MANAGEMENT'S DISCUSSION AND ANALYSIS
FIRST QUARTER FISCAL 2011
ENDED SEPTEMBER 30, 2010

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 interim consolidated financial statements for the three months ended September 30, 2010 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, 2010.

The unaudited 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, 2010.The interim consolidated financial statements conform in all respects to the requirements of Canadian generally accepted accounting principles (GAAP) 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 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 subsidiary.

This MD&A is dated November 10, 2010. 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 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.

FIRST QUARTER FISCAL 2011 HIGHLIGHTS

- Record revenue of $27.4 million, compared to $24.4 million in the comparable quarter of fiscal 2010, an increase of 12.2%
- Record meters drilled of 320,959 completed in the first quarter, up 15.0% from 278,974 in Q1 of fiscal 2010
- An expanding fleet of 159 drill rigs, including 4 new drills added in the first quarter
- An increase in working capital of $39.1 million during the first quarter of fiscal 2011, from $35.9 million at September 30, 2009
- Capital expenditures of $2.6 million to sustain growing activity
- A net cash* position of $3.0 million

**Net cash is calculated as cash minus long-term debt*

CORPORATE OVERVIEW

From its head office in Val-d'Or, Quebec, Orbit Garant manages a fleet of 159 drilling rigs that is used to service the mining industry in Canada and internationally. The Company has a low cost infrastructure and is vertically integrated with Soudure Royale which manufactures drill rigs for the Company and third parties (and so provides a competitive advantage in the provision of drilling services). The Company 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 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 61% of the Company's total revenue.

The Company provides both surface and underground drilling services, which account for approximately 63% and 37% of the Company's revenues, respectively.

Approximately 71% of the Company's revenues are generated by gold related operations, while approximately 29% are generated by base metal related and other operations.

Orbit Garant operates in stable jurisdictions, and approximately 90% of the Company's revenues are generated in Canada. The Company also operates in the USA, Mexico, Suriname and Guyana.

Approximately 66% of the Company's customers are major and intermediate-sized 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 for all stages of the minerals business, including exploration, development and production, by 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;
- Maintaining a strong commitment to R&D and advanced drilling technologies,
- 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

Global markets continued to recover in the second half of 2010, reflecting a gradual rebound in risk appetite and improved health in economies globally. Although there remains a certain amount of uncertainty in the recovery and the state of financial markets, commodity markets have maintained their upward trend through 2010.

Gold

Precious metal prices have been on a steady upward trend as uncertainties surrounding the global recovery and financial market has drawn investors towards safe haven assets. Gold prices have continued to increase on the basis of a number of factors, including the aforementioned safe haven aspects as US dollar weakness persists, as well as supply constraints, higher oil prices and resilient physical demand for the metal.

In the short to medium term, investment demand will be a prominent factor supporting gold prices. Although the market is expected to continue its recovery, financial markets are still fragile. Government stimulus has created unprecedented levels of debt, and there is concern that the fiscal situation will deteriorate further – a positive for gold.

Long-term fundamentals for gold remain equally positive. To date, new deposit discoveries have been minimal, and limited supply has proven positive for gold prices.

Base Metals

Base metals have also continued their upward trend into the second half of 2010, a trend that is attributable to the gradually improving market fundamentals around the globe.

Since early 2010, demand for base metals has rebounded significantly. Changes in the level of risk aversion and US dollar fluctuations have been key drivers for base metal prices, and investor sentiment towards base metals prices continues to be positive. Copper, often used as an indicator of the base metal group, performed very well this year. Demand from China and supply/demand fundamentals are other significant factors for base metals prices. While demand from China and other developing countries has continued to improve, mine production has been limited this year and the base metal supply is expected to fall by the end of 2010 and remain tight through 2011 and beyond.

Market Participants

As commodity prices have continued to improve from their lows in 2009 so has the global mineral and mining industry. Metal prices are the primary driver of production and exploration spending, and recovering metals prices have positively impacted all senior, intermediate and junior companies.

