Unaudited Interim Condensed Consolidated Financial Statements

Second Quarter Fiscal 2018

(For the three and six-month periods ended December 31, 2017 and 2016)

These interim condensed consolidated financial statements have not been reviewed by the Company's independent auditors.

ORBIT GARANT DRILLING INC.

Interim condensed consolidated statements of earnings (loss)

For the three and six-month periods ended December 31, 2017 and 2016

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

(Unaudited)

	Notes	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
		$	$	$	$
Contract revenue	16	43,033	27,414	85,508	57,922
Cost of contract revenue	5	37,986	25,893	73,720	53,517
Gross profit		5,047	1,521	11,788	4,405
Expenses					
General and administrative expenses	5	4,290	3,977	8,038	7,359
Foreign exchange gain	5	(331)	(83)	(248)	(222)
Finance costs	5	516	236	853	427
		4,475	4,130	8,643	7,564
Earnings (loss) before income taxes		572	(2,609)	3,145	(3,159)
Income taxes (recovery)	11				
Current		(187)	157	473	75
Deferred		(93)	(862)	136	(1,083)
		(280)	(705)	609	(1,008)
Net earnings (loss) attributable to shareholders		852	(1,904)	2,536	(2,151)
Net earning (loss) per share attributable to shareholders	10				
Basic		0.02	(0.05)	0.07	(0.06)
Diluted		0.02	(0.05)	0.07	(0.06)

See accompanying notes to interim condensed consolidated financial statements.

ORBIT GARANT DRILLING INC.

Interim condensed consolidated statements of comprehensive earnings (loss)

For the three and six-month periods ended December 31, 2017 and 2016

(in thousands of Canadian dollars)

(Unaudited)

	Notes	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
		$	$	$	$
Net earnings (loss)		852	(1,904)	2,536	(2,151)
Other comprehensive earnings (loss)					
Items that may be reclassified subsequently to net earnings (loss)					
Change in fair value on available-for-sale investments	6	(40)	9	(53)	(16)
Deferred income tax		6	-	7	3
		(34)	9	(46)	(13)
Cumulative translation adjustments		200	(44)	188	(29)
Other comprehensive earnings (loss), net of income tax		166	(35)	142	(42)
Comprehensive earnings (loss) attributable to shareholders		1,018	(1,939)	2,678	(2,193)

See accompanying notes to interim condensed consolidated financial statements.

ORBIT GARANT DRILLING INC.

Interim condensed consolidated statements of changes in equity

For the three and six-month periods ended December 31, 2017 and 2016

(in thousands of Canadian dollars)

(Unaudited)

Six-month period ended December 31, 2017	Share capital	Equity settled reserve	Retained Earnings	Accumulated other comprehensive earnings (loss)	Total Shareholders' Equity
	$	$	$	$	$
	(Note 10)	(Note 10)			
Balance as at July 1, 2017	57,130	1,178	15,907	49	74,264
Total comprehensive loss					
Net earnings	-	-	2,536	-	2,536
Other comprehensive earnings					
Change in fair value on available-for-sale investments, net of deferred income tax	-	-	-	(46)	(46)
Cumulative translation adjustments	-	-	-	188	188
Other comprehensive earnings	-	-	-	142	142
Transactions with shareholders, recorded directly in equity					
Issuance of shares related to share-based compensation	65	(20)	-	-	45
Share-based compensation	-	120	-	-	120
Share options cancelled	-	(122)	122	-	-
Total transactions with shareholders	65	(22)	122	-	165
Balance as at December 31, 2017	57,195	1,156	18,565	191	77,107

Six-month period ended December 31, 2016	Share capital	Equity settled reserve	Retained Earnings	Accumulated other comprehensive earnings (loss)	Total Shareholders' Equity
	$	$	$	$	$
	(Note 10)	(Note 10)			
Balance as at July 1, 2016	55,688	1,468	21,720	195	79,071
Total comprehensive loss					
Net loss	-	-	(2,151)	-	(2,151)
Other comprehensive (earnings) loss					
Change in fair value on available-for-sale investments, net of deferred income tax	-	-	-	(13)	(13)
Cumulative translation adjustments	-	-	-	(29)	(29)
Other comprehensive loss	-	-	-	(42)	(42)
Transactions with shareholders, recorded directly in equity					
Share-based compensation	-	102	-	-	102
Total transactions with shareholders	-	102	-	-	102
Balance as at December 31, 2016	55,688	1,570	19,569	153	76,980

See accompanying notes to interim condensed consolidated financial statements.

