orbit and Garant and the Drift acquisition and an increase in demand domestically and internationally for drilling services. The Company's ability to sustain its growth will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as the BRIC economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's management personnel and likely will require the Company to recruit additional management personnel.

There can be no assurance that the Company will be able to manage its expanding operations (including any acquisitions) effectively, that it will be able to sustain or accelerate its growth or that such growth, if achieved, will result in profitable operations, that it will be able to attract and retain sufficient management personnel necessary for continued growth, or that it will be able to successfully make strategic investments or acquisitions. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Future Acquisition Strategy

The Company intends to continue to grow through acquisitions in addition to organic growth. There is considerable competition within the drilling services industry for attractive acquisition targets. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations. Additionally, the Company cannot give assurances that it will be able to secure the adequate financing on acceptable terms to pursue this strategy.

Customer Contracts

The Company's surface drilling customer contracts are typically for a term of six to 12 months and its underground drilling customer contracts are typically for a term of one to two years and can be cancelled by the customer on short notice in prescribed circumstances with limited or no amounts payable to the Company. There is a risk that existing contracts may not be renewed or replaced. The failure to renew or replace some or all of these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, consolidation by the Company's customers could materially adversely affect the Company's results of operations and financial condition.

International Expansion and Instability

Expansion internationally entails additional political and economic risk. Some of the countries and areas targeted by the Company for expansion are undergoing industrialization and urbanization and do not have the economic, political or social stability that many developed nations now possess. Other countries have experienced political or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other barriers. There is a risk that the Company's operations, assets, employees or repatriation of revenue could be impaired or adversely affected by factors related to the Company's international expansion and have a material adverse effect on the financial performance, financial condition, cash flow and growth prospects of the Company.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property, equipment, release of hazardous substances to the environment and interruption or suspension of drill site operation due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings and damage to the Company's reputation.

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues, including integration of Orbit and Garant's accounting software systems. The Company has undergone significant changes over the past 18 months including relocating the Company's operational head office to Val-d'Or, Quebec from Rouyn-Noranda, Quebec as well as implementing new accounting, inventory management and operations information technology systems. The number and significance of the changes and the possibility that the Company may not be able to successfully implement the changes made may adversely affect the performance of the business and its financial condition, cash flows and growth prospects of the Company.

Currency Exposure

The Company currently has approximately $3.5 million of U.S. dollar revenue exposure primarily related to the surface reverse circulation drilling business carried on by Drift. There can be no assurance that this exposure will not change in the future and that a significant portion of the Company's revenue could potentially be denominated in a currency or currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on the Company's financial performance and condition and cash flows performance.

Business Interruptions

Business interruptions as a result of a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues or product input supply bottlenecks. In addition, the Company operates in a variety of geographic locations, some of which are prone to inclement weather conditions, natural or other disasters. The occurrence of such conditions or any business interruption could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Risk to the Company's Reputation

Risks to the Company's reputation could include any negative publicity, whether true or not, and could cause a decline in the Company's customer base and have a material adverse impact on the Company's financial performance, financial condition, cash flows and growth prospects. All risks have an impact on reputation, and as such, reputational risk cannot be managed in isolation from other types of risk. Every employee and representative of the Company is charged with upholding its strong reputation by complying with all applicable policies, legislation and regulations as well as creating positive experiences with the Company's customers, stakeholders and the public.

Lack of Experience in Managing a Public Entity

Management has historically operated the business of the Company as a privately-owned series of companies. The individuals who will constitute the Company's senior management team have never had responsibility for managing a publicly-traded entity. If these individuals are unable to satisfactorily manage a public entity and ensure the Company's compliance with all continuous disclosure and other requirements applicable to public entities, the Company may be adversely affected.

Environment, Health and Safety Requirements and Related Considerations

The operations of the Company are subject to a broad range of federal, provincial, state and local laws and regulations as well as permits and other approvals, including those relating to the protection of the environment and workers' health and safety governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), storage, handling, disposal and clean-up of dangerous goods and hazardous materials such as chemicals, remediation of releases and workers' health and safety in Canada and elsewhere (the ''Environment, Health and Safety Requirements''). As a result of the Company's operations, it may be involved from time to time in administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Future proceedings or inquiries could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's employees are required to attend at worksites of its clients, many of whom insist on compliance with internal health and safety and environmental policies. The activities at these worksites may involve operating hazards that can result in personal injury and loss of life. There can be no assurance that the Company's insurance will be sufficient or effective under all circumstances or against all claims or hazards to which it may be subject or that it will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which it is not fully insured could adversely affect the Company's results of operations. In addition, if the Company is seen not to adequately implement health and safety and environmental policies, its relationships with its customers may deteriorate, which may result in the loss of contracts and restrict its ability to obtain new contracts.

Insurance Limits

The Company maintains property, general liability and business interruption insurance. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Legislative and Regulatory Changes

Changes to any of the laws, rules, regulations or policies affecting the business of the Company would have an impact on the Company's business and may significantly and adversely affect the operations and financial performance of the Company.

Legal and Regulatory Risk

The mining and drilling industries are highly regulated by legal, environmental and health and safety regulations. Failure to comply with such regulations could lead to penalties, including fines or suspension of operations which could have a significant impact on the financial strength and future earnings potential of the Company. Furthermore, the Company's mineral exploration customers are also subject to similar legal, regulatory, health and safety regulations which could materially affect their decision to go ahead with mineral exploration or mine development and thereby indirectly negatively impact the Company.