As senior company spending continued to increase throughout the year, junior and intermediate companies raised significant equity capital for exploration in gold and base metals segments. According to a PWC *Junior Mine* report released in October 2010, the market cap for junior mining companies listed on the TSX Venture Exchange increased 49% in the 12 months ending June 30, 2010 from the comparable period the previous year.

An improving appetite for investment risk and strengthening commodity prices have contributed to the improved market conditions in the mining sector. As access to capital improved throughout the year, intermediate and junior companies have been able to initiate drilling programs that were put on hold during the recession, and exploration spending has increased significantly from the spending levels in 2009, a big positive for the drilling industry.

Orbit Garant is seeing many positive signs that the drilling industry landscape is improving and management is confident that current pricing pressure felt across the industry will be alleviated as demand for drilling will improve into 2011 and beyond. Drill availability and labour availability are two key indicators that the industry is improving and Orbit is observing a substantial increase in demand for drills and trained drillers. Its ability to manufacture its own drill rigs through Soudure Royale and its extensive driller training programs mean that Orbit is able to mitigate these availability issues, positioning the Company extremely well as the industry continues to recover into 2011.

Outlook

Looking forward, although a certain amount of near-term uncertainty persists, the medium- to long-term outlook for the industry remains positive. Base metals continue to be driven by the recovering demand in the USA and the developing world. China consumes more than 30% of the world's base metals, up from just 5% in the 1980s and demand from Asia and the BRIC economies is expect to continue to drive the demand for the metals further, supporting healthy base metal prices.

Given that equity markets and industrial commodities have been strong in recent months, the market seems to be turning to gold as an alternative non-fiat currency, in addition to buying gold for its safe haven qualities. A multitude of factors influence the price of gold, but the prominent driver continues to be the uncertainty around the pace of recovery and the amount of government stimulus that has been injected into global economies. Recoveries in the USA and Europe, although improving, continue to be fragile and may require additional support, developments that could hinder the pace of recovery and drive more investors into safe havens. Although many people expect that metals prices could experience some broad-based consolidation in the short term, long-term fundamentals for gold and base metals remain positive and, in turn, so too does the mining and mineral drilling industry.

Orbit Garant continues to be extremely well positioned for continued success as global economies recover. Its stable results amid the economic downturn and focus on improving efficiencies and productivity have ideally positioned the Company for the market upswing. Orbit's focus on strong customer relationship with top tier clients and higher margin specialized drilling, its commitment to training and health and safety and its low cost vertically integrated business model are all competitive advantages that will enable Orbit to further its growth in the near term and expand the Company's geographic footprint. Orbit's dedication to growth strategies and heavy focus on R&D and improving technologies will ensure the Company is able to offer low cost superior service to its customers while maintain strong results and growth momentum and enhancing value for its shareholders.

OVERALL PERFORMANCE
RESULTS OF OPERATION – FIRST QUARTER ENDED SEPTEMBER 30, 2010

FIRST QUARTER ENDED September 30 * ($ millions)		Fiscal 2011 Quarter 1	Fiscal 2010 Quarter 1	2011 vs. 2010 Variation $	Variation %
Revenue * ($)		27.4	24.4	3.0	12.2
Gross profit * ($)		7.1	8.0	(0.9)	(10.9)
Gross margin (%)		26.1	32.8		
EBITDA * ($) (1)		5.3	6.2	(0.9)	(15.4)
Meters drilled		320,959	278,974	41,985	15.0
Net earnings * ($)		2.2	2.5	(0.3)	(10.2)
Net earnings per common shares	– Basic ($)	0.07	0.08		
	– Diluted ($)	0.07	0.08		

(1) EBITDA = Earnings before interest, taxes, depreciation and amortization. (See “Supplemental Disclosure”.)”

The Company continued to increase its market share by increasing the number of meters drilled to 320,959 and by the addition of four new drilling rigs during the quarter.

Despite market pressures affecting the revenues per meter, the Company achieved a gross margin of 26.1%.

