2013 ANNUAL REPORT

Focusing on the long term

FORAGE ORBIT GARANT DRILLING

Corporate Profile

Headquartered in Val-d'Or, Quebec, **Orbit Garant Drilling Inc. (TSX: OGD)** is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 214 drills and approximately 650 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. Orbit Garant's subsidiary, Soudure Royale, manufactures custom drill rigs for conventional and specialized drilling projects.

Operating ~ 23 project sites

- Canada, U.S., Mexico, South America, West Africa
- Dominant presence in Quebec
- Expanding presence in Ontario, Atlantic Canada and Nunavut
- Increased focus on international opportunities

Our Mission

Provide advanced mineral and geotechnical drilling services and state-of-the-art products for customers in Canada and around the world. Maintain the expertise, innovation and capabilities necessary to address the evolving needs of our customers.

Our Vision

Be the reference point for best in class within the mineral drilling industry for our employees, customers, investors and business partners.

Our Values

Team Work: Prioritize and facilitate the exchange of knowledge and expertise to maximize personal contribution to the success of each project.

Respect: Establish and maintain relationships between our employees, customers and business partners, based on transparency, honesty, integrity, confidence and awareness.

Health and Safety: Ensure that our employees benefit from a proper and secure working environment through preventive training programs and effective risk management.

Quality: Offer adapted services and products specified to the needs of our customers according to the highest industrial standards.

Innovation: Develop new methods and technologies to remain a leader in the drilling services and products industry.

Contents

Financial Summary

(Fiscal years ended June 30)

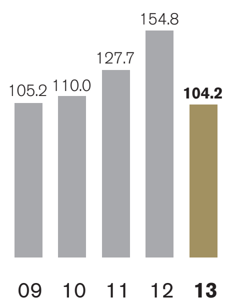
2013 Operating Summary

- Approximately 1 million metres drilled
- New regional office opened in Thunder Bay to support business development in Northwestern Ontario
- Fleet of 214 drill rigs as at fiscal year end
- Capital expenditures of $9.3 million

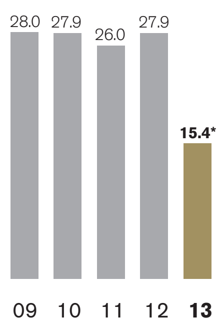
2013 Revenue Mix

(Fiscal year ended June 30, 2013)

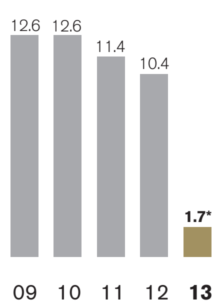
Revenue
($ millions)



EBITDA
($ millions)

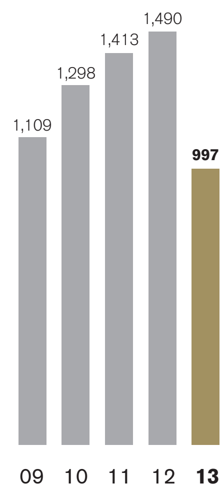


Net Earnings
($ millions)

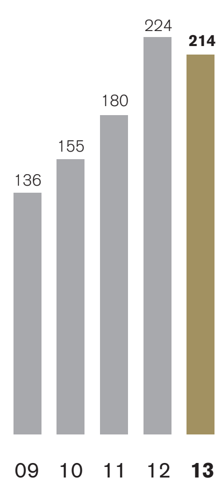


* Excluding impairment charges recognized in fourth quarter.

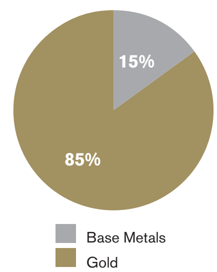
Metres Drilled
(thousands)



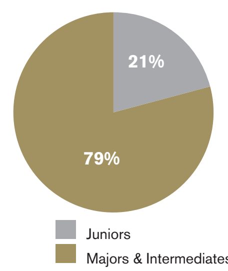
Number of Rigs



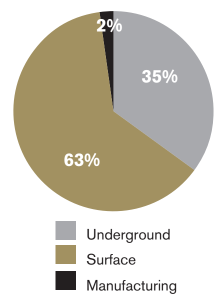
Resources



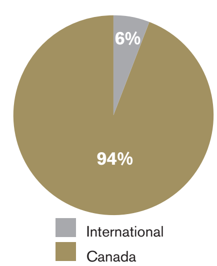
Customers



Drilling



Regions



Chairman's message

Guthrie J. Stewart

Chairman of the Board

This year we are reminded that the mining sector lives through cycles. After five years of solid revenue growth and business expansion, Orbit Garant is adjusting to current market realities of decline in demand for drilling services.

At the same time, we firmly believe that with difficult market conditions also comes opportunity – the opportunity for Orbit to continue to distinguish itself with its customers, by the quality and efficiency of its services, and to take advantage of new opportunities and the potential weakness of others to emerge stronger than ever into the next growth cycle.

Mining companies across the spectrum have reviewed their drilling programs. Junior companies continue to be challenged to access financing, so greenfield exploration activity has declined steeply. At the same time, senior and intermediate mining companies scaled back or postponed their drilling and resource expansion activities in an effort to manage costs. Nonetheless, as mineral reserves decline, it will only be a matter of time before the focus will again shift to finding new mineral deposits or expanding existing finds – and we are determined to be ready for that time. That is the nature of a cyclical business, where the key to success is the ability to manage through the cycle and be well positioned for the next upswing. Orbit Garant's performance in the past year demonstrates its capacity to adjust and remain focused on its strategy of operational excellence and having the capacity to pursue growth initiatives.

Our senior management team, led by our President and CEO Eric Alexandre, has responded admirably to the challenges of the past year, moving quickly and decisively to contain costs while maintaining focus on customer needs and our long-term goals. Orbit Garant prides itself on its culture and the talents of its employees, and therefore the most difficult decision was the necessity to adjust to market conditions by making significant reductions in our workforce, from 950 employees at the end of last year to 650 at the end of fiscal 2013. We especially appreciate the efforts of all our skilled and dedicated employees through this challenging time. It is never easy to adjust to slowing demand, and Orbit's employees have risen to the challenge and continued to deliver ever greater productivity for customers with our latest information systems and drilling technology. While cutting administrative costs, management also pared back on capital expenditures and paid down debt, strengthening the balance sheet at this critical time. So despite the decline in revenues, we are proud to say that the Company's financial position remains solid.

This has been a challenging year, but Orbit Garant remains strong and on track. Management and the entire team at Orbit Garant have maintained their focus on both short-term and long-term success. Management is fully supported by our experienced, active and dedicated Board of Directors. I want to thank my fellow directors – Pierre Alexandre, Patrick Godin, William Gula, Jean-Yves Laliberté and Edmund Stuart – who have each contributed guidance and support in this important period of adjustment.

While market conditions may remain challenging in the near term, as I have said, we believe the Company is very well positioned to respond to customer demand and growth opportunities as market conditions improve. We are fully focused on being in the best position to take advantage of our skills and technology when demand picks up again. This is the way we believe we will deliver long-term value to our customers and to you, our shareholders.

On behalf of the Board and the entire team, we want to thank you for your support and sharing our confidence in the future.

On behalf of the Board,

Guthrie J. Stewart
CHAIRMAN OF THE BOARD

President and CEO's message

Eric Alexandre

President and Chief Executive Officer

As we faced the challenges of an industry-wide slowdown in mineral drilling activity throughout fiscal 2013, we never lost sight of the long-term goals and opportunities for Orbit Garant. While customers dramatically reduced their drilling activity and our revenues declined, we actively managed Orbit Garant to contain costs, protect our core capabilities and ensure financial flexibility. We reduced our workforce, cut operating expenses, paid down debt and reduced our fiscal 2014 capital expenditure budget. In exercising disciplined management, we have preserved our core strengths and retained our most skilled employees, so we can respond quickly to customer requirements as industry conditions improve. By reducing our overall leverage, we are more favourably positioned to pursue the strategies we have in place to support and advance our position as one of Canada's leading mineral drilling companies.

In focusing on the long term, we zeroed in on our strategic direction, and refined it to two core business strategies, supported by key initiatives. These include:

Support our competitive advantage through our focus on diversified mineral drilling expertise, technology innovation, manufacturing capacity, highly qualified personnel and leading health and safety standards.

- Provide conventional, specialized and geotechnical drilling services;
- Manufacture custom drill rigs and equipment to match customer needs;
- Maintain a strong commitment to research and development and advanced drilling technologies;
- Provide training courses to personnel to continuously improve skills and productivity and ensure the availability of highly skilled personnel; and
- Maintain a high standard of safety in the work environment and promote protection of the environment.

Expand in attractive markets through strategic acquisitions, investments, partnerships and customer relationships.

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in stable jurisdictions;
- Establish and maintain long-term customer relationships;
- Cross-sell services and products;
- Expand our operations in strategic regions; and
- Evaluate strategic acquisitions and other opportunities to enhance value for our stakeholders.

We will continue to support each of these initiatives as core tenets of our business and the keys to our long-term growth. One of our most exciting initiatives is our computerized monitoring and control technologies. Our computerized drill rigs continue to perform well in the field, delivering cost savings and increased driller productivity. We remain fully committed to this new technology and look forward to increased deployments as market demand picks up.

To further optimize our long-term growth, we need greater international market exposure to better utilize our capacity and capabilities, and to elevate our profile in the mineral drilling industry. To this end, we continue to explore international expansion opportunities. We enjoy strong long-term relationships with a number of intermediate and senior mining companies with operations in Canada. We are focused on expanding these relationships to become the driller of choice for these customers' international projects as well.

Market conditions may remain challenging in the near-term, but we believe global demand for metals combined with depleting resources will ultimately result in a return to the historical long-term growth trend in mineral exploration and development. We are well positioned to seize the value creation opportunities that lie ahead.

I thank all our employees, our Board of Directors, and you, our shareholders, for sharing our long-term vision for Orbit Garant, and helping to make it a reality.

Eric Alexandre
PRESIDENT AND CEO

Innovation

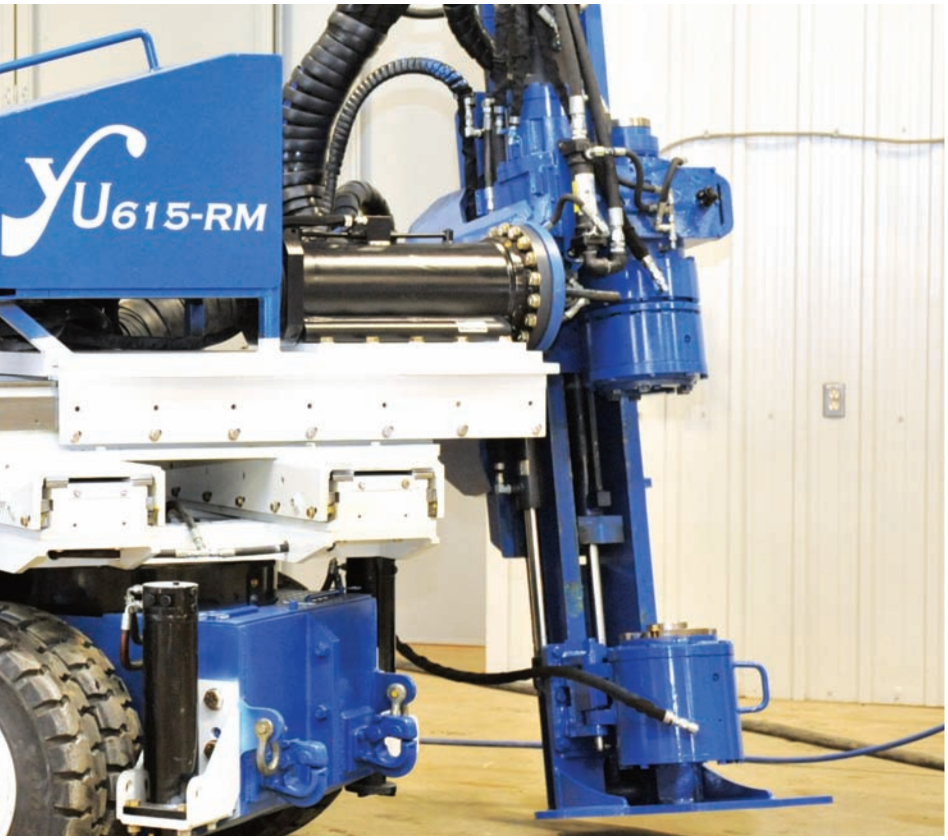
COMPUTERIZED CONTROL AND MONITORING SOLUTIONS

Our success rests on delivering results for our customers, and innovation in drilling technology and processes is transforming our industry – providing new tools that add new levels of value. It follows that leadership in our field over the long term – and through every stage of the cycle – requires leadership in innovation. Since the inception of Orbit Garant, we have made research and development a key priority to support our goal of continuous innovation.

Exciting breakthroughs in recent years have provided us with the opportunity to deliver new service levels. Most significant is the potential of our drill rigs with computerized monitoring and control technology. In utilizing this technology, our customers are able, in real time, to monitor our progress, view core samples, and access detailed performance reports on demand, all via the Internet. From an operating standpoint, we achieve improved accuracy and consistency of results, enabling our experienced drillers to significantly increase productivity, while less experienced drillers can move faster along the learning curve compared to learning on conventional drill rigs. In deployments on customer projects to date, we have achieved more than 30 per cent greater productivity compared to conventional drilling and have reduced the duration of some customers' drilling programs by up to 50 per cent. In turn, this increased efficiency means that far fewer consumables are being used and rig components are lasting longer. Each of these factors contributes to enhanced customer value, improved operating performance and strengthened competitive advantage.

At the end of fiscal 2013, we had 17 drill rigs featuring our computerized monitoring and control technology, and we expect to build our computerized drill fleet steadily over the long term, while continuing to enhance the capabilities.

Computerized control and monitoring technology is only part of the story: at Orbit Garant, we have taken innovative approaches with all the equipment we develop and utilize.



“Orbit Garant’s 615 series computerized underground drill rig enables us to achieve significant productivity gains, experiencing fewer delays and lowering our cost per metre drilled with this new model. We appreciate the enhanced flexibility it provides us in planning our drilling campaign.

