MANAGEMENT'S DISCUSSION AND ANALYSIS
FIRST QUARTER FISCAL 2010
ENDED SEPTEMBER 30, 2009

Management's 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 comparative unaudited consolidated interim financial statements for the three months ended September 30, 2009 as compared to 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, 2009.

These interim consolidated financial statements were prepared using accounting policies and methods consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended June 30, 2009, except for the adoption of new accounting policies as disclosed hereafter in "Changes in Accounting Policies". These interim consolidated financial statements conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements, with the exception of certain note disclosures. All amounts in this MD&A are in Canadian dollars, except where otherwise noted.

In this discussion and analysis, 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 partnership, Orbit Garant Drilling, a general partnership and its wholly owned subsidiaries, including 9116-9300 Québec Inc. ("Soudure Royale"), 4378792 Canada Inc., Drift Exploration Drilling Inc. and Drift de Mexico S.A. de C.V., (the latter two of which are referred to collectively as "Drift") and 9129-5642 Québec Inc. ("Forage +"), which was acquired in October 2008.

This MD&A is dated November 11, 2009. Disclosure contained in this document is current to that date unless otherwise stated.

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

FORWARD-LOOKING STATEMENTS

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

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

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

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A.

FIRST QUARTER FISCAL 2010 HIGHLIGHTS

- Revenue increased to $24.4 million in Q1 fiscal 2010 from $23.1 million in the comparable quarter of fiscal 2009, an increase of 5.6%
- Completed 278,974 meters of drilling in the first quarter, up 19% from 233,453 in Q1 of fiscal 2009
- An expanding fleet of 139 drill rigs, including 3 new drills in the first quarter
- Reduced debt to $3.5 million in Q1 fiscal 2010 from $10.7 million in Q4 fiscal 2009, representing a decrease of 67.3%
- Increased net cash position to $3.4 million in Q1 fiscal 2010 from negative $0.2 million in Q4 of fiscal 2009*

**Net cash is calculated as cash minus current portion of long term debt and long term debt*

CORPORATE OVERVIEW

From its head office in Val-d'Or, Quebec, Orbit Garant manages a fleet of 139 drilling rigs that are used to service the mining industry in Canada and internationally. The Company has a low cost infrastructure and is vertically integrated with Soudure Royale manufacturing drill rigs for the Company and third parties (and so providing a competitive advantage in the provision of drilling services). The Company focuses on "Specialized Drilling", which refers to those drilling projects that are completed in remote locations or, in the opinion of management, because of the scope, complexity or technical nature of the work, cannot be completed by small conventional drilling companies.

The Company has three operating segments: Drilling Canada (including domestic surface drilling and underground drilling), Drilling International and Manufacturing Canada (Soudure Royale).

Specialized drilling services, which generate a higher gross margin than typical drilling services, account for approximately 60% of the Company's total revenue.

The Company provides both surface and underground drilling services, which account for approximately 56% and 44% of the Company's revenues respectively.

Approximately 75% of the Company's revenues are generated by gold related operations, while approximately 25% are generated by base metal related and other operations.

Orbit Garant operates in stable jurisdictions, with approximately 93% of the Company's revenues generated in Canada. The Company also operates in the USA, Mexico, Suriname and Guyana.

Approximately 65% of the Company's customers are major and intermediate mining companies, with which the Company has contracts of one to three years in length.

BUSINESS STRATEGY

The Company's goal is to be one of the largest Canadian-based drilling companies, providing both underground and surface drilling, at each stage of the mining business exploration, development and production by pursuing the following business strategy:

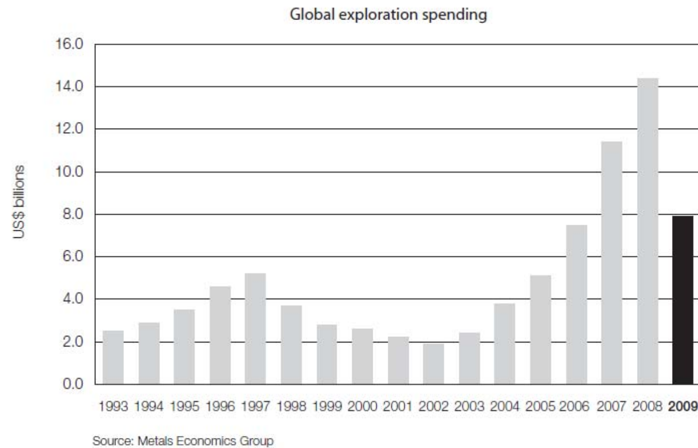
- Focusing primarily on major and well financed intermediate mining and exploration companies operating in stable jurisdictions;
- Providing conventional and specialized drilling services;
- Manufacturing drills and equipment to fit the needs of customers;
- Providing training courses for the Company's personnel, to continuously improve labour efficiency and ensure the availability of a skilled labour force;
- Maintaining a high level of safety standards in the work environment, and promoting protection of the environment;
- Establishing and maintaining long-term relationships with customers; and
- Cross-selling drilling services to existing clients.