Risk Related to Structure and Common Shares

Equity Market Risks

There is a risk associated with any investment in shares. The market price of securities such as the Common Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating performance of the issuers or the industries in which they operate. As a consequence, the trading price of the Common Shares may fluctuate.

Influence by Existing Shareholders 1684182 Ontario L.P. ("**1684182 Ontario**") and 1684182 Ontario (International) L.P. ("**1684182 International**" and, together with 1684182 Ontario, the "**Private Equity Investors**") and Pierre Alexandre, the CEO of the Company, hold or control, directly or indirectly, respectively approximately 17% and 32% of Orbit Garant's outstanding Common Shares. In addition, Pierre Alexandre, 6705570 Canada Inc. (of which Pierre Alexandre is a 90% shareholder and Eric Alexandre, the Company's President and COO, is a 5% shareholder), Eric Alexandre and the Private Equity Investors have entered into a Voting Agreement pursuant to which Orbit Garant agreed to nominate, and the shareholders agreed to vote their Common Shares in favour of the election of, Pierre Alexandre, Eric Alexandre and James Johnson (a principal of the Private Equity Investors) and four independent directors (Guthrie Stewart, Jean-Yves Laliberté, Edmund Stuart and Patrick Godin) to the board of directors of Orbit Garant. The shareholders party to the Voting Agreement also agreed to vote their Common Shares in the same manner on any matter that may come before the shareholders of Orbit Garant. As a result, such shareholders have the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's board of directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential take-over bids and business combinations, and correspondingly affect its share price.

Future Sales of Common Shares by the Company's Existing Shareholders

Upon closing of the Offering, the Private Equity Investors and Pierre Alexandre will hold or control, directly or indirectly, respectively approximately 17% and 32% of Orbit Garant's outstanding Common Shares (14% and 30% if the Over-Allotment Option is exercised in full). Although Orbit Garant's shareholders are subject to certain ''standstill'' provisions for a limited period of time, if one or more of such shareholders sell a substantial number of Common Shares in the public market, the market price of the Common Shares could decline. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

Orbit Garant may raise additional funds in the future by issuing equity securities. Holders of Common Shares will have no pre-emptive rights in connection with such further issues. Additional Common Shares may be issued by Orbit Garant in connection with the exercise of options granted prior to or following completion of the Offering. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares.

Dividend Payments

Orbit Garant does not expect to pay dividends as it intends to use cash for future growth or debt repayment. In addition, the New Credit Agreement will place restrictions on the ability of Orbit Garant to declare or pay dividends.

Credit risk

The Company provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Three major customers represent 33% respectively by customer, 12%, 11% and 10% of the Company's trade accounts receivable as at June 30, 2008 (June 30, 2007, three major customers represent 34% respectively by customer, 13%, 11% and 10%).

Two major customers represent 24% of the contract revenue for the year ended June 30, 2008, respectively by customer, 13% and 11%. Three major customers represent 34% of the contract revenue for the 9 month period ended June 30, 2007, respectively by customer, 10%, 10% and 14%.

Interest rate risk

The Company is subject to interest rate risk since a significant part of the long-term debt bears interest at variable rates.

Fair value

The fair value of cash, accounts receivable, bank overdraft, bank loan, accounts payable and accrued liabilities, client deposits and advances from shareholders is approximately equal to their carrying values due to their short-term maturity.

The fair value of long-term debt approximates its carrying value as it bears interest at variable rate and has financing conditions similar to those currently available to the Company.

OUTLOOK

Management remains confident in the outlook for Orbit Garant, as the fundamentals of our business are expected to be positive, including continued tightening of metals supplies over the medium-to-long term. The primary customer base of the Company is large and intermediate mining companies, a number of which have indicated that they plan to increase or at least maintain their exploration spending going forward, although some indicate that they expect a slower pace of growth than has been experienced over recent years. This expectation is echoed by Metals Economics Group. Further, a slowdown in the U.S. economy would not result in a material worldwide decrease in base metals demand, and therefore demand for drilling services, as demand from the BRIC economies remains strong.

To meet expected demand from our established base of major and intermediate mining companies we plan to add a further 16 drilling rigs, in addition to the 2 rigs added near the end of June, 2008, and to increase the capacity of our driller training and certification school.

FORWARD LOOKING STATEMENTS

Securities laws encourage companies to disclose forward-looking information in order for investors to have a better understanding of a company's future prospects and make informed investment decisions.

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates and assumptions about the markets in which the Company operates the world economic climate as it relates to the mining industry, the Canadian economic environment and the Company's ability to attract and retain customers and to manage its assets and operating costs.

Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

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. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A.

SUPPLEMENTAL DISCLOSURE

This report contains references to EBITDA (earnings before interest, taxes, depreciation and amortization) and normalized EBITDA (EBITDA adjusted for management fees, integration fees and extraordinary transaction fees, which management believes facilitates the comparison of historical periods). Management believes that EBITDA and normalized EBITDA are useful supplemental measures of operating performance prior to debt service, capital expenditures and income taxes. However, EBITDA and normalized EBITDA are not recognized earnings measures under Canadian generally accepted accounting principles ("GAAP") and do not have a standardized meaning prescribed by GAAP. Therefore, EBITDA and normalized EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss (which are determined in accordance with GAAP) as an indicator of the performance of the Company or as a measure of liquidity and cash flows. The Company's method of calculating EBITDA and normalized EBITDA may differ materially from the methods used by other public companies and accordingly, may not be comparable to similarly titled measures used by other public companies.