Jeannot Boutin
Superintendent, Technical Services,
Hecla Mining Company

Orbit Garant has become a new reference point in assessing contract mineral drillers in health and safety, and environmental standards, while maintaining a high level of productivity.

Normand Dupras
Chief Geologist,
Xstrata Zinc/Glencore ”

For example, our team has also developed and manufactured:

- movable surface drills equipped with rubber traction, to maximize mobility while limiting the impact on the environment;
- large, modular, heli-portable surface drill rigs, capable of drilling to depths of 3,000 metres;
- water recirculation and filtration systems for drilling that enable greater flexibility on project sites where water use is limited or restricted due to regulatory controls; and
- heat exchange systems for cold climate drilling, that enable the transfer of heat from the drilling motor to the heating systems for the driller’s shelter.

Our commitment to innovation has led to our leadership position as specialized drillers, enabling us to adapt technology to meet different conditions.

With every advance, we see a range of benefits – greater productivity, fuel efficiency, safety features and lower environmental impact.

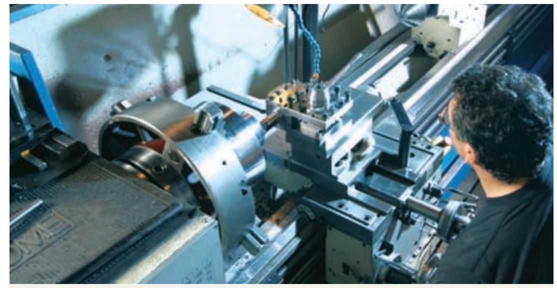
Vertical Integration

MANUFACTURING CAPACITY

Our ability to manufacture specialized and customized drill rigs to meet our customers' specific requirements gives us a strong competitive advantage. Through our manufacturing subsidiary, Soudure Royale, we are able to add value for our customers by providing the optimum equipment for their needs while also reducing costs and improving the turnaround time for the delivery of the drills and specialized equipment. Indeed, we can produce most of our customized drills within a two to three-week time frame, at about half the cost of an external supplier. And because we integrate service delivery with the design and manufacturing process, we are able to develop equipment that is best suited to the terrain and logistics of any project.

Working with our engineering departments, we design or modify specialty equipment such as heli-portable drill rigs, while also manufacturing and providing other support equipment, such as water recirculation systems, heat recovery systems and fuel efficient systems.

We also manufacture conventional drill rigs for third parties, providing us with a further revenue stream. As well, at our manufacturing facility in Val-d'Or, we are able to provide full maintenance services for our rigs – maintaining quality, safety and reliability of performance.



Orbit Garant designed and manufactured large, modular, custom surface drill rigs for our Meliadine and Meadowbank projects in Nunavut. These reliable, highly adaptable drill rigs give us the power, performance and flexibility to advance our drilling objectives more rapidly in this remote, harsh environment.

Denis Vaillancourt
Exploration Manager, Eastern Canada,
Agnico Eagle Mines

The SH-100 surface drill rig that Orbit Garant custom designed and manufactured for us has given us the capacity to access greater depth targets, in excess of 3,000 metres, with consistent productivity and results. We greatly appreciate Orbit Garant's focus on innovation and the dedication they have shown in supporting our drilling program.

Jeannot Boutin
Superintendent, Technical Services,
Hecla Mining Company

Skilled Workforce

A SKILLED AND RELIABLE WORKFORCE

Our reputation as an innovator and leader in the mineral drilling industry rests squarely on our workforce – the foremen, drillers and driller-helpers who work in the field. Both underground and surface drilling require a high degree of expertise and technical competence to ensure that the equipment is handled properly and safely – and that the core samples our customers require are extracted accurately and efficiently.

Our drillers and driller helpers utilize complex technology, handle heavy equipment and manage project sites, often in remote locations under extreme weather conditions. Attracting, retaining and developing a highly skilled, experienced and responsive workforce is therefore a fundamental priority for Orbit Garant.

We are very proud of our driller training and certification program that we originated in Val-d'Or, Quebec, and have since expanded throughout our operations. It is an initiative we undertook several years ago to develop qualified drillers and driller-helpers. Our training program includes hundreds of hours of practice and theory, supported by on-site training prior to gaining full program certification. Participants are taught processes and techniques to ensure consistency, quality control, high performance and a focus on safety. As part of the program, participating students complete a practical component by acting as helpers with Orbit Garant. Through this exclusive arrangement, we gain access to students to recruit for permanent employment when they complete their certification.

Recruiting qualified drillers is just the beginning: we have ongoing comprehensive and customized training and development programs – to familiarize our workforce with new technology, to enhance quality control and performance and to implement new environmental and health and safety programs and policies.

Workplace safety is vital to the success of every project – from our perspective and also that of our customers. We are committed to ongoing improvement of prevention mechanisms, technology and equipment enhancements, training programs and policy compliance to ensure maximum health, effectiveness and productivity of our exceptional workforce.

“We have been impressed with the innovation that Orbit Garant has demonstrated in meeting our rigorous drilling and ancillary equipment requirements at our Meliadine and Meadowbank projects in Nunavut. One key innovation they brought to our projects is a water recirculation and filtering system for their drill rigs, which reduces and limits total water usage in the drilling process and ensures that salt water is not dispersed on the surrounding tundra. The Orbit Garant system has the added benefit of reducing energy consumption, as the recirculated water does not have to be heated as much prior to being reused in the drill hole, following filtration.”

Denis Vaillancourt
Exploration Manager, Eastern Canada,
Agnico Eagle Mines

In Our Communities

CORPORATE SOCIAL RESPONSIBILITY

Over the long term, our viability and that of our industry is based on the health and viability of the communities where we operate. We take our role as a good corporate citizen very seriously and have worked to show leadership in this area.

We feel a particular sense of responsibility in Canada, where much of our business is based. While Orbit Garant is well placed to weather the peaks and troughs of a business cycle, many of the remote communities we operate in are more vulnerable to downturns in the resource sector – and also to the potential environmental impact of resource-based operations.

We have undertaken a range of leadership initiatives to support socio-economic development in Val-d'Or and the entire region, and we have been recognized by the Val-d'Or Chamber of Commerce for our contributions. We have also focused on First Nations, Inuit and northern Canadian communities to foster sustainable economic development and skills training for local residents. For example, Orbit Garant has partnered with the Canadian and Nunavut governments, regional Inuit associations, local colleges and other resource industry companies in support of the launch of the Arviat Diamond Driller's Training ("ADDT") Program. The ADDT program has certified many graduates since inception, a number of whom are currently working on projects with Orbit Garant in Nunavut.

We are very proud of our strong track record of working in partnership with northern communities and native peoples and we seek every opportunity to build on this record.

We also seek to build on our track record in environmental protection and sustainability. Technology such as rubber-tractioned drills helps minimize the environmental impact on tundra and sensitive ecosystems, as does our use of non-toxic lubricants. Our industrial waste recycling program provides further

protection, as does our use of containment mats. We are constantly developing recycling initiatives and focus on equipment maintenance and fuel efficiency, which is good for the environment and the bottom line. We have also created a drill site monitoring team, consisting of six agents, whose job is to continuously monitor our drilling operations on customer projects, ensuring that our health and safety, and environmental policies and procedures are strictly adhered to. Following completion of drilling projects, our monitoring team ensures that the project site is left in the same condition we found it.

We are in this business for the long term and we see environmental protection and community leadership as far more than a requirement. We see it as essential to our own long-term viability and the sustainability of resource industries, as well as to future generations.

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We have enjoyed a mutually beneficial strategic partnership with Orbit Garant for the past three years. Over this period, Orbit Garant has demonstrated a strong commitment to communities in Nunavut. They have long been involved in providing local residents with skills training, providing opportunities for young men and women to become driller helpers on mining projects in Nunavut. More recently, they helped support the launch of the Arviat Diamond Driller's Training ("ADDT") Program as an industry partner, and they have been active in hiring course graduates on local projects and in providing continued skills development.

Richard Connelly
Sarliaq Holdings Ltd.

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Management Discussion and Analysis

This **Management Discussion and Analysis ("MD&A")** is a review of the results of operations, the liquidity and the capital resources of Orbit Garant Drilling Inc. This discussion contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.

This MD&A should be read in conjunction with the audited consolidated financial statements for the period ended June 30, 2013; as compared with the corresponding period of the previous year and also with the audited consolidated financial statements and MD&A contained in the Company's annual report for the fiscal year ended June 30, 2012.

The Company's fiscal 2013 audited consolidated financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except when otherwise noted.

In this MD&A, references to the "Company" or to "Orbit Garant" shall mean, as the context may require, either Orbit Garant Drilling Inc. or Orbit Garant Drilling Inc. together with its wholly owned subsidiaries.

This MD&A is dated September 26, 2013. Disclosure contained in this document is current to that date unless otherwise stated.

Percentage calculations are based on numbers in the Financial Statements and may not correspond to rounded figures presented in this MD&A.

Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed fiscal year, can be found on SEDAR at www.sedar.com.

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

FISCAL 2013 SUMMARY

- Revenue was $104.2 million in fiscal 2013, compared to $154.8 million in fiscal 2012
- Adjusted gross margin (excluding depreciation expense) of 24.4%, compared to 27.3% in fiscal 2012
- Non-cash impairment charge of $28.2 million related to goodwill and intangible assets was recognized in the fourth quarter due to ongoing market weakness
- Adjusted net earnings, excluding impairment charges, decreased to $1.7 million in fiscal 2013, compared to net earnings of $10.4 million in fiscal 2012
- EBITDA, excluding impairment charges, decreased to $15.4 million from $27.9 million in fiscal 2012
- 1.0 million metres drilled in fiscal 2013, down from 1.5 million metres in fiscal 2012
- Debt reduction of $11.7 million in fiscal 2013

Orbit Garant's fiscal 2013 results reflect the difficult market conditions prevailing in the mineral drilling industry, as many senior and intermediate mining companies have scaled back their drilling programs, and junior mining companies have significantly cut their exploration activities due to a lack of capital. Orbit Garant's customers' drilling activity in fiscal 2013 reflects these broader market trends. The Company has reduced its general and administrative expenses and capital expenditures to adjust to the current level of business activity. Total workforce was reduced by 33% to approximately 650 employees at the end of fiscal 2013, from approximately 950 employees at the end of fiscal 2012.

The Company's results for fiscal 2013 were also impacted by an impairment charge of $28.2 million to the value of goodwill and intangible assets due to ongoing market weakness. The impairment charge is a non-cash item.

CORPORATE OVERVIEW

From its head office in Val-d'Or, Québec, Orbit Garant, with approximately 650 employees, manages a fleet of 214 drilling rigs that provide surface and underground drilling services to the mining and exploration industry in Canada and internationally.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties (and so provides the Company with a competitive advantage in the provision of drilling services and equipment). Orbit Garant focuses on "specialized drilling" which refers to those drilling projects that are in remote locations or, in the opinion of Management, because of the scope, complexity or technical nature of the work, cannot be completed by smaller conventional drilling companies.

The Company has two operating segments: Canada (including domestic surface drilling, underground drilling and manufacturing Canada), and International.

For the twelve-month period ended June 30, 2013 ("Fiscal 2013"):

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 61% of the Company's total revenue.
- Approximately 85% of the Company's revenues were generated by gold related operations, and approximately 15% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 63% and 35%, respectively, of the Company's revenues. Orbit Garant's manufacturing subsidiary, Soudure Royale, accounted for the remaining 2% of revenue.
- Orbit Garant operates principally in stable jurisdictions, with approximately 94% of the Company's revenues generated in Canada. The Company also maintains field operations and/or offices in the USA, Mexico, Guyana, Chile (South America) and Liberia (West Africa). Approximately 99% of the Company's revenues were in Canadian dollars, providing currency stability.
- Approximately 79% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 74% in fiscal 2012. There are currently no projects that represent more than 10% of the Company's total revenues. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to three years in length.

BUSINESS STRATEGY

Orbit Garant's goal is to be a leading Canadian-based mineral drilling company, while pursuing international opportunities, providing both underground and surface drilling for all stages of the mining and minerals business, including exploration, development and production. The Company employs the following business strategies:

- Focus primarily on major and well financed intermediate mining and exploration companies operating in stable jurisdictions;
- Provide conventional, specialized and geotechnical drilling services;
- Manufacture drills and equipment to fit the needs of customers;
- Maintain a commitment to Research and Development ("R&D") and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of safety standards in the work environment and promote protection of the environment;
- Establish and maintain long-term relationships with customers;
- Cross-sell drilling services to existing customers;
- Expand its base of operations in strategic regions; and
- Evaluate strategic acquisition opportunities to enhance value for the Company's stakeholders.

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. Mineral contract drilling companies typically service three types of mining companies: majors (or seniors), intermediates, and junior exploration companies. Demand for drilling services is driven by conditions in the global markets for ferrous (iron) and non-ferrous (precious and base metals) metals. The strength of demand is determined primarily by metals prices and the availability of capital for mining companies to finance exploration (particularly in the case of juniors) and development programs, and/or ongoing mining operations.

Gold

Gold prices are influenced by global investment demand, including central banks, other institutions and private wealth, often as a hedge against currency inflation, or as a safe haven for capital in uncertain economic conditions; global demand for gold jewelry; and to a much lesser extent, demand from industrial applications. The price of gold has been volatile throughout 2013, beginning the year at approximately US$1,700 per ounce and declining to less than US$1,200 in July and is more than US$1,320 at the time of this report.

Base metals

Base metals' price performance generally reflects global economic conditions, as these metals are used primarily in infrastructure, industrial and manufacturing applications. Demand from emerging markets, particularly China and India, has a major influence on base metals markets. As emerging markets advance their economic development, their infrastructure and industrial bases expand. Further, residents typically become more affluent, driving increased demand for manufactured goods.

Prices for aluminum, copper, lead, nickel and zinc – the primary industrial metals – have been volatile throughout the year. At the time of this report, prices for each of these base metals was lower than 12 months ago. Copper, by way of example, was approaching US$3.80 per pound a year ago, and at the time of this report, was trading at just over US$3.20 per pound.

Iron ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As the world's largest steel consumer, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fuelling global steel consumption, with demand expected to double by 2050. In Canada, there has been a recent surge in exploration activity in the Labrador Trough region of Quebec and Labrador, which may impact future supply and prices as some of these projects come into production. The spot price of iron ore is affected in the short term by seasonal effects, short term mismatches between supply and demand and other factors. Prices for iron ore have been volatile over the past 12 months. At the time of this report, spot prices for iron ore are approximately US$130 per tonne. While current spot prices for iron ore are below the record spot price levels of over US$190 reached in 2011, they remain well above the trailing five-year price lows.