INDUSTRY OVERVIEW

Although market conditions in the drilling industry continue to be difficult, the global economy has started to show signs of modest recovery. However, the recovery is expected to be sluggish and gradual as the threat of inflation and the damage to the financial sector continues to impede the pace of economic expansion.

In correlation with the global economy, the mining and minerals industry has also demonstrated signals of progress, as improved market sentiment has proven positive for commodity prices. In early calendar 2009, base metals prices began to move up, the result of government stimulus packages and strong demand from China, and have continued to increase in the second half, albeit more slowly. Gold, often viewed as a safe-haven in difficult economic times, continues to benefit from this positioning, as well as the diminishing value of the US dollar and longer-term threat of inflation.

The impact of the economic recession is still evident in the second half of 2009 as credit markets remain tight and access to capital continues to be difficult, particularly for non-blue-chip companies. Large mining and exploration companies that decreased exploration spending and cut production in efforts to conserve capital in early 2009 have remained conservative and cautious with respect to spending programs in the latter half of the year, while junior exploration companies are still widely excluded from market participation. The latter trend accounts for the bulk of the decline in global exploration in 2009, which is illustrated below.



Despite this global spending decline, Orbit Garant's business has remained relatively stable, the result of the company's strong exposure to the gold market and to long-term relationships with major and intermediate customers, whose spending declines have been less extreme. These competitive strengths, in addition to its vertically integrated business model, have not only enabled Orbit Garant to remain stable despite the troubled environment, but also position the company to continue to grow as the economy recovers.

Base Metals

In 2008, base metal market prices experienced a dramatic decline, a direct result of the economic downturn. Conversely, in early calendar 2009, base metal prices began a steady recovery and have continued to improve into the second half of the year. A number of factors are contributing to the rebound in base metals prices, namely; the struggling US dollar, and modest improvements in the global auto and housing sectors. The largest catalyst for improved base metal prices has been government announcements of stimulus spending and strong demand from China earlier this year.

However, although base metal prices have increased, global demand outside of China has remained weak and supply/demand fundamentals have yet to improve. In addition, demand from China has recently been tapering off, as increasing inventories and domestic output have contributed to a supply overhang. This may result in downward pressure on prices in the near term.

In the longer-term, fundamentals for base metals continue to be very positive. In addition to a number of expected supply disruptions and industrial disputes, global economic conditions are expected to gradually improve, demand from developing countries is expected to be strong, investment demand will improve and the supply and demand imbalance will turn around, leading to improved demand for drilling services.

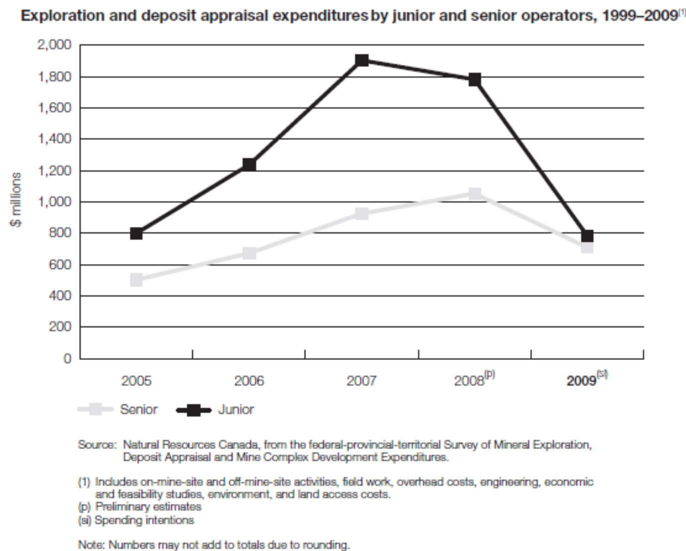
Gold

Gold prices performed very well during the economic downturn and have reached record high levels in the second half of the year. Longer-term, deficit spending is expected to contribute to US currency weakness and generate continued investor interest in gold as a hedge against future inflation. This is expected to result in strong, steady demand for drilling services.