In the three months ended September 30, 2010, Orbit Garant generated net earnings of $2.2 million, compared to $2.5 million in the comparable quarter of fiscal 2010, a decrease of $0.3 million, or 10.2%, a result of the competitive pricing environment.

THREE MONTHS ENDED SEPTEMBER 30, 2010 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2009

CONTRACT REVENUE	Three months ended September 30, 2010			Three months ended September 30, 2009		
Segmented information *($ millions)	Revenue ($)	Gross profit ($)	Gross margin %	Revenue ($)	Gross profit ($)	Gross margin %
Drilling Canada *	24.7	5.6	22.9	22.7	7.3	32.2
Drilling International *	2.5	1.4	55.2	1.7	0.7	40.1
Manufacturing Canada *	0.2	0.1	65.6	—	—	—
	27.4	7.1	26.1	24.4	8.0	32.8

During the three month period ended September 30, 2010, the Company recorded contract revenue of $27.4 million, compared to $24.4 million in fiscal 2010, representing an increase of $3.0 million, or 12.2%. The average revenue per meter was $84.81 in Q1 fiscal 2011, compared to $87.41 for the same period in fiscal 2010, a result of the competitive pricing environment. The decrease in revenues per meter drilled was offset by the total revenues generated by the increase in meters drilled.

Domestic surface drilling contract revenue increased to $14.6 million in the first quarter of fiscal 2011, compared to $11.8 million in fiscal 2010, representing an increase of $2.8 million, or 23.5%.

Underground drilling contract revenue decreased to $10.2 million in the first quarter of 2011, compared to $10.8 million in the first quarter of fiscal 2010, a decrease of 6.0%.

International drilling contract revenue increased to $2.5 million in the first quarter of 2011 from $1.7 million for the same period in fiscal 2010. The increase of $0.8 million can be attributed to new contracts that started at the end of fiscal 2010.

Manufacturing Canada generated $0.2 million of revenue for Q1 2011, compared to negligible revenue in Q1 2010. During the first quarter of 2011, the Company sold one new drill rig to third parties. Soudure Royale continued to build equipment and supplies for the Company to support organic growth and its production capacity.

GROSS MARGIN

Overall gross profit in the first quarter of fiscal 2011 was $7.1 million, compared to $8.0 million in the comparable quarter of fiscal 2010, a decrease of $0.9 million or 10.9%. Gross margin for the first quarter of fiscal 2011 was 26.1% compared to 32.8% for the same period if fiscal 2010 as a result of the competitive pricing environment and non-recurring costs to a specific contract.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were $2.0 million in the first quarter of 2011, compared to $1.8 million in the comparable period in 2010.

Administration expenses represented 7.1% of sales during Q1 2011, compared to 7.3% for the same period in fiscal 2010.

AMORTIZATION

Amortization of property, plant and equipment was $1.6 million in the first quarter of fiscal 2011, compared to $1.3 million in the same period in fiscal 2010, a result of acquisition of new drills and equipment.

Amortization of intangible assets was $0.4 million in the first quarter of fiscal 2011, compared to $1.1 million in the comparable quarter in fiscal 2010 as some intangible assets were fully amortized.

INCOME TAXES

Income taxes were $1.0 million in the first quarter of fiscal 2011, compared to $1.2 million in the first quarter of fiscal 2010.

NET EARNINGS

Net earnings in the first quarter fiscal 2011 totalled $2.2 million, or $0.07 per common share ($0.07 per share diluted), compared to $2.5 million in the comparable period the previous year, or $0.08 per common share ($0.08 per share diluted), representing a decrease of 12.5% year to year.

EBITDA (see SUPPLEMENTAL DISCLOSURE)

EBITDA decreased to $5.3 million in the first quarter of 2011, compared to $6.2 million in the same period of the prior year, a decrease of $0.9 million, or 15.4%, a result of a decrease in the gross margin attributed to the competitive environment. EBITDA in the first quarter of fiscal 2010 represents 19.2% of sales, compared to 25.5% in the previous year.