Market participants

2013 continues to be a challenging year for intermediate and junior companies to raise capital, resulting in budget restraints and scaled back exploration and development programs. The rising costs of mineral production, caused by higher operating costs and construction costs, together with lower metals prices, are also causing some senior mining companies to review or even postpone their exploration and expansion programs.

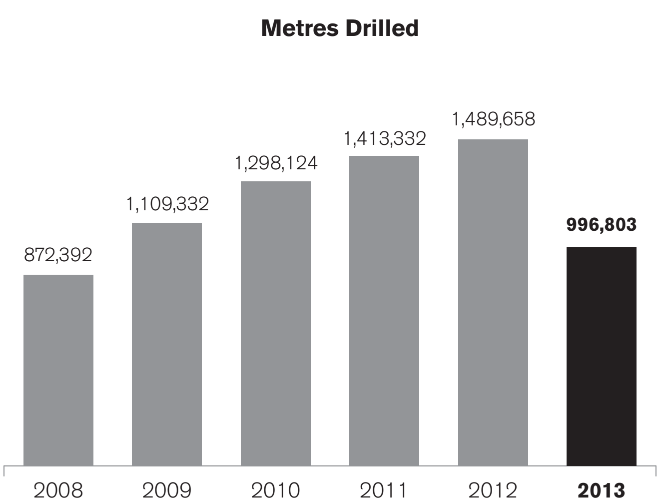
Given current industry conditions, the worldwide budget for non-ferrous metals exploration is expected to decrease in 2013 compared to 2012 levels. Junior companies typically rely on equity financing to fund exploration since they do not generate operating cash flow from producing mines. Thus, their exploration spending capacity largely depends on their ability to raise capital, market conditions and investor interest. According to SNL Metals Economics Group, the amount of capital raised for precious and base metals exploration by junior companies in 2012 was down from 2011 levels, and the proportion of global exploration spending dedicated to early-stage and generative work fell to a historic low in 2012, mainly as a result of stagnant junior company budgets. These trends have continued in 2013. According to Natural Resources Canada, exploration spending by junior companies in Canada was $1.7 billion in 2012, down 15% from 2011 spending of $2.0 billion. In 2013, exploration spending by junior companies in Canada is expected to total $1.5 billion.

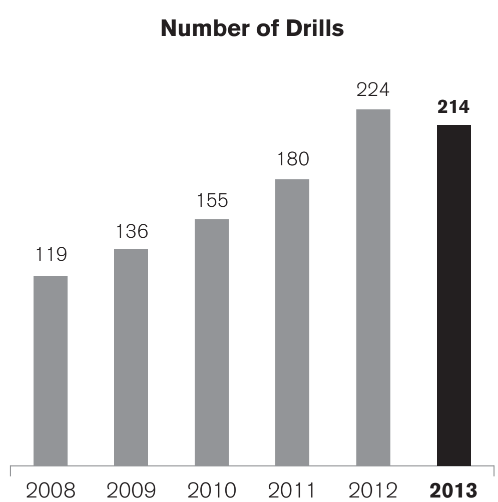
OVERALL PERFORMANCE
RESULTS OF OPERATIONS, YEAR ENDED JUNE 30, 2013

Fiscal year ended June 30 * ($ millions)	**Fiscal 2013**	Fiscal 2012	2013 vs. 2012 Variation	Variation (%)
Revenue*	**104.2**	154.8	(50.6)	(32.7)
Gross profit*	**15.5**	33.7	(18.2)	(54.0)
Gross margin (%)	**14.9**	21.8		(6.9)
Adjusted gross margin (%)(1)	**24.4**	27.3		(2.9)
EBITDA*(2)	**15.4**	27.9	(12.5)	(44.7)
Metres drilled	**996,803**	1,489,658	(492,855)	(33.1)
Net (loss) earnings*	**(26.5)**	10.4	(36.9)	(355.5)
Net (loss) earnings per common share				
– Basic ($)	**(0.80)**	0.31		
– Diluted ($)	**(0.80)**	0.30		
Adjusted net earnings*(3)	**1.7**	10.4	8.7	(83.3)
Adjusted net earnings per common share				
– Basic ($)(4)	**0.05**	0.31		
– Diluted ($)(4)	**0.05**	0.30		

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation, amortization, impairment of goodwill and intangible assets See "Reconciliation of non-IFRS financial measures"
(3) Reflects net (loss) earnings, excluding impairment of goodwill and intangible assets
(4) Reflects net (loss) earnings per common share, excluding impairment of goodwill and intangible assets

During fiscal 2013, Orbit Garant drilled 1.0 million metres, a 33.1% decrease from 1.5 million metres drilled during fiscal 2012. The Company's average revenue per metre drilled in fiscal 2013 was $102.89 compared to $101.02 in fiscal 2012. The size of the Company's drill fleet was reduced to 214 drill rigs at fiscal 2013 year end, down from 224 drill rigs at fiscal 2012 year end. During fiscal 2013, Soudure Royale manufactured eight new drill rigs for the Company, seven of which are new computerized drill rigs; 18 drill rigs were disposed of or dismantled.



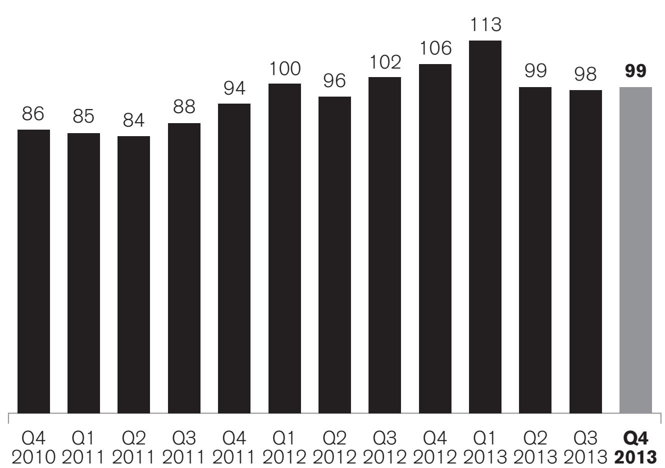


SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30 * ($ millions)	**Fiscal 2013**	Fiscal 2012	Fiscal 2011
Contract revenue			
Drilling Canada*	**97.7**	133.0	108.7
Drilling International*	**6.5**	21.8	19.0
Total*	**104.2**	154.8	127.7
Gross profit*	**15.5**	33.7	28.5
Gross margin (%)	**14.9**	21.8	22.3
Adjusted gross margin (%)(1)	**24.4**	27.3	27.6
Net (loss) earnings*	**(26.5)**	10.4	11.4
Net (loss) earnings per common share ($)	**(0.80)**	0.31	0.35
Net (loss) earnings per common share diluted ($)	**(0.80)**	0.30	0.34
Adjusted net earnings*(3)	**1.7**	10.4	11.4
Adjusted net earnings per common share ($)(4)	**0.05**	0.31	0.35
Adjusted net earnings per common share diluted ($)(4)	**0.05**	0.30	0.34
Total assets*	**117.2**	170.2	142.6
Long term debt*	**14.4**	26.0	14.7
Total metres drilled (million)	**1.0**	1.5	1.4
EBITDA*(2)	**15.4**	27.9	26.0
EBITDA %(2)	**14.8**	18.0	20.3

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation, amortization, impairment of goodwill and intangible assets
See "Reconciliation of non-IFRS financial measures"
(3) Reflects net (loss) earnings, excluding impairment of goodwill and intangible assets
(4) Reflects net (loss) earnings per common share, excluding impairment of goodwill and intangible assets

Average Revenue ($/metre)*



* Figures are rounded to the nearest dollar.

RESULTS OF OPERATIONS

Fiscal 2013 compared to fiscal 2012

Contract revenue

For the fiscal year ended June 30, 2013, the Company recorded contract revenue of $104.2 million, compared to $154.8 million in fiscal 2012, representing a decrease of $50.6 million, or 32.7%. The decrease was primarily attributable to a decline in metres drilled due to weakened overall market demand, which began in the first quarter of fiscal 2013, as a number of the Company's customers suspended or scaled back their drilling activities in response to prevailing mining industry conditions.

Domestic contract drilling revenue decreased to $97.7 million in fiscal 2013, compared to $133.0 million in fiscal 2012, a decrease of $35.3 million, or 26.5%. The decrease was attributable to the decline in domestic drilling activities, due to weakened customer demand.

International contract drilling revenue decreased 70.1% to $6.5 million in fiscal 2013, compared to $21.8 million in fiscal 2012, due to lower demand for international drilling services, as a result of industry conditions.

Gross profit and margins (see Reconciliation of non-IFRS measures)

Gross profit for fiscal 2013 decreased 54.0% to $15.5 million, from $33.7 million in fiscal 2012. Gross margin for fiscal 2013 decreased to 14.9% from 21.8% in fiscal 2012. In accordance with IFRS, depreciation expenses totalling $9.9 million are included in the cost of contract revenue for fiscal 2013, compared to $8.5 million for fiscal 2012. Adjusted gross margin, excluding depreciation expenses, decreased to 24.4% in fiscal 2013, compared to 27.3% in fiscal 2012. The decline in gross profit and gross margin is attributable to reduced metres drilled for both domestic projects and higher margin international projects. The Company also experienced labour and equipment relocation costs related to completed contracts that were not renewed or replaced.

General and administrative expenses

General and administrative ("G&A") expenses were $12.9 million for fiscal 2013, compared to $17.1 million in fiscal 2012. G&A expenses represented 12.4% of revenue during fiscal 2013, compared to 11.1% in fiscal 2012. In accordance with IFRS, depreciation and amortization expenses of $2.9 million are included in G&A expenses for fiscal 2013, in line with fiscal 2012. Adjusted G&A expenses, excluding depreciation and amortization expenses, totalled $10.0 million (9.6% of revenue) for fiscal 2013, compared to $14.2 million (9.2% of revenue) for fiscal 2012. The decline in G&A expenses was partially offset by an increase in bad debt provision of $0.9 million in fiscal 2013 over fiscal 2012.

The decline in G&A expenses is attributable to a reversal of a contingent consideration of $3.2 million associated with the Company's acquisition of Advantage Control Technologies (1085820 Ontario Limited) in November 2010, and the acquisition of Lantech Drilling Services Inc. in December 2011. The Company has taken actions to reduce its total G&A expenses due to the current decline in drilling activities.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA was $15.4 million for fiscal 2013, compared to $27.9 million in fiscal 2012, a decrease of $12.5 million, or 44.7%. EBITDA represented 14.8% of sales in fiscal 2013, compared to 18.0% of sales in fiscal 2012.

Financial expenses

Interest costs related to long-term debt and bank charges for fiscal 2013 were $1.3 million, in line with in fiscal 2012.

Impairment of goodwill and intangible assets

An impairment charge of $28.2 million was recognized in the fourth quarter of fiscal 2013. This non-cash item was a write-down of goodwill and some intangible assets, resulting from the ongoing weakness in both domestic and international drilling markets.

Income tax expenses (recovery)

Income tax recovery was $0.4 million in fiscal 2013, compared to $4.7 million of income tax expense in fiscal 2012, attributable to the reduction of net earnings.

Net earnings (loss)

Net loss in fiscal 2013 totalled $26.5 million, or $(0.80) per common share (basic and diluted), compared to net earnings of $10.4 million, or $0.31 per common share ($0.30 per share diluted) in fiscal 2012. The Company's net loss in fiscal 2013 included a non-cash impairment charge of $28.2 million related to a write-down of goodwill and intangible assets. Adjusted net earnings for fiscal 2013, excluding impairment charges, were $1.7 million, or $0.05 per common share (basic and diluted). The decline in metres drilled and lower rig utilization due to weakened demand contributed to the decline in adjusted net earnings.

SUMMARY ANALYSIS OF FISCAL 2012 COMPARED TO FISCAL 2011

Revenue for the fiscal year ended June 30, 2012 was $154.8 million compared to $127.7 million for fiscal 2011, representing an increase of $27.1 million or 21.2%.

Gross profit for fiscal 2012 increased 18.2% to $33.7 million, compared to $28.5 million in fiscal 2011. Increased gross profit was primarily attributable to price increases and higher overall business volumes, including increased higher margin international drilling activity in the first half of fiscal 2012. Adjusted gross margin decreased slightly to 27.3% in fiscal 2012, compared to 27.6% in fiscal 2011.

Net earnings for fiscal 2012 totalled $10.4 million, or $0.31 per share ($0.30 per share diluted), compared to $11.4 million, or $0.35 per share ($0.34 per share diluted) in fiscal 2011.

OVERALL PERFORMANCE
SUMMARY OF QUARTERLY RESULTS

	Fiscal 2013				Fiscal 2012			
* ($ millions)	**June 30**	**Mar. 31**	**Dec. 31**	**Sept. 30**	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue*	**21.4**	**23.7**	**24.2**	**34.9**	43.6	41.7	32.4	37.1
Gross profit*	**2.3**	**3.4**	**2.9**	**6.9**	7.7	10.0	7.1	8.9
Gross margin %	**10.6**	**14.5**	**11.9**	**19.8**	17.7	23.9	21.7	24.0
Adjusted gross margin %(1)	**21.9**	**25.3**	**22.2**	**26.8**	22.6	29.4	28.3	29.5
Net (loss) earnings*	**(27.6)**	**(0.6)**	**(0.3)**	**2.0**	1.3	3.5	1.9	3.7
EBITDA*(2)	**3.1**	**2.9**	**3.1**	**6.3**	5.5	8.3	5.8	8.3
Net (loss) earnings per common share ($)								
– Basic	**(0.83)**	**(0.02)**	**(0.01)**	**0.06**	0.04	0.10	0.06	0.11
– Diluted	**(0.83)**	**(0.02)**	**(0.01)**	**0.06**	0.04	0.10	0.05	0.11

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation, amortization, impairment of goodwill and intangible assets
See "Reconciliation of non-IFRS financial measures"

SEASONALITY

The Company's revenue reflects certain seasonal factors. In the underground drilling division, scheduled mine shutdowns over holiday and summer periods at some locations reduce revenue during these periods. In the domestic surface drilling division, weather conditions in the spring and fall seasons often cause drilling programs to pause, or to be planned around seasonal fluctuations. Similarly, in the international surface drilling division, weather conditions during certain periods of the year make drilling difficult, resulting in revenue fluctuations.