ORBIT GARANT DRILLING INC.

Interim condensed consolidated statements of financial position

As of December 31, 2017 and June 30, 2017
(in thousands of Canadian dollars)
(Unaudited)

	Notes	December 31 2017	June 30 2017
		$	$
ASSETS			
Current assets			
Cash		2,692	1,601
Trade and other receivables	15	35,244	24,210
Inventories		41,072	38,725
Income taxes receivable		670	58
Prepaid expenses		655	758
		80,333	65,352
Non-current assets			
Loan receivable	14	649	1,254
Investments	6	719	682
Property, plant and equipment	7	39,221	40,014
Deferred tax assets		3,505	3,636
Total assets		124,427	110,938
LIABILITIES			
Current liabilities			
Trade and other payables		22,644	18,981
Factoring liabilities		4,968	705
Income taxes payable		643	-
Current portion of long-term debt and finance leases	8	1,158	14,903
		29,413	34,589
Non-current liabilities			
Long-term debt and finance leases	8	17,907	2,085
		47,320	36,674
EQUITY			
Share capital	10	57,195	57,130
Equity-settled reserve		1,156	1,178
Retained earnings		18,565	15,907
Accumulated other comprehensive income		191	49
Equity attributable to shareholders		77,107	74,264
Total liabilities and equity		124,427	110,938

APPROVED BY THE BOARD

Éric Alexandre, Director

Jean-Yves Laliberté, Director

See accompanying notes to interim condensed consolidated financial statements.

ORBIT GARANT DRILLING INC.

Interim condensed consolidated statements of cash flows

For the three and six-month periods ended December 31, 2017 and 2016

(in thousands of Canadian dollars)

(Unaudited)

	Notes	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
		$	$	$	$
OPERATING ACTIVITIES					
Earnings (loss) before income taxes		572	(2,609)	3,145	(3,159)
Items not affecting cash					
Depreciation of property, plant and equipment	5	2,182	2,414	4,356	5,179
Loss (gain) on disposal of property, plant and equipment	7	(15)	12	(133)	-
Gain on disposal of investments	6	-	-	-	(266)
Share-based compensation	10	62	52	120	102
Finance costs		516	236	853	427
		3,317	105	8,341	2,283
Changes in non-cash operating working capital items	12	(4,391)	581	(9,638)	(615)
Income taxes paid		(310)	(93)	(442)	(163)
Finance costs paid		(702)	(234)	(1,023)	(405)
		(2,086)	359	(2,762)	1,100
INVESTING ACTIVITIES					
Acquisition of investments	6	(90)	-	(90)	-
Proceeds from disposal of investments	6	-	-	-	352
Acquisition of property, plant and equipment	7	(2,198)	(2,241)	(3,542)	(3,638)
Proceeds from disposal of property, plant and equipment	7	41	816	363	867
		(2,247)	(1,425)	(3,269)	(2,419)
FINANCING ACTIVITIES					
Proceeds from loan receivable		628	-	628	-
Proceeds from inssuance of shares		45	-	45	-
Proceeds from factoring		8,287	1,125	10,159	2,142
Repayment on factoring		(4,543)	(5)	(5,896)	(2,417)
Proceeds from long-term debt and finance leases		23,376	21,944	43,098	47,144
Repayment of long-term debt and finance leases		(22,310)	(20,184)	(40,851)	(43,977)
		5,483	2,880	7,183	2,892
Effect of exchange rate changes on cash		(56)	(90)	(61)	(123)
Increase in cash		1,094	1,724	1,091	1,450
Cash, beginning of the period		1,598	2,019	1,601	2,293
Cash, end of the period		2,692	3,743	2,692	3,743

See accompanying notes to interim condensed consolidated financial statements.