Market Participants

As global financial and economic conditions deteriorated in 2008, so did the capital spending budgets of mining and exploration companies around the globe. Metals Economics Group (MEG) estimated that global exploration spending has decreased from its 2008 peak of $13.2 billion to less than $8 billion in 2009.

Prior to the downturn, spending by junior companies outweighed that of major and intermediate companies. However, since early 2008, the proportion of exploration spending by junior companies compared to that of major and intermediate companies has drastically shifted as junior companies have been forced to conserve capital, while well-financed senior and intermediate companies have only been slightly affected in comparison. MEG statistics indicate that exploration spending from junior companies declined significantly compared to that of the majors in 2009, reporting year-over-year budget reductions of 46% from the juniors versus 22% and 28% from the intermediate and major companies, respectively.



After six consecutive years of increases, the 2009 slowdown in mining and exploration activity is also evident in Canada. Natural Resources Canada (NRC) indicated that exploration spending in Canada totaled $2.8 billion in 2008, with junior companies accounting for 63% or $1.8 billion of that total, while major and intermediate companies accounted for the balance or, $1 billion. NRC estimates that 2009 exploration spending in Canada will decline to approximately $1.5 billion. Spending by the junior companies is expected to decline by more than half, to $800 million, while spending by major companies is expected to fall to $750 million, a proportionately smaller reduction.

OUTLOOK

In 2009, the global economy began to experience encouraging momentum that was attributable to a number of factors, including the positive increase of commodity prices. Gold continues to perform strongly and is expected to remain at high levels given the devalued US dollar and expected onset of inflation. Similarly, base metal prices have increased largely due to stimulus spending and demand from China. However, although the global economy has been displaying signs of improvement, there remains considerable uncertainty as to the pace of continued recovery in the near term.

Looking further ahead, long term industry fundamentals remain positive and Orbit Garant's experienced management team believes that the company is very well positioned. Orbit Garant's business model has proven itself throughout the downturn and management expects demand for its services to remain steady as the market slowly recovers.

OVERALL PERFORMANCE

RESULTS OF OPERATION – FIRST QUARTER ENDED SEPTEMBER 30, 2009

FIRST QUARTER ENDED SEPTEMBER 30, 2009 * (million)		Fiscal 2010 Quarter 1	Fiscal 2009 Quarter 1	2010 vs. 2009 Variation $	Variation %
Revenue * ($)		24.4	23.1	1.3	5.6
Gross Profit * ($)		8.0	7.5	0.5	6.4
Gross Margin (%)		32.8	32.5		0.3
Normalized EBITDA * ($) (1)		6.2	6.0	0.2	4.1
Meters drilled		278,974	233,453	45,521	19.4
Net Earnings * ($)		2.5	2.6	(0.1)	(5.4)
Net earnings per common shares	**- Basic ($)**	0.08	0.08	-	-
	- Diluted ($)	0.08	0.08		

(1) Normalized EBITDA is not a recognized measure under Canadian generally accepted accounting principles and does not have a standardized meaning prescribed by GAAP. Therefore, normalized EBITDA may not be comparable to similar measures presented by other issuers. See "Supplemental Disclosure"

In the three-months ended September 30, 2009, Orbit Garant has continued to generate strong results. In the first quarter of fiscal 2010, Orbit Garant recorded increasing revenues, maintained stable margins and recorded an increase in metres drilled from the comparable quarter the previous year.

The increase in revenues and metres drilled was, in part, attributable to the addition of new contracts and continued organic growth during the first quarter of 2010.

In the three-months ended September 30, 2009, Orbit Garant generated net earnings of 2.5 million compared to 2.6 million, a decrease of $0.1 million or 5.4%. The decrease in net earnings is attributable to an increase in amortization expenses associated with the acquisition of capital and intangible assets and in an increase of administration expenses associated with the addition of management to support the Company's continuous growth.