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2013 COMPARED TO FISCAL 2012

Contract revenue

Revenue for the fourth quarter of fiscal 2013 ("Q4 FY2013") totalled $21.4 million, a decrease of $22.2 million, or 50.9%, compared to the fourth quarter of fiscal 2012 ("Q4 FY2012"). The decrease was primarily attributable to a decline in metres drilled, as some of the Company's customers suspended or scaled back their drilling activities, and lower average revenue per metre drilled in Q4 FY2013, compared to Q4 FY2012. The Company's average revenue per metre drilled in Q4 FY2013 was $99.22 compared to $105.83 in Q4 FY2012.

Drilling Canada revenue was $20.4 million in Q4 FY2013, compared to $38.7 million in Q4 FY2012, representing a decrease of $18.3 million, or 47.5%. The decrease was primarily attributable to a decline in metres drilled during the quarter and lower average revenue per metre drilled.

Drilling International revenue was $1.0 million in Q4 FY2013, compared to $4.7 million in Q4 FY2012, a decrease of $3.7 million, or 78.7%, due to lower demand for drilling services.

Gross profit and margins (see Reconciliation of non-IFRS measures)

Gross profit for Q4 FY2013 decreased to $2.3 million from $7.7 million in Q4 FY2012. Gross margin for Q4 FY2013 decreased to 10.6% from 17.7% in the fourth quarter a year ago. In accordance with IFRS, depreciation expenses totalling $2.4 million are included in cost of contract revenue for Q4 FY2013, compared to $2.1 million for Q4 FY2012. Adjusted gross margin, excluding depreciation expenses, decreased to 21.9% in Q4 FY2013, from 22.6% in Q4 FY2012. The decline in gross profit and gross margin is attributable to reduced metres drilled for both domestic and higher-margin international projects, lower average revenue per metre drilled, as well as to labour and equipment relocation costs related to completed contracts that were not renewed or replaced as had previously been expected.

General and administrative expenses

G&A expenses were reduced to $2.3 million (10.9% of revenue) in Q4 FY2013, compared to $5.1 million (11.7% of revenue) in Q4 FY2012. In accordance with IFRS, depreciation and amortization expenses of $0.7 million are included in G&A expenses for Q4 FY2013, compared to $0.9 million in Q4 FY2012. Adjusted G&A expenses, excluding depreciation and amortization expenses, were reduced to $1.6 million (7.6% of revenue) in Q4 FY2013, from $4.2 million (9.7 % of revenue) in Q4 FY2012.

The decline in G&A expenses is primarily attributable to a reversal of a contingent consideration of $2.4 million associated with the Company's acquisition of Advantage Control Technologies (1085820 Ontario Limited) in November 2010 and the acquisition of Lantech Drilling Services Inc. in December 2011. The decline in G&A expenses in Q4 FY2013 was partially offset by an increase in bad debt provision of $0.7 million in Q4 FY2013 over Q4 FY2012.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA totalled $3.1 million (14.7% of revenue) in Q4 FY2013, compared to $5.5 million (12.9% of revenue) in the fourth quarter a year ago, a decrease of $2.4 million, or 44.0%. The decline is primarily attributable to decreased domestic and international drilling revenue.

Financial expenses

Interest costs related to long-term debt and bank charges were $0.4 million in Q4 FY2013, in line with Q4 FY2012.

Impairment of goodwill and intangible assets

An impairment charge of $28.2 million was recognized in Q4 FY2013. This non-cash item was a write-down of goodwill and some intangible assets due to ongoing weakness in the domestic and international drilling markets.

Income tax expenses (recovery)

Income tax recovery was $0.9 million for Q4 FY2013, compared to $0.9 million of income tax expenses in the fourth quarter of fiscal 2012, attributable to the reduction in net earnings.

Net earnings (loss)

The Company's net loss for Q4 FY2013 was $27.6 million, or $(0.83) per common share (basic and diluted), compared to net earnings of $1.3 million, or $0.04 per share (basic and diluted) in Q4 FY2012. This decrease is attributable to the impact of an impairment charge of $28.2 million. Adjusted net earnings for fiscal 2013, excluding impairment of goodwill and intangible assets, were $0.6 million, or $0.02 per common share (basic and diluted). The decline in metres drilled, lower rig utilization due to weakened demand, and lower average revenue per metre drilled contributed to the decline in adjusted net earnings.

EFFECT OF EXCHANGE RATE

Aside from the U.S. dollars referenced below, 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 were partially offset by revenue of approximately $1.2 million earned in U.S. dollars, related primarily to international drilling activities. As at June 30, 2013, the Company had US$1.1 million in cash (June 30, 2012, $0.9 million) and accounts receivable in U.S. dollars of US$0.5 million (June 30, 2012, $2.2 million).

As at June 30, 2013, the Company estimated that a 10% increase or decrease of the U.S. exchange rate would have caused a corresponding annual increase or decrease in net earnings and comprehensive earnings of approximately $0.1 million (June 30, 2012, $0.2 million).

LIQUIDITY AND CAPITAL RESOURCES

Operating activities

Cash flow from operations, before non-cash operating working capital items, was $13.4 million in fiscal 2013, compared to $28.7 million in fiscal 2012.

The change in non-cash operating working capital items was an inflow of $10.6 million in fiscal 2013, compared to an outflow of $7.6 million in fiscal 2012. The inflow in non-cash operating working capital in fiscal 2013 resulted primarily from a larger decrease in accounts receivable and inventory, than the decline in accounts payable and accrued liabilities.

Investing activities

Cash used in investing activities totalled $9.3 million in fiscal 2013, compared to $22.1 million in fiscal 2012. During FY2013, $9.3 million was used for the acquisition of property, plant and equipment and $0.4 million in payment of contingent considerations, partially offset by cash inflow of $0.4 million on disposition of property, plant and equipment. This compares with $18.4 million for the acquisition of property, plant and equipment and cash inflow of $1.7 million on disposition of property, plant, equipment and the construction of a new facility in Val-d'Or, Quebec, in fiscal 2012. During fiscal 2012, $5.4 million was used for the acquisition of Lantech Drilling Services Inc.

Financing activities

During fiscal 2013, the Company repaid a net amount of $11.7 million on its $40.0 million revolving Credit Facility. In fiscal 2012, cash flow generated from financing activities was $8.6 million. As at June 30, 2013, the Company's long-term debt, including the current portion, was $14.8 million, compared to $26.4 million as at June 30, 2012. The debt was used to support the acquisition of capital assets, including property, plant and equipment.

As at June 30, 2013, the Company's working capital was $51.2 million, compared to $60.3 million as at June 30, 2012. The decline in working capital resulted from a larger reduction in accounts receivable and inventory, than the accounts payable and accrued liabilities noted above. The Company's working capital requirements primarily fund inventory acquisition and support accounts receivable.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital expenditures and debt obligations. The Company's principal capital expenditures are related to the acquisition of drill rigs and property, plant and equipment.

Source of financing

The Company's primary sources of liquidity are from operations and borrowings under a credit agreement between the Company and National Bank of Canada Inc. (the "Credit Agreement") and also equity financing. On May 27, 2011, Orbit Garant obtained a $40.0 million secured, four-year revolving credit facility (the "Credit Facility"). Orbit Garant and its lenders have the option to increase the funds available under the Credit Facility up to a total of $60.0 million, subject to certain conditions. The Credit Facility will be used to fund working capital requirements and provide further flexibility to the Company's long-term acquisition program. This Credit Facility matures no later than May 27, 2015. As at June 30, 2013, the Company had drawn $14.4 million ($25.6 million as at June 30, 2012).

The Credit Agreement contains covenants that limit the Company's ability to undertake certain actions, including mergers, liquidations, dissolutions and changes of ownership; the incurrence of additional indebtedness; encumbering the Company's assets; guarantees, loans, investments and acquisitions that may be made by the Company; investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; making capital expenditures; and making certain asset sales.

As at June 30, 2013, the Company had future contractual obligations as follows:

*($ thousands)	Total $	Less than 1 year $	2–3 years $	4–5 years $
Bank loan*	–	–	–	–
Long-term debt*	14,903	338	14,565	–
Operating leases*	1,281	408	507	366
Contingent consideration*	1,175	375	800	–
Other long-term obligations*	–	–	–	–
Total*	17,359	1,121	15,872	366

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's audited consolidated financial statements have been prepared in accordance with **International Financial Reporting Standards ("IFRS")**, issued and effective, or issued and early adopted, for the year ended June 30, 2013. The IFRS accounting policies set out below were consistently applied to all periods presented. Please refer to Note 3 in the Company's consolidated financial statements for the year ended June 30, 2013 for a complete description of the Company's significant accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 4 in the Company's consolidated financial statements for the year ended June 30, 2013.

These audited consolidated financial statements have been prepared on a historical cost basis, except for the contingent considerations, which have been measured at fair value and are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company and its subsidiaries operate ("functional currency"). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These audited consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 26, 2013.

Principles of consolidation

The Company's audited consolidated financial statements incorporate the Company's financial statements and entities controlled by the Company. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

Foreign currency translation

Financial statements of foreign operations are translated using the rate in effect at the balance sheet date for assets and liabilities, and using the average exchange rates during the period for revenues and expenses. Adjustments arising from foreign currency translation are recorded in other comprehensive earnings.

Foreign currency transactions are transactions in a currency other than the Company's functional currency. Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. Translation gains and losses on assets and liabilities denominated in a foreign currency are included in the statement of comprehensive earnings.

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 initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed. When the Company acquires less than 100% of the equity interests in the business acquired at the acquisition date, goodwill attributable to the non-controlling interest is also recognized at fair value.

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	36 months
Drilling technology	60 months
Non-compete agreement	36 months

Amortization methods, residual values and the useful lives of significant intangible assets are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Impairment of long-lived assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGU"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Company reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts.

Goodwill, other intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment on June 30 of each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use of the asset or the CGU. Fair value, less costs to sell, represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the statement of earnings up to the excess of the recoverable amount of the asset or the CGU over its carrying value.

Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized in other comprehensive earnings or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive earnings or directly in equity in the same or a different period.

In the course of the Company's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and due to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

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 and revenue from the sale of drilling rigs is recorded at shipping. The Company recognizes revenue when persuasive evidence of an arrangement exists, service has been rendered, merchandise has been shipped, 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 period. 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 using the Black-Scholes option pricing model and is amortized to earnings over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity settled reserve. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. When unexercised stock options are forfeited or expired, the amounts are transferred to retained earnings.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments are continually evaluated by the Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. Actual results could differ from these estimates. The estimates, assumptions and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Inventories

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, Management takes into account the most reliable evidence available at the time the estimates are made. Net realizable value is the estimated selling price less the estimated cost necessary to make the sale. Used and revised inventories are valued at 50% and 75% of cost respectively. The amount of the depreciation of inventories can be reversed when the circumstances that led to the impairment charge in the past no longer exist.

Useful lives of depreciable assets

Amortization methods, residual values and useful lives of property, plant and equipment are reviewed at each reporting date by Management. Any changes are accounted for prospectively as a change in accounting estimate. As at June 30, 2013, Management assesses that the useful lives represent the expected utility of the assets to the Company.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated balance sheet of the Company at their fair values. In measuring fair value, Management uses estimates about future cash flows and discount rates. However, the actual results may vary. Any measurement changes upon initial recognition would affect the measurement of goodwill.

Impairment of long-lived assets

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management reviews on a regular basis the impairment assessment of its property, plant and equipment to criteria defined in Note 3.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires Management to estimate future cash flows expected to arise from the CGU and suitable discount rate in order to calculate present value. The key assumptions required for the value in use estimation are the future cash flows growth rate and the discount rate. Cash flows for each CGU are derived from the budget for the upcoming year and a long-term forecast prepared by Management, which covers a period of five years. The budget which is approved on an annual basis by members of the Company's Board of Directors and Management and long-term forecast which is prepared on an annual basis by the Company's Management are the primary sources for the determination of value in use. The values assigned to the key assumptions reflect past experience and are consistent with external sources of information.

Current income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Management, based on the specific facts and circumstances.

Provisions

Provisions are recognized when (i) the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and when (ii) the amount of the obligation can be reliably estimated.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statement of earnings in the reporting period in which changes occur.

Contingent considerations

The fair value recognized for contingent considerations has been estimated by Management based on the subsidiarie's results and budget. However, the actual contingent considerations may vary due to unexpected changes in the subsidiaries' activities.

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 using the Black-Scholes option pricing model, which is based on significant assumptions such as volatility, dividend yield and expected term.

Functional currency

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not early adopted the following new accounting standards and, accordingly, the adoption impact of these new standards on the consolidated financial statements, has not yet been determined:

IFRS 7 – Financial instruments – Disclosure, and IAS 32 – Financial instruments – Presentation

IFRS 7 and IAS 32 were amended to include obligations of qualitative and quantitative information related to gross and net amounts recognized in the Financial statements that a) are subject to an offset in the Statement of financial position and b) are subject to a master netting agreement or similar agreement enforceable even if they are not netted in the Statement of financial position. Amended IFRS 7 and amended IAS 32 are applicable for periods beginning on or after January 1, 2013 and January 1, 2014, respectively, and the disclosures must be presented retrospectively.

IFRS 9 – Financial Instruments

IFRS 9 simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, Financial Instruments: Recognition and Measurement. The new standard also provides for a fair value option in the designation of non-derivative financial instrument and its related classification and measurement. IFRS 9 is effective from periods beginning January 1, 2015 with early adoption permitted.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures, with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interests in joint ventures. The new standard requires that such interests be recognized using the equity method. IFRS 11 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet vehicles. IFRS 12 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 13 – Fair Value Measurements

IFRS 13 defines the fair value and demands the disclosure of the estimates at fair value and provides guidance on measuring fair value when required or permitted to do so according to the IFRS standards. IFRS 13 is effective from periods beginning January 1, 2013 with early adoption permitted.