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

1. DESCRIPTION OF BUSINESS

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

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

	% of voting rights
Orbit Garant Drilling Services Inc.	100%
9116-9300 Québec inc.	100%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Orbit Garant Chile S.A.	100%
Perforación Orbit Garant Chile SpA	100%
Orbit Garant Drilling Ghana Limited	100%
Perforación Orbit Garant Peru S.A.C.	100%
OGD Drilling (Guyana) Inc.	100%
Forage Orbit Garant BF S.A.S.	100%
Orbit Miyuu Kaa Drilling Inc.	49%
Sarliaq-Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* , ("IAS 34"). The IFRS accounting policies that are set out in Note 4 to the Company's annual audited consolidated statements for the year ended June 30, 2017 were consistently applied to all periods presented, other than Note 3. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's independant auditors.

The preparation of consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates, assumptions and judgements. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 5 in the Company's annual audited consolidated financial statements for the year ended June 30, 2017. They remained unchanged for the three and six-month periods ended December 31, 2017.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the investments, which have been measured at fair value. They are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company operates («functional currency»). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2017 annual audited consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on February 13, 2018.

2. BASIS OF PREPARATION (continued)

Principles of consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. A subsidiary is an entity controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of its percentage of participation. The existence and effect of potential voting rights are considered when the Company controls another entity.

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

3. STANDARDS AND INTERPRETATIONS ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2017:

IAS 7 – Statement of Cash Flows

The amendment entitled "*Disclosure initiative - Reconciliation of liabilities from financing activities*" comprises amendments to provide investors with improved disclosures about an entity's debt and movements in debt during the reporting period and its liquidity.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

The standards and amendments listed above did not have any impact on the Company's interim condensed consolidated financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENT

New standards and interpretations not yet adopted:

IFRS 9 – Financial Instruments

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENT (continued)

IFRS 15 – Revenue from Contracts with Customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction Contracts* , IAS 18 *Revenue* , IFRIC 13 *Customer Loyalty Programmes* , IFRIC 15 *Agreements for the Construction of Real Estate* , IFRIC 18 *Transfer of Assets from Customers* , and SIC 31 *Revenue – Barter Transactions Involving Advertising Services* . The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

IFRS 16 – Leases

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases* . The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

The amendments provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight. The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

IFRIC Interpretation 22 – Foreign Currency Transaction and Advance Consideration

IFRIC 22 clarifies that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset and deferred income liability, and that if there are multiple payments or receipt in advance, a date of transaction is established for each payment or receipt. IFRIC Interpretation 22 is effective from years beginning January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires an entity to (i)contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (ii) reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and (iii) measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable). The extent of the impact of adoption of the Interpretation has not yet been determined.

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

5. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

The depreciation expense of property, plant and equipment have been charged to the interim condensed consolidated statement of loss as follows:

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
			$	$
Cost of contract revenue	1,966	2,202	3,927	4,763
General and administrative expenses	216	212	429	416
Total depreciation and amortization	2,182	2,414	4,356	5,179

Principal expenses by nature

Cost of contract revenue, general and administrative expenses, foreign exchange gain and finance costs, by nature are as follows:

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
			$	$
Depreciation and amortization	2,182	2,414	4,356	5,179
Employee benefits expense	21,023	15,205	41,430	31,486
Cost of inventories	9,158	7,490	17,721	13,787
Other expenses	10,098	4,914	18,856	10,629
Total cost of contract revenue, general and administrative expenses, foreign exchange gain and finance costs	42,461	30,023	82,363	61,081

6. INVESTMENTS

Changes in investments were as follows:

	Six month-period ended December 31, 2017	Year ended June 30, 2017
	$	$
Investments in public companies, beginning of the period	682	709
Acquisition of investments	90	-
Conversion of accounts receivable	-	60
Disposal of investments	-	(352)
Change in fair value of available for sale investments	(53)	265
Investments in public companies, end of the period	719	682

The gain on disposal of investments totalling $nil for the six-month periods ended December 31, 2017 is included in general and administrative expenses ($266 for the six-month periods ended December 31, 2016).

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

7. PROPERTY, PLANT AND EQUIPMENT

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

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
	$	$	$	$
Acquisition of property, plant and equipment	2,198	2,241	3,542	3,638
Proceed from disposal of property, plant and equipment	(41)	(816)	(363)	(867)
Gain on disposal of property, plant and equipment	(15)	12	(133)	-

The gain on disposal of property, plant and equipment is included in cost of contract revenue.