THREE MONTHS ENDED SEPTEMBER 30, 2009 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2008

CONTRACT REVENUE **Segmented Information** * (million)	**2010**			**2009**		
	Revenue	**Gross Profit**	**Gross Margin %**	**Revenue**	**Gross Profit**	**Gross Margin %**
Drilling Canada * ($)	22.6	7.3	32.2	21.7	7.0	32.5
Drilling International * ($)	1.7	0.7	40.1	1.2	0.3	27.6
Manufacturing Canada * ($)	-	-	-	0.2	0.1	68.2
	24.4	**8.0**	**32.8**	**23.1**	**7.5**	**32.5**

During the fiscal period ended September 30, 2009, the Company recorded contract revenue of $24.4 million compared to $23.1 million in fiscal 2008, representing an increase of 5.6%. The increase in revenue is correlated with the additional number of meters drilled.

Domestic surface drilling contract revenue increased to $11.8 million in the first quarter of fiscal 2010 compared to $9.6 million in fiscal 2009, representing an increase of 23.2%. The increase is attributable to organic growth and the acquisition of Forage +.

Underground drilling contract revenue decreased from $12.1 million in the first quarter of 2009 to $10.8 million in the first quarter of 2010, a reduction of 10.6%.

International drilling contract revenue increased to $1.7 million in the first quarter of 2010 from $1.2 million for the same period in fiscal 2009. The increase of 45.9% can be attributed to initiating new contracts in the quarter.

Manufacturing Canada generated negligible revenue for the first quarter of 2010 compared to $0.2 million for fiscal 2009. During the first quarter of 2010, there was no demand from third parties to manufacture drills, a result of the economic climate at the time. Through the Company's subsidiary, Soudure Royale, Orbit Garant maintains the capacity to build new drills, and also utilizes Soudure Royale to build supplies and support equipment.

GROSS MARGIN

Overall gross profit for the first three months of fiscal 2010 was $8.0 million compared to $7.5 million in the comparable first three months of 2009, an increase of 6.4%.

Gross profit margin for the first quarter of 2010 was 32.8%, an increase from 32.5% for the corresponding period last year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were $1.8 million in the first quarter of 2010, compared to $1.6 million in the comparable period in 2009. The increase in cost is a result of additional

administrative expenses incurred to sustain the Company's growth. General and administrative expenses represented 7.3% of sales, compared to 7.1% in the previous year.

NORMALIZED EBITDA (see SUPPLEMENTAL DISCLOSURE)

Normalized EBITDA in the first three months of fiscal 2010 was $6.2 million compared to $6.0 million in the same period the prior year, an increase of $0.2 million or 4.1%. The normalized EBITDA in the first quarter of fiscal 2010 represents 25.5% of sales, compared to 25.9% in the previous year.

FINANCIAL EXPENSES

Interest on long term debt remained unchanged from the previous year period at 0.1 million.

AMORTIZATION

Amortization of property, plant and equipment increased from $0.9 million in the quarter ended September 30, 2008 to $1.3 million during the same period this year. The increase is a result of the acquisition of Forage + last year as well as new drilling rigs and equipment.

Amortization of intangible assets increased from $1.0 million in the first quarter of fiscal 2009 to $1.1 million in the first quarter of fiscal 2010, a result of the acquisition of Forage +.

NET EARNINGS

Net earnings in the first quarter fiscal 2010 totaled $2.5 million or $0.08 per common share ($0.08 per share diluted), compared to $2.6 million in the comparable period the previous year or $0.08 per common share ($0.08 per share diluted), representing a decrease of 5.4% year to year.

SUMMARY OF QUARTERLY RESULTS

*(million)		Fiscal 2010	Fiscal 2009				Fiscal 2008		
		Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	Jun. 30	Mar. 31	Dec. 31
Revenue * ($)		24.4	28.3	27.7	26.1	23.1	24.6	22.1	18.0
Gross Profit * ($)		8.0	10.7	9.2	8.6	7.5	8.7	7.5	6.3
Gross margin %		32.8	37.9	33.2	33.1	32.5	35.4	34.1	35.0
Normalized EBITDA * (1) ($)		6.2	7.8	7.3	6.9	6.0	6.6	6.5	5.3
Net Earnings * ($)		2.5	3.6	3.2	3.2	2.6	1.4	2.8	3.0
Net earnings per common shares ($)	- basic	0.08	0.11	0.10	0.10	0.08	0.06	0.11	0.12
	- diluted	0.08	0.10	0.10	0.10	0.08	0.05	0.11	0.12

(1) Normalized EBITDA is not a recognized measure under Canadian generally accepted accounting principles and does not have a standardized meaning prescribed by GAAP. Therefore, normalized EBITDA may not be comparable to similar measures presented by other issuers. See "Supplemental Disclosure".