SUMMARY OF QUARTERLY RESULTS

* ($ millions)		Fiscal 2011	Fiscal 2010				Fiscal 2009		
		Sept 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Contract revenue * ($)		27.4	33.1	28.8	23.7	24.4	28.3	27.7	26.1
Gross profit * ($)		7.1	9.1	8.9	7.6	8.0	10.7	9.2	8.6
Gross margin %		26.1	27.6	31.0	32.0	32.8	37.9	33.2	33.1
Net earnings * ($)		2.2	4.0	3.7	2.4	2.5	3.6	3.2	3.2
EBITDA (1) * ($)		5.3	7.8	7.9	6.0	6.2	7.8	7.3	6.9
Net earnings per Common shares ($)	– Basic	0.07	0.12	0.11	0.07	0.08	0.11	0.10	0.10
	– Diluted	0.07	0.12	0.11	0.07	0.08	0.10	0.10	0.10

(1) EBITDA = Earnings before interest, taxes, depreciation and amortization. (See “Supplemental Disclosure”.)”

Revenue per meter drilled decreased as a direct result of a more competitive pricing environment. In this challenging market, Orbit Garant increased the number of metres drilled in the period, offsetting the price decrease and maintaining revenue growth while reducing the impact on the gross margin.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES

Cash flow from operations before non cash operating working capital items was $4.2 million in the first quarter of fiscal 2011, compared to $4.6 million in the first quarter of fiscal 2010. During the quarter, the Company recorded a loss on disposal of property, plant and equipment of $0.1 million. This amount represents a loss relating to disposal of equipment.

INVESTING ACTIVITIES

During the three months ended September 30, 2010, $2.6 million was used for the acquisition of new rigs and support equipment. This compares with $1.7 million for the acquisition of new rigs and support equipment for the same period in fiscal 2010.

FINANCING ACTIVITIES

Cash flow generated from financing activities was negligible for the three months ended September 30, 2010. During the same period of the previous year, the cash flow from financing activities showed outflow of $7.2 million, which was used to repay the bank loan of $7.4 million.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital, capital expenditure and debt obligations. The Company’s principal capital expenditures are for the acquisition of drilling rigs and ground equipment

SOURCE OF FINANCING

The Company’s primary sources of liquidity are from operations and borrowings under restated credit agreement between the Company and National Bank of Canada Inc. dated December 1, 2009 (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 for other working capital requirements. Pursuant to the Credit Agreement, the Company currently has a 364-day revolving operating facility of up to $7.0 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 long-term debt facility of a maximum amount of $13,571,426 and a revolving, reducing four-year term capital expenditure facility for a maximum amount of $3,300,000. Both facilities mature no later than June 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

OUTSTANDING SECURITIES AS OF NOVEMBER 10, 2010

Number of shares	32,871,427
Number of options	1,973,000
Fully diluted	34,844,427

SUBSEQUENT EVENT

On November 8, 2010, the company acquired all issued and outstanding shares of 1085820 Ontario Inc. (operating as Advantage Control Technologies) for a total consideration of $6,085,000. This included a cash consideration of $2,935,000, the equivalent of $750,000 in common shares of Orbit Garant, at an issue price of $5.65 per share and a further cash consideration of a maximum of $2,400,000 subject to the achievement to certain financial performances over the next three years. The purchase price is subject to some adjustments related to the level of working capital and liabilities at closing. The company also acquired some equipment related to this business for $375,000 payable in cash. Advantage Control Technologies, located in Sudbury, Ontario, specializes in the development of new technologies for mineral drilling.

FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued the following new Handbook sections: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests", which replace Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". These new sections

will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted to the extent the three new sections are adopted simultaneously. Together, the new sections establish standards for the accounting for a business combination, the preparation of consolidated financial statements and the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company does not expect that the adoption of these new sections will have a material impact on its consolidated financial statements.

International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") will make the transition from Canadian GAAP for publicly accountable enterprises to International Financial Reporting Standards ("IFRS") over a transition period that will end effective January 1, 2011, with the adoption of IFRS. In October 2009, the AsSB reconfirmed that IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. The Company expects the transition to IFRS to impact financial reporting, business processes and information systems.