8. LONG-TERM DEBT

	December 31 2017	June 30 2017
	$	$
Loan authorized for a maximum amount of $30 million, bearing interest at prime rate plus 2.00%, effective rate as at December 31, 2017 of 5.20%, maturing November 2020, secured by first rank hypothec on the universality of all present and future assets (a) (b) (c)	16,299	13,571
Loan authorized for an amount of $2.5 million, bearing interest at prime rate plus 4.50%, effective rate as at December 31, 2017 of 7.70%, payable in monthly instalments of $52 as from June 2017, maturing May 2021, secured by second rank hypothec on the universality of all present and future assets (b)	2,124	2,434
Finance leases, bearing interest between 3.34% and 9.77% (June 30, 2017: 3.30% and 9.80%), maturing December 2020	642	983
	19,065	16,988
Current portion	(1,158)	(14,903)
	17,907	2,085

(a) The rate is variable based on the quarterly calculation of a financial ratio and can vary from prime rate plus 0.50% to 2.25%.

(b) An unamortized amount of $211 ($42 as at June 30, 2017), representing financing fees, has been netted against of the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

(c) The Company provided a letter of credit to one of its subsidiaries's bank of US$1.0 million (or approximately CAN$1.3 million) from the credit facility. The purpose of the letter of credit is to provide performance bonds to secure drilling contracts with some of its customers.

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

8. LONG-TERM DEBT (continued)

Under the terms of the long-term debt agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 9). As at December 31, 2017, the Company was compliant with its financial covenants (June 30, 2017: the Company was compliant with its financial covenants).

On November 2, 2017, the Company and the Lender entered into an amended and restated credit agreement that replaces the Credit Facility with a new three-year credit facility, consisting of a $30 million revolving credit facility, a US$3 million letter of credit facility and a US$3 million revolving credit facility.

As at December 31, 2017, the prime rate was 3.20% (2.70% as at June 30, 2017).

As at December 31, 2017, principal payments required in the next year are as follows:

	Loan	Finance lease	Total
	$	$	$
Within one year	625	533	1,158
Later than one year and not later than five years	18,009	109	18,118
	18,634	642	19,276

Minimum lease payments are as follows:

	Minimum lease payments	Present value of minimum lease payments	
		December 31 2017	June 30 2017
	$	$	$
Within one year	556	533	720
Later than one year and not later than five years	126	109	263
	682	642	983
Less: future finance charges	(40)	-	-
Present value of minimum lease payments	642	642	983

Long-term debt and finance leases by currency and by term are as follows:

As at December 31, 2017	Total	Within one year	Later than one but not later than five years
	$	$	$
CAN	18,534	651	17,883
Chilean Pesos (CLP261,041,283)	531	507	24
	19,065	1,158	17,907

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

9. CAPITAL MANAGEMENT

The Company includes share capital, equity settled reserve, retained earnings, long-term debt and finance leases and bank overdraft net of cash in its definition of capital.

The Company's capital structure is as follows:

	December 31 2017	June 30 2017
	$	$
Long-term debt and finance leases	19,065	16,988
Share capital	57,195	57,130
Equity settled reserve	1,156	1,178
Retained earnings	18,565	15,907
Cash	(2,692)	(1,601)
	93,289	89,602

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

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants, such as Senior debt to earnings before income taxes, interest, depreciation and amortization ratio, Senior debt to capitalization ratio and fixed charge coverage ratio. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. As at December 31, 2017, as mentioned in Note 8, the Company complied with its covenants (June 30, 2017: the Company was compliant with its financial covenants).

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

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

10. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

	Six-month period ended December 31, 2017		Year ended June 30, 2017	
	Number of shares	$	Number of shares	$
Balance, beginning of the period	36,094,919	57,130	35,101,419	55,688
Shares issued:				
For share options exercised [(a)]	47,200	65	993,500	1,442
Balance, end of the year	36,142,119	57,195	36,094,919	57,130

[(a)] On February 28, 2017, the Company issued 942,000 common shares to the President and Chief Executive Officer in connection with the exercise of its options.

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

10. SHARE CAPITAL (continued)

Net earnings (loss) per share

Diluted net earnings (loss) per common share was calculated based on net loss divided by the average number of common shares outstanding using the treasury shares method. For 2016, shares options are not included in the computation of diluted net earnings (loss) per share as their inclusion would be anti-dilutive.