The variation of revenue between the first quarter of fiscal 2010 and the fourth quarter of 2009 is related to pressure from market competition and the slowdown on northern projects, as scheduled by our customers, and should resume to normal operation at the end of the second quarter and pressure on market competition.

Despite the challenging economic environment, Orbit Garant has continued its growth momentum, adding 3 additional drill rigs to their fleet in the first quarter of fiscal 2010. The Company has consistently increased its number of drill rigs from a total of 119 at the end of fiscal 2008 to 136 drill rigs at the end of fiscal 2009 and a total of 139 drill rigs at the end of the current quarter.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES

Cash flow from operations before non cash operating working capital items was $4.6 million for the fiscal period ended September 30 2009, compared to $4.1 million for the fiscal period ended September 30, 2008.

INVESTING ACTIVITIES

During the three months ended September 30 2009, $1.7 million was used for acquisition of capital assets. This is compared to $3.9 million for the fiscal period ended September 30, 2008.

FINANCING ACTIVITIES

The cash flow from financing activities shows a use of funds of $7.2 million for the three months ended September 30, 2009. The Company repaid $7.4 million of its long term debt in September 2009. During the same period of the previous year, the cash flow from financing activities showed a use of funds of $4.0 million from which $3.5 million was used to repay the bank loan and $0.7 million to repay part of the long term debt.

As at September 30, 2009, the Company's working capital was $35.9 million compared to $40.2 million for the same period the previous year. The Company's working capital requirements are primarily to fund labour costs and inventory acquisition.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditures and debt obligations. The Company's principal capital expenditures are used to acquire drilling rigs and ground equipment.

SOURCE OF FINANCING

The Company's primary sources of liquidity are from operations and borrowings under its re-amended and restated credit agreement between the Company and National Bank of Canada Inc. dated as of December 1, 2008 (the "Credit Agreement") and also equity financing.

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

facility of up to $7 million to manage working capital requirements throughout the year.

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

The Credit Agreement contains negative covenants that will limit the Company's ability to undertake certain actions, including mergers, liquidations, dissolutions and changes of ownership; the incurrence of additional indebtedness; encumbering on 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.

OUTSTANDING SECURITIES AS OF NOVEMBER 11, 2009

Number of shares	32,738,684
Number of options	1,673,000
Fully diluted	34,411,684

EFFECT OF EXCHANGE RATE

The Company's main exposure to exchange rate fluctuations arose from certain purchases denominated in U.S. dollars which are offset in part by the revenue earned in U.S. dollars related primarily to the surface reverse circulation drilling business. Since less than 5% of business revenue is generated in U.S. dollars, fluctuations in the U.S. dollar against the Canadian dollar do not have a significant impact on the financial results of the Company.

GOODWILL

Goodwill representing the excess of purchase price over fair value of the net identifiable assets of acquired businesses is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess. We conducted our annual goodwill impairment test on June 30, 2009 and concluded that the fair value exceeded the carrying amount. We also concluded that an interim test for impairment was not appropriate since there is no event or change in circumstance that indicates that goodwill might be impaired.

CHANGE IN ACCOUNTING POLICIES

a) goodwill and intangible assets

Effective July 1, 2009, the Company retroactively adopted the new CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes standards for recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and intangible assets. Standards concerning goodwill are unchanged from the standards included in the previous CICA Handbook Section 3062. The adoption of this new standard did not have a material impact on the Company's consolidated financial statements.

FUTURE ACCOUNTING POLICIES

International Financial Reporting Standards:

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect the financial reporting requirements applicable to Canadian companies. The AcSB strategic plan outlines the convergence of Canadian accounting standards with international standards (IFRS) over an anticipated five-year transition period. In February 2008, the AcSB announced that 2011 would be the changeover date for public entities to move from Canadian GAAP to IFRS. Consequently, the company's transition date of July 1, 2011 will require the restatement for comparative purposes of amounts reported by the company for its year ending June 30, 2011 and the openning balance sheet as at July 1, 2010. The Company is currently in the process of developing a conversion implementation plan and assessing the impacts of the conversion on the consolidated financial statements and disclosures of the company.