IAS 19 – Employee Benefits

ISA 19 was amended to eliminate the application of the so-called "corridor" method and has the effect of deferring the recognition of gains and losses to simplify the presentation of changes in assets and liabilities arising from defined benefit plans and improve disclosures for defined benefit plans. IAS 19 amended is effective for periods beginning on, or after January 1, 2013 with early adoption permitted.

IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures

IAS 27 and IAS 28 were amended and renamed to be consistent with the publication of IFRS 10, IFRS 11 and IFRS 12. IAS 27 amended and IAS 28 amended are applicable for periods beginning on or after January 1, 2013 with early adoption permitted if the entity also early adopts IFRS 10, IFRS 11 and IFRS 12.

The International Accounting Standards Board issued a collection of amendments to IFRS as follows:

IFRS 1, First-time adoption of IFRS ("IFRS 1") related to repeated application of IFRS 1 and to borrowing costs.

IAS 1, Presentation of Financial Statements, related to clarification of the requirements for comparative information.

IAS 16, Property, Plant and Equipment, related to classification of servicing equipment.

IAS 32, Financial Instruments: Presentation, related to tax effect of distribution to holders of equity instruments.

IAS 34, Interim Financial Reporting, related to interim financial reporting and segment information for total assets and liabilities.

These amendments are applicable for the Company for its annual periods beginning on or after January 1, 2013, with earlier application permitted.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure for evaluating the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

Non-IFRS Financial Measures

EBITDA:	Earnings (loss) before interest, taxes, depreciation, amortization, impairment of goodwill and intangible assets.
Adjusted gross margin:	Contract revenue less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

EBITDA

Reconciliation of EBITDA

(unaudited) in millions of dollars	**Three months ended June 30, 2013**	Three months ended June 30, 2012	**Twelve months ended June 30, 2013**	Twelve months ended June 30, 2012
Net (loss) earnings for the period	**(27.6)**	1.3	**(26.5)**	10.4
Finance costs	**0.4**	0.4	**1.3**	1.3
Income tax expense (recovery)	**(0.9)**	0.9	**(0.4)**	4.7
Depreciation and amortization	**3.0**	2.9	**12.8**	11.5
Impairment of goodwill and intangible assets	**28.2**	–	**28.2**	–
EBITDA	**3.1**	5.5	**15.4**	27.9

Adjusted gross margin

Although adjusted gross margin is not a recognized financial measure defined by IFRS, it is a widely recognized measure used in the mineral drilling industry. As a result, management believes it provides a useful and comparable benchmark for evaluating the Company's performance.

(unaudited) in millions of dollars	**Three months ended June 30, 2013**	Three months ended June 30, 2012	**Twelve months ended June 30, 2013**	Twelve months ended June 30, 2012
Contract revenue	**21.4**	43.6	**104.2**	154.8
Cost of contract revenue (including depreciation)	**19.1**	35.9	**88.7**	121.1
Less depreciation	**(2.4)**	(2.1)	**(9.9)**	(8.5)
Direct costs	**16.7**	33.8	**78.8**	112.6
Adjusted gross profit	**4.7**	9.8	**25.4**	42.2
Adjusted gross margin (%)[1]	**21.9**	22.6	**24.4**	27.3

[1] Adjusted gross profit, divided by Contract revenue X 100

OUTSTANDING SECURITIES AS OF SEPTEMBER 26, 2013

Number of common shares	33,276,519
Number of options	3,150 ,000
Fully diluted	36,449,519

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 should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 26, 2013. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently 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 affected materially and adversely.

Risk related to structure of the business and 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. There is a continued risk that low 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, on whom the Company relies to operate its drills. 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 labour during that period. A material increase in the cost of labour 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 Credit Agreement ("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 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 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 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 Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the 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 Credit Agreement will mature no later than May 27, 2015. 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. In turn, this could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

At the end of June 30, 2013, the Company complied with all covenants.

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.

Acquisitions

The Company is continuously seeking business acquisitions. It 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 could place pressure on the ability of Soudure Royale and Orbit Garant Ontario to manufacture and deliver to the Company, new drills and consumables. Any negative impact on the ability of Soudure Royale and Orbit Garant Ontario to deliver their products may constrain the Company's ability to increase its capacity and increase or maintain revenue and profitability.

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.

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, the acquisition of Drifts, Forage+, Orbit Garant Ontario, Lantech Drillling and an increase in demand 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 Brazil, Russia, India and China ("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 (6) to twelve (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. 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 $1.2 million of U.S. dollar revenue exposure related to international activities. 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 can occur 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.

Environment, health and safety requirements and related considerations

The Company's operations 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 activities at clients' 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. Consequently, the trading price of the Common Shares may fluctuate.

Influence of existing shareholders

As of September 26, 2013, Pierre Alexandre, Vice-Chairman and Vice-President of Business Development of the Company, holds or controls, directly or indirectly, approximately 28% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has 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 takeover bids and business combinations, and correspondingly affect its share price.

Future sales of common shares by the company's existing shareholders

Certain shareholders, including Pierre Alexandre, hold or control significant blocks of shares of the Company. The decision of any of these shareholders to sell a substantial number of Common Shares in the public market could result in a material imbalance in demand for the Company's shares and therefore a decline in the market price of the Common Shares. 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 issuances. Additional Common Shares may be issued by Orbit Garant in connection with the exercise of options granted. 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 Credit Agreement places 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. The Company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada ("EDC") on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2013, the amount of the insurance coverage from EDC represents approximately 35% of the accounts receivable (24% in 2012).

As at June 30, 2013, 37% (43% as at June 30, 2012) of the trade accounts receivable are aged as current and 7% (1% as at June 30, 2012) of receivables are impaired.

One major customer represents 26% of the trade accounts receivable as at June 30, 2013 (June 30, 2012, two major customers represent 34% of these accounts).

In fiscal 2013, one major customer represents 22% of the contract revenue for the year June 30, 2013 (year ended June 30, 2012, one major customer represents 15%).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings.

The Company does not enter into derivatives to manage credit risk.

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.

As at June 30, 2013, the Company estimated that a one percentage point increase or decrease in interest rates would have caused a corresponding annual increase or decrease of approximately $0.1 million before income taxes ($0.2 million impact in 2012).

Fair value

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, 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 rates and has financing conditions similar to those currently available to the Company. The fair value of the contingent consideration has been evaluated with a discounted rate value.

OUTLOOK

With both base metals and gold prices now at lower levels than a year ago, many exploration and mining companies are continuing to exercise restraint with regard to their exploration and development programs. Senior and intermediate mining companies have scaled back their drilling programs for 2013. At the same time, junior mining companies have significantly cut their exploration activities due to a lack of capital. The recent volatility in gold prices has raised concerns that gold producers will have to slow spending by deferring new capital programs, delaying development of new projects and cutting discretionary expenses. As metal prices have risen over the past decade, production costs including labour, materials, equipment and energy have increased in tandem. These adverse market conditions have created a short term oversupply of drilling services capacity in the market, which in turn has created downward pricing pressure. Management expects that these market conditions will continue to negatively affect Orbit Garant's and other contract drilling companies' utilization rates and gross margins in the near term.

Despite these current market challenges, Management believes the long-term outlook for the mining industry is positive. While global economic conditions may negatively impact market conditions from time-to-time, Management believes long-term global demand for ferrous and non-ferrous metals combined with depleting resources will ultimately result in increased exploration and development activities by mining companies. Increased demand for minerals from developing countries, such as Brazil, Russia, India and China, provides the greatest impetus for long-term growth. China, the world's second largest economy, now has a significant impact on global demand and pricing for ferrous and non-ferrous metals. The lack of major new mineral discoveries, shortages of labour and other supply issues affecting traditional markets are all contributing to constraints in supply.

In the short term, Management will strive to maximize stakeholder value principally by reducing costs, optimizing drill rig utilization, increasing productivity, preserving the Company's cash position and continuing to build upon Orbit Garant's strong health and safety standards. Management believes the Company's computerized monitoring and control drilling technology will be an important component in achieving these goals by reducing both labour and consumable drilling costs, enhancing driller productivity rates and improving safety going forward. Orbit Garant currently expects to have approximately 20 drill rigs featuring its computerized monitoring and control technology by the end of fiscal 2014. The Company's capital expenditure budget for fiscal 2014 is $3.4 million, down from $9.3 million in fiscal 2013, reflecting disciplined cost management in line with current market demand. Orbit Garant will continue to monitor market conditions closely and manage its staff and inventory levels, capital expenditures and balance sheet accordingly. With its strong balance sheet, Orbit Garant remains committed to pursuing value-enhancing growth opportunities in Canada and internationally.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under its supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at June 30, 2013, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2013.

The Company's Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company, have been detected. Therefore, no matter how well designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During fiscal 2013, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year which materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time, make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As of June 30, 2013, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation the CEO and the CFO concluded that the design and operation of the ICFR were effective.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated financial statements of Orbit Garant Drilling Inc. (the "Company") and all the information in this annual report are the responsibility of the management of the Company and are approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments. Management has reviewed the financial information presented throughout this report and has ensured that it is consistent with the consolidated financial statements.

Management are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that transactions are authorized, assets are safeguarded and the integrity and fairness of the financial information is ensured. In addition, Management has reviewed the Company's disclosure controls and procedures, which are designed to ensure the quality and timeliness of the disclosures made to the public.

The Board of Directors of the Company is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through the Audit Committee. The Board of Directors appoints the Audit Committee, and all of the members of the Audit Committee are independent members of the Board of Directors. The Audit Committee meets periodically with management and the shareholders' auditors to review internal controls, audit results and accounting principles. Acting on the recommendation of the Audit Committee, the consolidated financial statements are forwarded to the Board of Directors of the Company for its approval.

Deloitte s.e.n.c.r.l., an independent firm of chartered accountants, has been appointed to express an independent professional opinion on the fairness of the consolidated financial statements. Deloitte s.e.n.c.r.l. has full and free access to the Audit Committee.

Eric Alexandre, CPA, CMA
President and Chief Executive Officer

Alain Laplante, FCPA, FCGA
Vice-President and Chief Financial Officer

Val-d'Or, Quebec
September 26, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Orbit Garant Drilling Inc.

We have audited the accompanying consolidated financial statements of Orbit Garant Drilling Inc., which comprise the consolidated statements of financial position as at June 30, 2013 and June 30, 2012, and the consolidated statements of earnings and comprehensive earnings, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Orbit Garant Drilling Inc. as at June 30, 2013 and June 30, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte s.e.n.c.r.l. [1]

September 26, 2013

[1] CPA auditor, CA, public accountancy permit No. A116207

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

For the years ended June 30, 2013 and 2012

(in thousands of Canadian dollars, except for earnings per share)	Notes	**June 30 2013 $**	June 30 2012 $
Contract revenue	19	**104,171**	154,756
Cost of contract revenue	6	**88,674**	121,094
Gross profit		**15,497**	33,662
Expenses			
General and administrative expenses	2–6	**12,870**	17,104
Other expenses (revenues)	6	**(56)**	145
Finance costs	6	**1,320**	1,331
Impairment of goodwill and intangible assets	9–10	**28,200**	–
		42,334	18,580
Earnings (loss) before income taxes		**(26,837)**	15,082
Income taxes (recovery)	14		
Current		**1,261**	4,710
Deferred		**(1,628)**	12
		(367)	4,722
Net earnings (loss) and comprehensive earnings (loss) attributable to shareholders		**(26,470)**	10,360
Earnings (loss) per share attributable to shareholders	13		
Basic		**(0.80)**	0.31
Diluted		**(0.80)**	0.30

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended June 30, 2013 and 2012

Year ended June 30, 2013 (in thousands of Canadian dollars)	Share capital $	Equity settled reserve $	Retained earnings $	Total shareholders' equity $
	(Note 13)	(Note 13)		
Balance as of July 1, 2012	54,411	3,524	57,797	115,732
Net loss and comprehensive loss	–	–	(26,470)	(26,470)
Share-based compensation	–	956	–	956
Balance as of June 30, 2013	**54,411**	**4,480**	**31,327**	**90,218**

Year ended June 30, 2012 (in thousands of Canadian dollars)	Share capital $	Equity settled reserve $	Retained earnings $	Total shareholders' equity $
	(Note 13)	(Note 13)		
Balance as of July 1, 2011	53,386	2,520	47,437	103,343
Net earnings and comprehensive earnings	–	–	10,360	10,360
Issuance of shares related to business acquisitions	989	–	–	989
Issuance of shares related to purchase financing	20	–	–	20
Issuance of shares related to options exercised	16	–	–	16
Share-based compensation	–	1,009	–	1,009
Fair value of stock option exercised	–	(5)	–	(5)
Balance as of June 30, 2012	54,411	3,524	57,797	115,732

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2013 and June 30, 2012

(in thousands of Canadian dollars)	Notes	June 30 2013 $	June 30 2012 $
Assets			
Current assets			
Cash		**1,507**	1,959
Accounts receivable	18	**18,157**	35,765
Inventories	7	**38,751**	42,036
Income taxes receivable		**2,292**	1,503
Prepaid expenses		**1,019**	1,165
		61,726	82,428
Non-current assets			
Property, plant and equipment	8	**53,729**	55,880
Goodwill	9	**–**	26,771
Intangible assets	10	**1,748**	5,072
Total assets		**117,203**	170,151
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**9,772**	20,206
Contingent considerations	2–18	**367**	1,564
Current portion of long-term debt	11	**338**	401
		10,477	22,171
Non-current liabilities			
Contingent considerations	2–18	**729**	2,792
Long-term debt	11	**14,421**	25,971
Deferred tax liabilities	14	**1,358**	3,485
		26,985	54,419
Equity			
Share capital	13	**54,411**	54,411
Equity settled reserve	13	**4,480**	3,524
Retained earnings		**31,327**	57,797
Equity attributable to shareholders		**90,218**	115,732
Total liabilities and equity		**117,203**	170,151

See accompanying notes to consolidated financial statements.