Net earnings (loss) per share - basic	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
Net earnings (loss) attributable to common shareholders	852	(1,904)	2,536 $	(2,151) $
Weighted average basic number of common shares outstanding	36,102,119	35,101,419	36,098,597	35,101,419
Net earnings (loss) per share - basic	0.02	(0.05)	0.07 $	(0.06) $

Net earnings (loss) per share - diluted	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
Net earnings (loss) attributable to common shareholders	852	(1,904)	2,536 $	(2,151) $
Weighted average basic number of common shares outstanding	36,102,119	35,101,419	36,098,597	35,101,419
Adjustment to average number of common shares - share options	662,193	-	1,388,098	-
Weighted average diluted number of common shares outstanding	36,764,312	35,101,419	37,486,695	35,101,419
Net earnings (loss) per share - diluted	0.02	(0.05)	0.07 $	(0.06) $

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

	December 31, 2017 (6 months)		December 31, 2016 (6 months)	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of the period	2,336,500	1.35	2,877,500	1.16
Granted during the period	490,000	2.10	500,000	1.75
Exercised during the period	(47,200)	0.95	-	-
Cancelled during the period	(197,800)	1.25	-	-
Outstanding at end of the period	2,581,500	1.51	3,377,500	1.25
Exercisable at end of the period	1,075,200	1.57	1,780,000	1.30

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

10. SHARE CAPITAL (continued)

On December 5, 2017, 490,000 stock options have been granted to employees and directors giving the option to purchase a common share for an exercice price of $2.10 per share which represents the fair value of a common share at the date of the grant. These options have a life of 5 years and will vest at a rate of 33% per annum commencing 12 months after the date of the grant.

The following table summarizes information on share options outstanding at December 31, 2017:

Range of exercise price $	Outstanding at December 31, 2017	Weighted average remaining life (years)	Weighted average exercise price $	Exercisable at December 31, 2017	Weighted average exercise price $
0.50 - 1.49	1,206,500	4.09	0.87	572,200	0.98
1.50 - 2.49	1,357,500	4.37	2.04	485,500	2.18
3.50 - 4.49	17,500	0.68	4.00	17,500	4.00
	2,581,500			1,075,200	

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

	Granted in December 2017	Granted in December 2016
Risk-free interest rate	1.62%	0.92%
Expected life (years)	3	5
Expected volatility (based on historical volatility)	40.07%	36.00%
Expected dividend yield	0%	0%
Fair value of options granted	$0.66	$0.58

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

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
	$	$	$	$
Expense related to share-based compensation	62	52	120	102

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

11. INCOME TAXES

The tax rates prescribed by the applicable laws were at 26.75% in 2017 and at 26.90% in 2016.

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
	$	$	$	$
Earnings (loss) before income taxes	572	(2,609)	3,145	(3,159)
Statutory rates	26.75%	26.90%	26.85%	26.90%
Income taxes (recovery) based on statutory rates	153	(702)	844	(850)
Increase (decrease) of income taxes due to the following:				
Non-deductible expenses and other	211	(24)	265	(16)
Non-deductible share-based compensation expense	16	14	32	27
Non taxable portion of capital gain	-	-	-	(39)
Impact of foreign tax rate differences	(18)	19	(30)	-
Utilization of unrecognized tax losses	(642)	(183)	(679)	(628)
Income tax assets unrecognized	-	171	177	498
Total income taxes recovery	(280)	(705)	609	(1,008)

12. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash operating working capital items:

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
	$	$	$	$
Trade and other receivables	(1,496)	4,151	(11,057)	3,470
Inventories	927	(1,712)	(2,347)	(5,278)
Prepaid expenses	38	208	103	89
Trade and other payables	(3,860)	(2,066)	3,663	1,104
	(4,391)	581	(9,638)	(615)

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

13. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into operating lease agreements expiring in 2020 which call for lease payments of $55 for the rental of vehicles. The Company has also entered into lease agreements for offices expiring in 2021 for minimum lease payments of $1,372. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The minimum lease payments under these lease agreements for the next four years are detailed as follows:

	$
2018	338
2019	500
2020	372
2021	217

Guarantees

For the six-month period ended December 31, 2017, the Company issued some bank guarantees in favor of customers for a total amount of $1,085, maturing in February 2018. For the six-month period ended December 31, 2017, the Company has not made any payments in connection with these guarantees.