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual information Form dated September 21, 2009. These risks and uncertainties are not the only facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be materially adversely affected.

Risks Related to the Business and the Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies which in turn are driven significantly by commodity prices. There is a 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, who the Company relies upon 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 labor during that period of time. A material increase in the cost of the labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Leverage and Restrictive Covenants

Orbit Garant entered into a re-amended and restated credit agreement with the National Bank of Canada dated December 1, 2008 (the "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 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 which, 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 matures no later than the fourth anniversary thereof. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant, or available on acceptable terms, in an amount sufficient to fund Orbit Garant's needs. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

As at September 30, 2009, 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.

Ongoing Integration of Business Systems

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

Supply of Consumables

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

Competition

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

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

Inability to Sustain and Manage Growth

The Company's revenue has grown in recent years as a result of the combination of Orbit and Garant, the acquisition of Drift and Forage +, 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 BRIC economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's management personnel and likely will require the Company to recruit additional management personnel.

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

Future Acquisition Strategy

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

Customer Contracts

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

International Expansion and Instability

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

Operational Risks and Liability

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

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues, including integration of Orbit and Garant's accounting software systems.

Currency Exposure

The Company currently has approximately $1.4 million of US dollar revenue exposure primarily related to the surface reverse circulation drilling business carried on by Drift. There can be no assurance that this exposure will not change in the future and that a significant portion of the Company's revenue could potentially be denominated in a currency or currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on the Company's financial performance and condition and cash flows performance.

Business Interruptions

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

Risk to the Company's Reputation

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

Lack of Experience in Managing a Public Entity

Management has historically operated the business of the Company as a privately-owned series of companies. The individuals who constitute the Company's senior management team have only recently had responsibility for managing a publicly-traded entity. If these individuals are unable to satisfactorily manage a public entity and ensure the Company's compliance with all

continuous disclosure and other requirements applicable to public entities, the Company may be adversely affected.

Environment, Health and Safety Requirements and Related Considerations

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

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

Insurance Limits

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

Legislative and Regulatory Changes

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

Legal and Regulatory Risk

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

Extreme Weather Conditions and the Impact of Natural or Other Disasters

The Company operates in a variety of locations, some of which are prone to extreme weather conditions. From time to time these conditions, as well as natural or other disasters, could have an adverse financial impact on operations located in the regions where these conditions occur.

Seasonality

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

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 companies or the industries in which they operate. As a consequence, the trading price of the Common Shares may fluctuate.

Influence by Existing Shareholders

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

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

The Private Equity Investors and Pierre Alexandre hold or control, directly or indirectly, approximately 17% and 32% respectively, of the Company's outstanding Common Shares. Although certain of Orbit Garant's shareholders are subject to certain "standstill" provisions for a limited period of time, if one or more of such shareholders sells a substantial number of Common Shares in the public market, the market price of the Common Shares could decline. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

Orbit Garant may raise additional funds in the future by issuing equity securities. Holders of Common Shares 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.

OUTLOOK

Although recent market conditions have created a challenging operating environment for the drilling industry, Orbit Garant is noticing improvements in demand from major and intermediate customers, as well as select junior companies, as the price of commodities continue to rebound and the global economy continues to improve.

The Company remains focused on its intermediate and senior company customers that provide greater revenue stability, as well as actively pursuing business opportunities with well financed junior companies.

Orbit Garant's management anticipates demand for drilling services to improve as the price of commodities, particularly gold and base metals, continue to show signs of improvement.

The Company continues to focus on improving its productivity and efficiency by providing additional training to its personnel and by continuously improving its operating process.

The Company will continue to add new drilling rigs according to customer demand.

The board of directors has approved $5.6 million in capital expenditures for the 2010 fiscal year.

The drilling service market remains fragmented and Orbit Garant continues to search for accretive acquisition transactions that would be beneficial to its shareholders.

Orbit Garant's strong market position and dedication to proven strategies have attributed to the Company's continued success and position it well for the next market upswing.

SUPPLEMENTAL DISCLOSURE

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under multilateral Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP.

There has been no change in the Company's internal controls over financial reporting that occurred during the most recently completed interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.