Approved by the Board

Eric Alexandre
Director

Jean-Yves Laliberté
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended June 30, 2013 and 2012

(in thousands of Canadian dollars)	Notes	June 30 2013 $	June 30 2012 $
Operating activities			
Earnings (loss) before income taxes		**(26,837)**	15,082
Items not affecting cash:			
Depreciation of property, plant and equipment	8	**10,854**	9,412
Amortization of intangible assets	10	**1,895**	2,064
Loss (gain) on disposal of property, plant and equipment	8	**187**	(168)
Share-based compensation	13	**956**	1,009
Finance costs		**996**	1,224
Reversal of contingent considerations	2–18	**(3,184)**	–
Change in fair value of contingent considerations	18	**324**	107
Impairment of goodwill and intangible assets	9–10	**28,200**	–
		13,391	28,730
Changes in non-cash operating working capital items	15	**10,605**	(7,570)
Income taxes paid		**(2,549)**	(3,801)
Finance costs paid		**(930)**	(1,158)
		20,517	16,201
Investing activities			
Business acquisition of Lantech Drilling Services Inc., including bank overdraft	2	**–**	(5,445)
Payment of contingent consideration	2	**(400)**	–
Acquisition of property, plant and equipment	8	**(9,281)**	(18,377)
Proceeds from disposal of property, plant and equipment		**397**	1,675
		(9,284)	(22,147)
Financing activities			
Proceeds from issuance of shares		–	31
Proceeds from long-term debt		**65,055**	102,925
Repayment of long-term debt		**(76,734)**	(94,394)
		(11,679)	8,562
Effect of exchange rate changes		**(6)**	41
Increase (decrease) in cash		**(452)**	2,657
Cash (bank overdraft), beginning of year		**1,959**	(698)
Cash, end of year		**1,507**	1,959

See accompanying notes to consolidated financial statements.

(in thousands of Canadian dollars, except for earnings per share and option data)

1. DESCRIPTION OF BUSINESS

Orbit Garant Drilling Inc. (the "Company"), amalgamated under the *Canada Business Company Act*, mainly operates a surface and underground diamond drilling business. The Company has operations in Canada, United States, Central and South America and West Africa.

The Company's head office is located at 3200, boul. Jean-Jacques Cossette, Val-d'Or (Québec), Canada. The Company holds interests in several entities, including the percentage of voting rights in its principal subsidiaries as follows:

	% of voting rights
Services de forage Orbit Garant Inc.	100%
9116-9300 Québec inc.	100%
Orbit Garant Ontario Inc.	100%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Lantech Drilling Services Inc.	100%
Lantech Liberia Limited (since September 5, 2012)	100%
Perforación Orbit Garant Chile SpA (since April 23, 2013)	100%

2. BUSINESS ACQUISITIONS

Acquisition of Lantech Drilling Services Inc.:

On December 16, 2011, the Company acquired all issued and outstanding shares of Lantech Drilling Services Inc., which provides an expertise in iron ore drilling and geotechnical services, strengthened the team with highly skilled management personnel, drillers and field technicians in Eastern Canada; and also provided a strategic entry point to drilling markets in West Africa. The purchase price for the transaction was a total net consideration of $6,614 payable for a cash consideration of $3,506 (calculated using the gross cash consideration of $8,380 less bank overdraft and long-term debt of $4,874) and $989 through the issuance of 217,082 common shares of the Company and a contingent consideration of $2,119. Furthermore, the Company paid a cash consideration of $3,109 as compensation of the net working capital of the company on the acquisition date. The account payable as compensation of the net working capital does not bear interest and was paid five days after the deliverance of the financial statements of Lantech Drilling Services Inc. An amount of $1,050 has been accounted for as intangible assets and $4,056 as goodwill. The amount of goodwill is not deductible for income tax purposes.

The purchase price of Lantech Drilling Services Inc. is subject to an adjustment of an amount up to $2,400 based on certain specific financial objectives regarding earnings levels for the fiscal years ending December 15, 2012, 2013 and 2014. This contingent consideration was evaluated at fair value at the acquisition date. On June 30, 2013, an amount of $400 was paid for the contingent consideration due December 15, 2012. For the balance of the contingent considerations due on December 15, 2012 and December 15, 2013, to date the Company has not reached the specific financial objectives that were fixed and Management does not anticipate reaching them.

In accordance with the recommendations of IFRS 3, the Company reversed its current liabilities for the amounts of $400 for a contingent consideration which was due December 15, 2012 and $777 which was due December 15, 2013, as a reduction of the general and administrative expenses.

The results of operations of Lantech Drilling Services Inc. are included in the consolidated financial statements from December 16, 2011.

(in thousands of Canadian dollars, except for earnings per share and option data)

The purchase price of that above transaction was allocated to the net assets acquired on the basis of their fair values as follows:

Business acquisitions date:	Lantech Drilling Services Inc.. (December 16 2011) $
Accounts receivable	4,588
Other current assets	4,497
Property, plant and equipment	5,240
Goodwill	4,056
Intangible assets	1,050
Bank overdraft	(1,939)
Current liabilities	(3,976)
Long-term debt	(2,935)
Deferred income taxes	(858)
Purchase price	9,723
Consideration	
Cash	3,506
Issuance of common shares	989
Account payable related to net working capital adjustment	3,109
Contingent consideration	2,119
	9,723

Acquisition of 1085820 Ontario Limited (Advantage Control Technologies):

The purchase price of 1085820 Ontario Limited is subject to an adjustment of an amount up to $2,400 calculated based on certain specific financial objectives for the periods ended November 8, 2011, 2012 and 2013. This contingent consideration has been evaluated at fair value at the acquisition date. For the periods ended November 8, 2011 and November 8, 2012, the Company 1085820 Ontario Limited had not reached the specific financial objectives, and therefore the Company has reversed an amount of $1,600 of the contingent liabilities related to these periods. For the contingent consideration due November 8, 2013, Management evaluated its specific financial objectives and therefore the Company reversed an amount of $407 of contingent consideration related to this period.

In accordance with the recommendations of IFRS 3, the Company reversed the accrued contingent consideration of its current liabilities for the amounts of $800 which was due November 8, 2011, $800 which was due November 8, 2012 and $407 due November 8, 2013, as a reduction of the general and administrative expenses.

Goodwill arising on business acquisitions

Goodwill arose in the business combinations because the consideration paid for the combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognized separately from goodwill as the future economic benefits arising form them cannot be reliably measured.

Business acquisition costs

For the year ended June 30, 2012, business acquisition costs of $372 related to the transactions described above and were included in the general and administrative expenses in the consolidated statement of earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements have been prepared in accordance with **International Financial Reporting Standards ("IFRS")**, issued and effective, or issued and early adopted, for the year ended June 30, 2013. The IFRS accounting policies set out below were consistently applied to all periods presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 4.

These consolidated financial statements have been prepared on a historical cost basis, except for the contingent liabilities, which have been measured at fair value and are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company and its subsidiaries operate ("functional currency"). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 26, 2013.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can be comprised of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the business acquired are recognized at fair value at the acquisition date.

Results of operations of a business acquired are included in the Company's consolidated financial statements from the date of the business acquisition. Business acquisition and integration costs are expensed as incurred. Non-controlling interests in an entity acquired are presented in the consolidated balance sheet within equity, separately from the equity attributable to shareholders in the "Equity" section in the consolidated balance sheet.

Foreign currency translation

Financial statements of foreign operations are translated using the rate in effect at the balance sheet date for assets and liabilities, and using the average exchange rates during the period for revenues and expenses. Adjustments arising from foreign currency translation are recorded in other comprehensive earnings.

Foreign currency transactions are transactions in a currency other than the Company's functional currency. Foreign currency transactions are translated to the functional currency by applying the exchange rate prevailing at the date of the transactions. Translation gains and losses on assets and liabilities denominated in a foreign currency are included in the statement of comprehensive earnings.

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.

Asset/Liability	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Contingent consideration	–	Fair value
Long-term debt	Other liabilities	Amortized cost

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade receivables

Trade receivables are initially stated at their fair value, less an allowance for doubtful accounts and an allowance for sales returns. The Company establishes an allowance for doubtful accounts based on the specific credit risk of its customers and historical trends. Individual trade receivables are written off when Management deems them not collectible. The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aging analysis of receivables, past experience, specific risks associated with the customer and other relevant information.

Cash and cash equivalents

Cash and cash equivalents include cash and bank overdraft of which the balance often fluctuates between the available cash amount and the indebtedness.

Inventories

The Company maintains an inventory of operating supplies, drill rods and drill bits. Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated cost necessary to make the sale. Cost is determined on the first-in, first-out basis. Used and revised inventories are valued at 50% and 75% of cost respectively. The amount of the depreciation of inventories can be reversed when the circumstances that led to the impairment charge in the past no longer exist.

Property, plant and equipment

Property, plant and equipment are stated at cost. Cost represents the acquisition costs, net of government grants and investment tax credits, or manufacturing costs, including preparation, installation and testing costs. The manufacturing costs for drilling equipment include the material, direct labour and indirect specific costs.

Borrowing costs are also included in the cost of self-constructed property, plant and equipment. Future expenditures, such as maintenance and repairs, are expensed as incurred.

Costs of repairs and maintenance are charged to operations as incurred. Significant improvements are capitalized and amortized over the useful life of the asset.

Property, plant and equipment are recorded at cost and depreciation is calculated using the straight-line method based on their estimated useful life using the following periods:

Buildings and components	5 to 40 years
Drilling equipment	5 to 10 years
Vehicles	5 years
Other	3 to 10 years

The depreciation begins when the property, plant and equipment are ready for their intended use.

Goodwill

Goodwill initially arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed. When the Company acquires less than 100% of the equity interests in the business acquired at the acquisition date, goodwill attributable to the non-controlling interest is also recognized at fair value.

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	36 months
Drilling technology	60 months
Non-compete agreement	36 months

Amortization methods, residual values and the useful lives of significant intangible assets are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Impairment of long-lived assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGU"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Company reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts.

Goodwill, other intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment on June 30 of each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use of the asset or the CGU. Fair value, less costs to sell, represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, pro rated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for long-lived assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the statement of earnings up to the excess of the recoverable amount of the asset or the CGU over its carrying value.

Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to an amount that is more likely than not to be realized. A deferred tax expense or benefit is recognized in other comprehensive earnings or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive earnings or directly in equity in the same or a different period.

In the course of the Company's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and due to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

Financing fees

Financing fees related to long-term debt are capitalized in reduction of long-term debt and amortized using the effective interest rate.

Leases

Assets under leasing agreements are classified at the inception date of the lease as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee, or as (ii) operating leases for all other leases. All of the Company's current leases are classified as operating leases.

Operating lease rentals are recognized in the consolidated statement of earnings on a straight-line basis over the period of the lease. Any lessee incentives are deferred and then recognized evenly over the lease term.

Revenue recognition

Revenue from drilling contracts is recognized on the basis of actual meters drilled for each contact. Revenue from ancillary services is recorded when the service is rendered and revenue from the sale of drilling rigs is recorded at shipping. The Company recognizes revenue when persuasive evidence of an arrangement exists, service has been rendered, merchandise has been shipped, 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 period. 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 using the Black-Scholes option pricing model and is amortized to earnings over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity settled reserve. The amount recognized as an expense is adjusted to reflect the number of stock options expected to vest. When unexercised stock options are forfeited or expired, the amounts are transferred to retained earnings.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgments are continually evaluated by the Company and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. Actual results could differ from these estimates. The estimates, assumptions and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Inventories

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, Management takes into account the most reliable evidence available at the time the estimates are made. Net realizable value is the estimated selling price less the estimated cost necessary to make the sale. Used and revised inventories are valued at 50% and 75% of cost respectively. The amount of the depreciation of inventories can be reversed when the circumstances that led to the impairment charge in the past no longer exist.

Useful lives of depreciable assets

Depreciation methods, residual values and useful lives of property, plant and equipment are reviewed at each reporting date by the Management. Any change is accounted for prospectively as a change in accounting estimate. As at June 30, 2013, Management assesses that the useful lives represent the expected utility of the assets to the Company.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated balance sheet of the Company at their fair values. In measuring fair value, Management uses estimates about future cash flows and discount rates, however, the actual results may vary. Any measurement changes upon initial recognition would affect the measurement of Goodwill.

Impairment of long-lived assets

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management reviews on a regular basis the impairment assessment of its property, plant and equipment to criteria defined in Note 3.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires Management to estimate future cash flows expected to arise from the CGU and suitable discount rate in order to calculate present value. The key assumptions required for the value in use estimation are the future cash flows growth rate and the discount rate. Cash flows for each CGU are derived from the budget for the upcoming year and a long-term forecast prepared by Management, which covers a period of 5 years. The budget, which is approved on an annual basis by members of the Company's Board of Directors and Management, and long-term forecast, which is prepared on an annual basis by the Company's Management, are the primary sources for the determination of value in use. The values assigned to the key assumptions reflect past experience and are consistent with external sources of information (see Note 9).

Current income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Management based on the specific facts and circumstances.

Provisions

Provisions are recognized when (i) the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and when (ii) the amount of the obligation can be reliably estimated.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statement of earnings in the reporting period in which changes occur.

Contingent considerations

The fair value recognized for contingent considerations has been estimated by Management based on the subsidiaries' results and budget. However, the actual contingent considerations may vary due to unexpected changes in the subsidiaries activities.

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 using the Black-Scholes option pricing model which is based on significant assumptions such as volatility, dividend yield and expected term.

Functional currency

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labour, materials and other costs of providing services.

5. RECENT ACCOUNTING PRONOUNCEMENT

The Company has not early adopted the following new standards and adoption impacts on the consolidated financial statements have not yet been determined:

IFRS 9 – Financial Instruments

IFRS 9 simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39, Financial Instruments: Recognition and Measurement. The new standard also provides for a fair value option in the designation of a non-derivative financial instrument and its related classification and measurement. IFRS 9 is effective from periods beginning January 1, 2015 with early adoption permitted.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 Separate Financial Statements and provides additional guidance regarding the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures, with guidance that focuses on the rights and obligations of the arrangement, rather than its legal form. It also withdraws the option to proportionately consolidate an entity's interests in joint ventures. The new standard requires that such interests be recognized using the equity method. IFRS 11 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet vehicles. IFRS 12 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 13 – Fair Value Measurements

IFRS 13 defines fair value, requires the disclosure of estimates at fair value and provides guidance on measuring fair value when required or permitted to do so according to the IFRS standards. IFRS 13 is effective from periods beginning January 1, 2013 with early adoption permitted.