The Company provided a $US 1.0 millions letter of credit one of its subsidiaries's bank (or approximately CAN$1.3 million) from the credit facility. The purpose of the letter of credit is to provide performance bonds to secure drilling contracts with some of its customers. As at December 31, 2017, the subsidiary did not use this garantee to secure drilling contracts.

14. RELATED PARTY TRANSACTIONS

Transactions with related parties

The Company is related to Dynamitage Castonguay Ltd., company owned by directors.

On February 28, 2017, the Company granted a loan maturing not later than February 28, 2019, for the amount of $1,237 to the President and Chief Executive Officer in connection with the exercise of his options to purchase 942,000 shares of Orbit Garant Drilling Inc. The loan bears interest at the rate of 4% annually and is secured by a pledge of shares and a guarantee from 6707550 Canada Inc. On December 15, 2017, the President and Chief Executive Officer repaid an amount of $628. As at December 31, 2017, the loan is amounted to $649 (June 30, 2017: $1,254)

During the three and the six-month periods ended December 31, 2017 and 2016, the Company entered into the following transactions with its related companies and with persons related to directors:

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
	$	$	$	$
Revenues	72	38	196	162
Expenses	70	19	123	72

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

14. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties (continued)

As at December 31, 2017, an amount of $696 was receivable resulting from these transactions (June 30, 2017: $1,254).

All of these related party transactions made in the normal course of business were measured at the exchange amount, which is the amount established and agreed to by the parties.

Key management personnel and directors' transactions

The definition of key management includes the close members of the family of key personnel and any entity over which key management exercices control. The key management personnel have been identified as directors of the Company and key management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

Compensation paid to key management personnel and directors for the three and six-month periods ended December 31, 2017 amounted to $324 and $597 respectively ($298 and $570 for the three and six-month periods ended December 31, 2016, respectively).

15. FINANCIAL INSTRUMENTS

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

Fair value

The fair value of cash, trade and other receivables, trade and other payables and factoring liabilities is approximately equal to their carrying values due to their short-term maturity.

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

The fair value of loan receivable approximates its carrying value as the interest rate was established based on market conditions and the interest rates on the market have not changed significantly since the loan was granted.

Fair value hierarchy

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

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

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

As at December 31, 2017, the investments are classified as a Level 1 financial instrument as the fair value is determined using quoted prices in the active markets.

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the six-month period ended December 31, 2017.

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

16. SEGMENTED INFORMATION

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

Operational sectors are presented using the same criteria as for the production of the internal report to the chief operating decision maker, who allocates the resources and evaluates the performance of the operational sectors. The chief operating decision maker is considered as the President and Chief Executive Officer, who evaluates the performance of both segments by the revenues of ordinary activities from external clients and earnings (loss) from operation.

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

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
Contract revenue	$	$	$	$
Canada	29,992	20,419	62,164	45,900
International [(1)]	14,710	7,508	25,318	12,644
Inter-segment revenue	(1,669)	(513)	(1,974)	(622)
	43,033	27,414	85,508	57,922
Profit (loss) from operation				
Canada	755	(1,063)	4,403	(164)
International	1,021	(650)	1,297	(1,573)
	1,776	(1,713)	5,700	(1,737)
General and corporate expenses [(2)]	688	660	1,702	995
Finance costs	516	236	853	427
Income taxes (recovery)	(280)	(705)	609	(1,008)
	924	191	3,164	414
Net earnings (loss)	852	(1,904)	2,536	(2,151)
[(1)] International revenues includes Chilean operations revenues as follows:	11,885	5,338	19,886	9,130

[(2)] General and corporate expenses include expenses for corporate offices, share options and certain unallocated costs.

	December 31 2017 (3 months)	December 31 2016 (3 months)	December 31 2017 (6 months)	December 31 2016 (6 months)
Depreciation and amortization				
Canada	1,335	1,483	2,699	3,233
International	631	719	1,228	1,530
Unallocated and corporate assets	216	212	429	416
	2,182	2,414	4,356	5,179

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

16. SEGMENTED INFORMATION (continued)

	As at December 31, 2017	As at June 30, 2017
	$	$
Identifiable assets		
Canada	85,050	83,496
Chile	24,039	14,173
Other International	15,338	13,269
	124,427	110,938
Property, plant and equipment		
Canada	29,387	29,450
Chile	5,501	5,834
Other International	4,333	4,730
	39,221	40,014