The Company has implemented a conversion plan aiming to apply IFRS starting June 2011.

This conversion plan comprises the following processes:

- Phase I – preliminary analysis
- Phase II – implementation of a conversion plan
- Phase III – impacts calculations encrypted conversion

Phase I – Preliminary Analysis

Work to be done

- Determination of the impact of the choices and obligations related to the IFRS 1, IFRS' *First adoption*, including those related to exemptions and exceptions to the retrospective application of IFRS as at July 1, 2010, but also the quantification of the effects of initial changes pursuant to IFRS 1 concerning the information to be supplied and 2010 financial statements.
- Identification, during a preliminary phase, of the main differences expected between the current GAAP of Canada and the IFRS concerning the accounting rules the Company is to adopt starting July 1, 2011.
- Evaluation of the impact of change in accounting frame of reference concerning:
  - Information technologies and information systems;
  - Internal control regarding the financial information;
  - Disclosure controls and procedures with third parties;
  - Required expertise regarding financial information;
  - Commercial activities, as well as items on which measures compliant with GAAP may have an impact, such as small-print clauses, cash requirements and compensation mechanisms.

Progress

- The Company has highlighted, on a qualitative basis, the main differences between Canadian GAAP accounting as applied by the Company and the IFRS that the Company will apply in the future.
- The Company has begun to quantify the highlighted differences and the choices that will be made during the financial year ending June 30, 2011.
- For organizational reasons, the Company decided to perform an assessment of the impacts of the controls and commercial activities during Phase II.

Phase II – Implementation of a Conversion Plan (ongoing since February 2010)

This phase, started several months ago, mainly consists of:

Work to be done

Development of content and training sessions on IFRS that would be applicable to the Company, for the Company's personnel in charge of drafting the financial statements, based on the findings the Company made in Phase I.

Documentation of technical positions by our team responsible for the production of the financial statements and validation by the Company's management of the different accounting positions to be adopted by the Company, in IFRS 1 as well as other IFRS standards applicable to the Company, in order to quantify in a subsequent step (Phase III) the impact of the application of these standards.

Assessment of the impact of changing the accounting frame of reference concerning:

Information technologies and information systems;

Internal control regarding the financial information;

Disclosure controls and procedures with third parties;

Required expertise regarding financial information;

Commercial activities, as well as items on which measures compliant with the GAAP may have an impact, such as small-print clauses, cash requirements and compensation mechanisms.

Progress

Expertise in financial reporting

IFRS training sessions, focusing on theoretical differences between Canadian GAAP and IFRS, were offered to all staff responsible for the production of the Company's future IFRS financial statements, as well as to certain members of the audit committee.

Accounting standards

The Company is currently in the process of documenting the different technical positions applicable as per IFRS, on a comparative basis with GAAP. Management had initially set as an objective, for the key issues, that this documentation be completed by June 30, 2010, to be able to start preparing:

Opening balance sheet as at July 1, 2010;

2010 financial information as per IFRS (including notes to the financial statements) in order to submit the quarterly and annual comparative information for the period 2010–2011.

Due to organizational issues and in order to finalize a deeper analysis of potential accounting differences between Canadian GAAP and IFRS, the analysis period of key IFRS impacting the Company's financial statements has been extended to the end of the second quarter of its fiscal year ending June 30, 2011.

Information technologies and data systems

The Company has not, at that point, identified any need for change in its systems, considering that the systems currently established allow for the production of financial information compliant with IFRS until September 30, 2011, the first quarter for which the Company will produce interim financial statements as per the new accounting frame. If the Company changes its opinion, this information would be included in the first MD&A concerning the period in which the need for this modification would arise.

Financial restrictive clauses and compensation standards

The Company is currently evaluating the consequences of the changeover to IFRS on these different elements and will produce additional information for readers of its financial statements when it is available.