IFRS 7 – Financial Instruments – Disclosure, and IAS 32 – Financial Instruments – Presentation

IFRS 7 and IAS 32 were amended to include obligations of qualitative and quantitative information related to gross and net amounts recognized in the Financial statements that, a) are subject to an offset in the Statement of financial position and b) are subject to a master netting agreement or similar agreement enforceable even if they are not netted in the Statement of financial position. Amended IFRS 7 and amended IAS 32 are applicable for periods beginning on or after January 1, 2013 and January 1, 2014, respectively, and the disclosures must be presented retrospectively.

IAS 19 – Employee Benefits

IAS 19 was amended to eliminate the application of the so-called "corridor" method and has the effect of deferring the recognition of gains and losses, to simplify the presentation of changes in assets and liabilities arising from defined benefit plans and improve disclosures for defined benefit plans. IAS 19 amended is effective for periods beginning on or after January 1, 2013 with early adoption permitted.

IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures

IAS 27 and IAS 28 were amended and renamed to be consistent with the publication of IFRS 10, IFRS 11 and IFRS 12. IAS 27 amended and IAS 28 amended are applicable for periods beginning on or after January 1, 2013 with early adoption permitted if the entity also early adopts IFRS 10, IFRS 11 and IFRS 12.

The International Accounting Standards Board issued a collection of amendments to IFRS as follows :

IFRS 1, First-time adoption of IFRS ("IFRS 1") related to repeated application of IFRS 1 and to borrowing costs.

IAS 1, Presentation of Financial Statements, related to clarification of the requirements for comparative information.

IAS 16, Property, Plant and Equipment, related to classification of servicing equipment.

IAS 32, Financial Instruments: Presentation, related to tax effect of distribution to holders of equity instruments.

IAS 34, Interim Financial Reporting, related to interim financial reporting and segment information for total assets and liabilities.

These amendments are applicable for the Company for its annual periods beginning on or after January 1, 2013, with earlier application permitted.

6. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

The depreciation expense of property, plant and equipment and the amorization expense of intangible assets have been charged to the statement of earnings as follows:

	June 30 2013 $	June 30 2012 $
Cost of contract revenue	**9,874**	8,544
General and administrative expenses	**2,875**	2,932
Total depreciation and amortization	**12,749**	11,476

Principal expenses by nature

Cost of contract revenue, general and administrative expenses, other expenses (revenues), finance costs and impairment of goodwill and intangible assets, net by nature are as follows:

	June 30 2013 $	June 30 2012 $
Depreciation and amortization	**12,749**	11,476
Employee benefits expense	**52,986**	68,097
Cost of inventory	**25,485**	31,661
Other expenses	**39,788**	28,440
Total cost contract revenue, general and administrative expenses, other expenses (revenues), finance costs and impairment of goodwill and intangible assets	**131,008**	139,674

7. INVENTORIES

Inventories consist of the following:

	June 30 2013 $	June 30 2012 $
Spare parts, gross	**11,094**	10,651
Consumables, gross	**26,493**	30,301
Other	**1,164**	1,084
	38,751	42,036

Spare parts mainly include motors and heads. Spare parts are charged to the statement of income when used on equipment. Consumables mainly include destructive tools, rods, hammers, wire lines and casing. Consumables are charged to the statement of earnings when they are used.

(in thousands of Canadian dollars, except for earnings per share and option data)

The cost of inventory recognized as an expense and included in cost of contract revenue has been recorded as follows:

	June 30 2013 $	June 30 2012 $
	25,485	31,661

During the year, there were no significant write-downs of inventory as a result of net realizable value being lower than cost and no inventory write-downs recognized in previous years were reversed.

The Company's credit facilities are in part secured by a general assignment of the Company's inventory.

8. PROPERTY, PLANT AND EQUIPMENT

Changes in the property, plant and equipment balance were as follows for the years:

Cost	Land $	Buildings and components $	Drilling equipment $	Vehicles $	Other $	Total $
Balance as at July 1, 2012	512	9,762	57,202	14,591	2,808	84,875
Additions	–	85	6,887	1,949	360	9,281
Disposals	–	–	(2,256)	(1,316)	–	(3,572)
Effect of movements in exchange rates	–	–	3	3	–	6
Balance as at June 30, 2013	512	9,847	61,836	15,227	3,168	90,590
Accumulated Depreciation						
Balance as at July 1, 2012	–	752	21,170	5,865	1,208	28,995
Depreciation	–	577	7,562	2,359	356	10,854
Disposals	–	–	(1,973)	(1,015)	–	(2,988)
Balance as at June 30, 2013	–	1,329	26,759	7,209	1,564	36,861

Cost	Land $	Buildings and components $	Drilling equipment $	Vehicles $	Other $	Total $
Balance as at July 1, 2011	729	8,667	42,230	10,985	1,915	64,526
Additions	1	613	13,147	3,803	813	18,377
Disposals	(293)	(75)	(2,441)	(429)	(3)	(3,241)
Business acquisitions (Note 2)	75	557	4,290	235	83	5,240
Effect of movements in exchange rates	–	–	(24)	(3)	–	(27)
Balance as at June 30, 2012	512	9,762	57,202	14,591	2,808	84,875
Accumulated Depreciation						
Balance as at July 1, 2011	–	224	16,158	4,067	854	21,303
Depreciation	–	549	6,434	2,075	354	9,412
Disposals	–	(21)	(1,434)	(279)	–	(1,734)
Effect of movements in exchange rates	–	–	12	2	–	14
Balance as at June 30, 2012	–	752	21,170	5,865	1,208	28,995
Net book value:						
June 30, 2012	512	9,010	36,032	8,726	1,600	55,880
June 30, 2013	512	8,518	35,077	8,018	1,604	53,729

The loss on disposal of property, plant and equipment totalling $187 for the year ended June 30, 2013 (a gain of $168 for the year ended June 30, 2012) is included in cost of contract revenue.

9. GOODWILL

The following table details a reconciliation of the amount of the Company's goodwill:

	$
Balance as at July 1, 2011	22,715
Business acquisition (note 2)	4,056
Balance as at June 30, 2012	26,771
Impairment of goodwill	(26,771)
Balance as at June 30, 2013	–

Impairment of goodwill

The Company has performed its annual goodwill impairment testing. Due to the weaknesses of the market, an impairment charge of $18,930 relating to the Canada CGU and an impairment charge of $7,841 relating to the International CGU has been recognised. The valuation for impairment testing is based on an assessment of fair value less cost to sell and the value in use.

Goodwill acquired

Goodwill arose in the business acquisitions because the total consideration exceeded the fair value of the net assets acquired. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the combined workforce of Orbit Garant and the acquired businesses. These benefits are not recognized separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets.

Allocation of goodwill to CGUs

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	June 30 2013 $	June 30 2012 $
Canada	**–**	18,930
International	**–**	7,841
	–	26,771

Canada

The recoverable amount of the Canada CGU is determined on a value in use calculation, which uses cash flow projections based on financial budgets and forward projections approved by Management, covering a five-year period and a discount rate before tax of 17.8% per annum (2012: 15.8% per annum). Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

International

The recoverable amount of the International CGU is determined on a value in use calculation, which uses cash flow projections based on financial budgets and forward projections approved by Management, covering a five-year period and a discount rate before tax of 21% per annum (2012: 24.4% per annum). Cash flows beyond that period have been extrapolated using a steady 2% per annum growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Key assumptions

The key assumptions in the value in use calculations for Canada and International CGUs are as follows:

(in thousands of Canadian dollars, except for earnings per share and option data)

Operating costs and capital expenditures

Operating costs and capital expenditures are based on internal management forecasts. Cost assumptions incorporate management experience and expertise, current operating costs, the nature and location of each operation and the risk associated with each operation. Future capital expenditure is based on Management's best estimate of required future capital requirements. All committed and anticipated capital expenditures adjusted for future cost estimates have been included in the projected cash flows.

Gross margin

Management's key assumptions include gross profit margin, which have been determined based on past experience in the market. Management expects that gross margin will remain in a range in line with historically achieved levels.

Discount rates

Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows. These rates are based on the weighted average cost of capital for a mining industry group and were calculated based on Management estimates.

10. INTANGIBLE ASSETS

Changes in the intangible assets balance were as follows:

Customer relationship	Cost $	Accumulated amortization $	Total $
Balance as at July 1, 2011	16,964	(14,283)	2,681
Business acquisitions (Note 2)	1,050	–	1,050
Amortization	–	(1,174)	(1,174)
Balance as at June 30, 2012	18,014	(15,457)	2,557
Amortization	–	(1,189)	(1,189)
Impairment of intangible assets	–	(1,368)	(1,368)
Elimination of cost of intangible assets completely amortized and impaired	(18,014)	18,014	–
Balance as at June 30, 2013	–	–	–

Drilling technology	Cost $	Accumulated amortization $	Total $
Balance as at July 1, 2011	2,912	–	2,912
Amortization	–	(582)	(582)
Balance as at June 30, 2012	2,912	(582)	2,330
Amortization	–	(582)	(582)
Balance as at June 30, 2013	2,912	(1,164)	1,748

Non-compete agreement	Cost $	Accumulated amortization $	Total $
Balance as at July 1, 2011	2,480	(1,987)	493
Amortization	–	(308)	(308)
Balance as at June 30, 2012	2,480	(2,295)	185
Amortization	–	(124)	(124)
Impairment of intangible assets	–	(61)	(61)
Elimination of cost of intangible assets completely amortized and impaired	(2,480)	2,480	–
Balance as at June 30, 2013	–	–	–

Due to the weaknesses of the market, an impairment charge of $1,368 relating to the customer relationship and an impairment charge of $61 relating to the non-compete agreement has been recognised.

11. LONG-TERM DEBT

	June 30 2013 $	June 30 2012 $
Loan authorized for a maximum amount of $40 million, bearing interest at prime rate plus 0.5%, effective rate as at June 30, 2013 3.5%, maturing May 2015, secured by first rank hypothec on the universality of all present and future assets (a) (b)	**14,355**	25,590
Loans, bearing interest at rates ranging from 0% to 1.5%, payable in monthly instalments of $31, maturing in September 2014, secured by certain vehicles of a net book value of $912 as at June 30, 2013 and $1,183 as at June 30, 2012	**404**	782
	14,759	26,372
Current portion	**(338)**	(401)
	14,421	25,971

(a) The rate is variable based on the quarterly calculation of a financial ratio and can vary from prime rate plus 0.5% to 1.50%. As per certain conditions, the credit facility can be increased by an amount of $20 million up to a maximum authorized amount of $60 million.

(b) An unamortized amount of $144 ($210 as at June 30, 2012), representing financing fees, has been presented in deduction of the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

Under the terms of the long-term debt agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 12).

On June 30, 2013, the prime rate was 3% (3% as at June 30, 2012).

Principal payments required in each of the two years are as follows:

	$
2014	338
2015	14,565

12. CAPITAL MANAGEMENT

The Company includes shareholders' equity, long-term debt and bank overdraft net of cash in the definition of capital.

Total managed capital was as follows:

	June 30 2013 $	June 30 2012 $
Long-term debt	**14,759**	26,372
Share capital	**54,411**	54,411
Equity settled reserve	**4,480**	3,524
Retained earnings	**31,327**	57,797
Cash	**(1,507)**	(1,959)
	103,470	140,145

The Company's objective when managing its capital structure is to maintain financial flexibility in order to: i) preserve access to capital markets; ii) meet financial obligations and iii) finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debt.

(in thousands of Canadian dollars, except for earnings per share and option data)

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants, such as Senior debt to earnings before income taxes, interest, depreciation and amortization ratio, Senior debt to capitalization ratio and fixed charge coverage ratio. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. As of June 30, 2013 and June 30, 2012, the Company was, and continues to be, in compliance with all covenants and other conditions imposed by its debt agreements.

In order to facilitate the Management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from the prior year.

13. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

Common shares, participating and voting, without nominal or par value

Preferred shares, rights' privileges, restrictions and conditions shall be provided before their issuance by a resolution of the Board of Directors of the Company.

	June 30, 2013		June 30, 2012	
	Number of shares	**$**	Number of shares	$
Balance, beginning of the year	**33,276,519**	**54,411**	33,048,937	53,406
Shares issued:				
For business acquisitions (a)	**–**	**–**	217,082	989
Stock option exercised	**–**	**–**	10,500	16
Balance, end of the year	**33,276,519**	**54,411**	33,276,519	54,411

(a) Issuance of common shares:

As at December 16, 2011, the Company issued a total of 217,082 common shares for a total amount of $989 as part of the consideration for the acquisition of Lantech Drilling Services Inc. (see Note 2).

Earnings (loss) per share

Diluted earnings (loss) per common share were calculated based on net earnings (loss) divided by the average number of common shares outstanding taking into account the dilutive effect of stock options using the treasury stock method.

Earnings (loss) per share – basic	**June 30 2013 $**	June 30 2012 $
Net earnings (loss) available to common shareholders	**(26,470)**	10,360
Weighted average basic number of common shares outstanding	**33,276,519**	33,175,208
Earnings (loss) per share – basic	**(0.80)**	0.31

Earnings (loss) per share – diluted	**June 30 2013 $**	June 30 2012 $
Net earnings (loss) available to common shareholders	**(26,470)**	10,360
Weighted average basic number of common shares outstanding	**33,276,519**	33,175,208
Adjustment to average number of common shares – stock options	**–**	955,726
Weighted average diluted number of common shares outstanding	**33,276,519**	34,130,934
Earnings (loss) per share – diluted	**(0.80)**	0.30

The calculation of the diluted earnings (loss) per share for the year ended June 30, 2013 excludes the effect of 2,178,500 options (972,000 for the year ended June 30, 2012) as they are anti-dilutive.

2007 stock option plan

In January 2007, the Board of Directors adopted an equity settled stock option plan "2007 Stock Option Plan". The purpose of this plan is to retain, motivate and reward qualified directors, officers, employees and consultants of the Company.

The vesting and expiry terms of the outstanding options were modified in June 2008 and will now vest at the rate of 50% 31 days after the closing date of the IPO and 25% on each of the first and second anniversary of the closing date of the IPO and will expire 10 years after the grant date.