Internal control on financial reporting and information disclosure controls and procedures

The Company, simultaneously with documenting its different accounting positions, evaluates the need to modify its internal control process and financial information disclosure. Any identification of a required modification is and will be subject to modification of these processes in order to comply with the correct application of the IFRS and ensure the effectiveness of the current controls.

IFRS 1 is a financial reporting standard that stipulates the requirements for an entity that is preparing IFRS compliant statements for the first time, and applies at the time of changeover. In order to ease their transition to IFRS, IFRS 1 provides new adopters for optional exemptions to the general rule of retrospective application of IFRS.

While the Company has not finalized its decisions, it currently expects to elect the following exemptions to retrospective application:

Business Combinations – The relevant standard (i.e., IFRS 3, Business Combinations) under IFRS may be applied retrospectively or prospectively on transition. The Company has elected not to restate acquisitions prior to the IFRS transitional date of July 1, 2010.

Foreign Currency – The Company expects to reset the cumulative translation gains and losses to nil at transition (reverse against retained earnings) instead of computing the translation gain and loss amounts retrospectively under IFRS.

Share-based Payment – Under IFRS 1, a first-time adopter is encouraged, but not required, to apply IFRS 2, Share-based Payment to equity instruments that were granted on or before November 7, 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after November 7, 2002 and vested before the date of transition to IFRS, i.e., July 1, 2010. The Company has decided to use this exemption and will not therefore restate such grants. However, for equity instruments granted after November 7, 2002 and not vested as of July 1, 2010, the Company will be required to retrospectively apply IFRS 2 to such grants.

Quantified impacts of such elections have not yet been determined by the Company but should not be material to the financial statements.

The Company will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Company and its reporting.

CRITICAL ACCOUNTING ESTIMATES

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

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, 2010. 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 materially adversely affected.

Risk Related to Structure and Common Shares

Equity Market Risks

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

Influence of Existing Shareholders

As at November 10, 2010, Pierre Alexandre, the Vice-Chairman of the Company, holds or controls, directly or indirectly, approximately 32% 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

Pierre Alexandre holds or controls, directly or indirectly, 32% 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 sell a substantial number of Common Shares in the public market, the market price of the Common Shares could decline. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

Orbit Garant may raise additional funds in the future by issuing equity securities. Holders of Common Shares will have no pre-emptive rights in connection with such further 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 the industry experienced a significant decrease in demand for drilling service in the recent economic downturn, particularly in the junior exploration segment, the Company is noticing improvements as the market gradually recovers. Base metals prices have begun to rebound and exploration spending is showing signs of improvement.

The Company remains focused on its intermediate and senior company customers, who provide more stable revenues, and the Company actively pursues business opportunities with junior companies.

Management anticipates that the demand for drilling services will increase if the price of gold remains stable and base metal prices continue to improve.

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 Board of Directors has approved $15.3 million in property, plant and equipment for the 2011 fiscal year that includes:

- 16 new drilling rigs,
- support equipment, and
- the planning, remodeling and logistics of the relocation of the head office, thus consolidating the administration offices, most of the maintenance activities and Soudure Royale, the manufacturing division.

The drilling service market remains fragmented and the Company will continue to be disciplined in evaluating potential acquisitions that would be beneficial to its shareholders.

The Company has performed well during the uncertain and difficult market conditions of the past 18 months and management believes the Company is now well positioned for the expected market growth in the coming years.

SUPPLEMENTAL DISCLOSURE

This MD&A contains references to EBITDA (earnings before interest, taxes, depreciation and amortization) Management believes that EBITDA is a useful supplemental measure of operating performance prior to debt service, capital expenditures and income taxes. However, EBITDA is not a recognized earnings measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, 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 may differ materially from the methods used by other public companies and, accordingly, may not be comparable to similarly named measures used by other public companies.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 Canadian generally accepted accounting principles.

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.

For the three months ending September 30, 2010, there have been no significant changes to the ICFR and no change in the assessment of the effectiveness of the Company's ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable assurance level as of the end of the period covered by this report.