2008 stock option plan

Also, on June 26, 2008, the Company established the new equity settled option plan "2008 Stock Option Plan", which is intended to aid in attracting, retaining and motivating the Company's officers, employees, directors and consultants. The new option plan has been prepared in accordance with TSX's policies on listed company security-based compensation arrangements. Persons eligible to be granted options under the new option plan are: any director, officer or employee of Orbit Garant or of any subsidiary company controlled by any such person or a family trust of which at least one trustee is any such person and all of the beneficiaries of which are such person and his or her spouse or children.

The aggregate number of common shares which may be issued from treasury under the new option plan or reserved for issuance upon the exercise of options under the 2008 stock option plan shall not exceed 10% of the issued and outstanding common shares after giving effect to the June 26, 2008 offering less the number of options issued under the prior option plan. The number of common shares which may be reserved for issuance pursuant to options granted under the new option plan, together with common shares reserved for issuance from treasury under any other employee-related plan of the Company or options for services granted by the Company to any one person, shall not exceed 5% of the then aggregate issued and outstanding common shares.

The Board of Directors, through the recommendation of the Corporate Governance and Compensation Committee, manages the 2008 Stock Option Plan and determines, among other things, optionees, vesting periods, exercise price and other attributes of the options, in each case pursuant to the 2008 stock option plan, applicable securities legislation and the rules of the TSX. Unless otherwise determined by the Board of Directors, options vest at a rate of 20% per annum commencing 12 months after the date of grant and expire no later than 10 years after the grant date. Options are forfeited when the option holder ceases to be a director, officer or employee of the Company. The exercise price for any option may not be less than the fair market value (the closing price of the common shares on the TSX on the last trading day on which common shares traded prior to such day, or the average of the closing bid and ask prices over the last five trading days, if no trades accrued over that period) of the common shares at the time of the grant of the option.

All stock options outstanding are granted to directors, officers and employees. Details regarding the stock options outstanding are as follows:

	Number of options	June 30, 2013 Weighted average exercise price $	Number of options	June 30, 2013 Weighted average exercise price $
Outstanding at the beginning of year	2,623,000	3.25	2,333,500	2.94
Granted during the year	550,000	2.28	300,000	5.60
Exercised during the year	–	–	(10,500)	1.00
Outstanding at end of year	3,173,000	3.08	2,623,000	3.25
Exercisable at end of year	2,044,000	2.66	1,726,000	2.29

The following table summarizes information on stock options outstanding at June 30, 2013:

Range of exercise price $	Outstanding at June 30, 2013	Weighted average remaining life (years)	Weighted average exercise price $	Exercisable at June 30, 2013	Weighted average exercise price $
1.00–1.50	1,033,000	3.62	1.02	1,033,000	1.02
2.00–2.50	550,000	6.38	2.28	–	0.00
4.00	925,000	5.44	4.00	805,000	4.00
5.60–6.02	665,000	4.85	5.67	206,000	5.69
	3,173,000			2,044,000	

(in thousands of Canadian dollars, except for earnings per share and option data)

The Company's calculations of the fair value of options granted were made using the Black-Scholes option-pricing model. The following table summarizes the grant date fair value calculations with weighted average assumptions:

	Granted in November 2012	Granted in November 2011
Risk-free interest rate	1.27%	2.07%
Expected life (years)	7	5
Expected volatility (based on historical volatility)	75.73%	70.06%
Expected dividend yield	0%	0%
Fair value of options granted	$ 1.39	$ 3.76

During the years mentioned below, the total expense related to share-based compensation to employees and directors has been recorded and presented in general and administrative expenses as follows:

	June 30 2013 $	June 30 2012 $
Expense related to share-based compensation	**956**	1,009

14. INCOME TAXES

Income tax expense (recovery) comprises the following:

	June 30 2013 $	June 30 2012 $
Current tax		
Current year	**1,061**	4,713
Prior year adjustments	**200**	(3)
	1,261	4,710
Deferred tax		
Current year	**(1,575)**	(11)
Prior year adjustments	**(149)**	–
Effect of corporate tax rate modification	**96**	23
	(1,628)	12
	(367)	4,722

The tax rate prescribed by the applicable laws is at 26.52% in 2013 and at 27.27% in 2012. The applicable tax rate of the Company corresponds to Canadian combined rates applicable in the provinces where the Company operates. The decrease in the tax rate is mainly due to the reduction of the rate of federal income taxes of 16.50% effective January 1, 2012.

	June 30 2013 $	June 30 2012 $
Earnings (loss) before income taxes	**(26,837)**	15,082
Statutory rates	**26.52%**	27.27%
Income taxes (recovery) based on statutory rates	**(7,117)**	4,112
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses and other	**10**	304
Non-deductible share-based compensation expense	**253**	275
Non-deductible impairment of goodwill	**7,100**	–
Non-deductible reversal of contingent considerations	**(845)**	–
Effect of corporate tax rate modification	**96**	23
Prior year adjustments	**50**	(3)
Non-taxable portion of capital gain	**–**	(3)
Change in fair value of contingent considerations	**86**	14
Total income taxes (recovery)	**(367)**	4,722

Deferred income taxes are based on differences between the accounting and tax values of assets and liabilities and consist of the following as at the dates presented:

	July 1 2012 $	Recognized in statements of earnings $	Other $	**June 30 2013 $**
Deferred income tax assets:				
Loss carried forward	–	959	290	**1,249**
Total deferred income tax assets	–	959	290	**1,249**
Deferred income tax liabilities:				
Property, plant and equipment	2,019	157	–	**2,176**
Intangible assets	1,466	(826)	(209)	**431**
Total deferred income tax liabilities	3,485	(669)	(209)	**2,607**
Net deferred income tax liabilities	3,485	(1,628)	(499)	**1,358**

	July 1 2011 $	Recognized in statements of earnings $	Business acquisitions (Note 2) $	June 30 2012 $
Deferred income tax assets:				
Share issue costs	217	(217)	–	–
Total deferred income tax assets	217	(217)	–	–
Deferred income tax liabilities:				
Property, plant and equipment	1,098	344	577	2,019
Intangible assets	1,734	(549)	281	1,466
Total deferred income tax liabilities	2,832	(205)	858	3,485
Net deferred income tax liabilities	2,615	12	858	3,485

(in thousands of Canadian dollars, except for earnings per share and option data)

15. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2013 $	June 30 2012 $
Accounts receivable	**17,608**	2,688
Inventories	**3,285**	(3,980)
Prepaid expenses	**146**	(389)
Accounts payable and accrued liabilities	**(10,434)**	(5,889)
	10,605	(7,570)

16. COMMITMENTS

The Company has entered into operating lease agreements expiring in 2017 which call for lease payments of $339 for the rental of vehicles. The Company has also entered into lease agreements for offices expiring in 2021 for minimum lease payments of $1,358. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The minimum lease payments under lease agreements for the next five years are detailed as follows:

	$
2014	408
2015	299
2016	208
2017	188
2018	178
Subsequent years	416

Lease payments recognised as an expense during the year amount to $468 (year ended June 30, 2012: $369). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration recognized for key management remuneration and director's fees, are analyzed as follows:

	June 30 2013 $	June 30 2012 $
Salaries and fees	**1,102**	1,422
Share-based compensation	**514**	708
	1,616	2,130

18. FINANCIAL INSTRUMENTS

The Company is exposed to various risks related to its financial assets and liabilities. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them, from previous years, unless otherwise stated in this note.

Currency risk

The Company realizes a part of its activities in U.S. dollars and is thus exposed to foreign exchange fluctuations. The Company does not actively manage this risk. As at June 30, 2013, the Company has cash in U.S. dollars for an amount of $1,098 (June 30, 2012, $935) and accounts receivable in U.S. dollars for an amount of $522 (June 30, 2012, $2,195).

As at June 30, 2013, the Company has estimated that a 10% increase or decrease of the U.S. exchange rate would have caused a corresponding annual increase or decrease in net earnings and comprehensive earnings of approximately $68 (June 30, 2012, $193).

Credit risk

The Company provides credit to its customers in the normal course of its operations. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada ("EDC") on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2013, the amount of the insurance coverage from EDC represents approximately 35% of the accounts receivable (24% in June 30, 2012).

The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aging analysis of receivables, past experience, specific risks associated with the customer and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

The allowance for doubtful accounts is established based on the Company's best estimate on the recovery of balances for which collection may be uncertain. Uncertainty of collection may become apparent from various indicators, such as a deterioration of the credit situation of a given client or delay in collection when the aging of invoices exceeds the normal payment terms. Management regularly reviews accounts receivable and assesses the appropriateness of the allowance for doubtful accounts.

The change in the allowance for doubtful accounts is detailed below:

	June 30 2013 $	June 30 2012 $
Balance at beginning of year	**308**	734
Change in allowance, other than write-offs and recoveries	**1,547**	315
Write-offs of trade receivables	**(406)**	(733)
Recoveries	**(210)**	(8)
Balance at end of year	**1,239**	308

As at June 30, 2013, 37% (June 30, 2012: 43%) of the trade accounts receivable are aged as current and 7% are impaired (June 30, 2012: 1%).

One major customer represents 26% of the trade accounts receivable as at June 30, 2013 (June 30, 2012, two major customers represent 34% of these accounts).

One major customer represents 22% of the contract revenue for the year ended June 30, 2013 (year ended June 30, 2012, one major customer represents 15%).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings.

The Company does not enter into derivatives to manage credit risk.

(in thousands of Canadian dollars, except for earnings per share and option data)

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.

As at June 30, 2013, the Company has estimated that a 1% point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings of approximately $110 (June 30, 2012, $187).

Fair value

The fair value of cash, accounts receivable and accounts payable and accrued liabilities 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 a variable rate and has financing conditions similar to those currently available to the Company. The fair value on the contingent considerations has been evaluated with a discounted rate value.

Fair value hierarchy

The methodology used to measure the Company's financial instruments accounted for at fair value is determined based on the following hierarchy:

Level	Basis for determination of fair value
Level 1	Quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
Level 3	Inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at June 30, 2013 and 2012, the contingent considerations, the only financial instruments at fair value, are classified as a Level 3 financial instrument as the fair value is determined using a discounted rate value. There are no observable inputs for that financial instrument.

The changes in the contingent considerations are detailed below:

	June 30 2013 $	June 30 2012 $
Balance at beginning of year	**4,356**	2,130
Business acquisitions (Note 2)	**–**	2,119
Payment of contingent considerations	**(400)**	–
Reversal of contingent considerations (Note 2)	**(3,184)**	–
Change in fair value of contingent considerations	**324**	107
Balance at end of year	**1,096**	4,356

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the years ended June 30, 2013 and 2012.

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance charges and principal repayments on its debt instruments. It is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In Note 12 are details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

	As at June 30, 2013			
	Total $	0–1 year $	2–3 years $	4–5 years $
Accounts payable and accrued liabilities	9,772	9,772	–	–
Contingent considerations	1,175	375	800	–
Long-term debt (capital only)	14,903	338	14,565	–
	25,850	10,485	15,365	–

	As at June 30, 2012			
	Total $	0–1 year $	2–3 years $	4–5 years $
Accounts payable and accrued liabilities	20,206	20,206	–	–
Contingent considerations	4,800	1,600	3,200	–
Long-term debt (capital only)	26,582	401	316	25,865
	51,588	22,207	3,516	25,865

(in thousands of Canadian dollars, except for earnings per share and option data)

19. SEGMENTED INFORMATION

The Company is separated into two geographical segments: Canada and International (U.S., Central and South America and West Africa). The elements of the results and the financial situation are divided between the sectors, based on destination of contracts or profits. Data by geographical areas follow the same accounting rules as those used for the consolidated accounts. Transfers between sectors are carried out at market prices.

Operational sectors are presented using the same criteria as for the production of the internal report to the chief operating decision maker; who allocates the resources and evaluates the performance of the operational sectors. The chief operating decision maker is considered as the President and Chief Executive Officer, who evaluates the performance of both sectors by the revenues of ordinary activities from external clients, gross margin and net income.

Data relating to each of the Company's reportable segments is presented as follows:

	June 30 2013 $	June 30 2012 $
Contract revenue		
Canada	**97,643**	132,925
International	**6,528**	21,831
	104,171	154,756
Gross profit		
Canada	**16,561**	22,482
International	**(1,064)**	11,180
	15,497	33,662
General corporate expenses	**41,014**	17,249
Finance costs	**1,320**	1,331
Income taxes (recovery)	**(367)**	4,722
	41,967	23,302
Net earnings (loss)	**(26,470)**	10,360
Depreciation and amortization		
Canada	**8,757**	7,577
International	**1,117**	967
Unallocated and corporate assets	**2,875**	2,932
	12,749	11,476

	As at June 30, 2013 $	As at June 30, 2012 $
Identifiable assets		
Canada	**104,187**	153,707
International	**13,016**	16,444
	117,203	170,151
Property, plant and equipment		
Canada	**48,928**	49,939
International	**4,801**	5,941
	53,729	55,880

DIRECTORS AND OFFICERS

Directors

Guthrie J. Stewart
Chairman of the Board of Directors

William N. Gula[1,2]
Managing Director, Morrison Park Advisors

Patrick Godin[1,2]
Chief Operating Officer and Director,
Stornoway Diamond Corp.

Jean-Yves Laliberté[1*,2]
Chief Financial Officer, Cartier Resources Inc.

Edmund Stuart[1, 2*]
President, Brannach Services Inc.

Pierre Alexandre
Vice Chairman and Vice President of Corporate Development,
Orbit Garant Drilling Inc.

Eric Alexandre
President and Chief Executive Officer, Orbit Garant Drilling Inc.

1 Member of Audit Committee.
2 Member of Corporate Governance and Compensation Committee.
* Denotes Committee Chair

Officers

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President and Chief Executive Officer

Pierre Alexandre
Vice Chairman and Vice President of Corporate Development

Alain Laplante
Vice President and Chief Financial Officer

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Stock Exchange Listing
Toronto Stock Exchange
Trading Symbol: OGD

Common Shares Outstanding
33,276,519 (as at June 30, 2013)

General Counsel
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Gowlings Lafleur Henderson S.E.N.C.R.L./LLP

Auditors
Deloitte s.e.n.c.r.l.

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Annual Meeting
Annual and special meeting of shareholders
on Wednesday, November 27, 2013 in Montréal
at the Marriott Château Champlain
1 Place du Canada – Maisonneuve D Room, 36th floor
The meeting will commence at 10:00 a.m. (ET).

Designed by **bmir** Bryan Mills Iradesso www.bmir.com

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