MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER FISCAL 2019

(Three and six–month periods ended December 31, 2018)

February 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six-month periods ended December 31, 2018; as compared with the corresponding periods 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, 2018.

The Company's second quarter of Fiscal 2019 unaudited interim condensed consolidated financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except when otherwise noted.

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

This MD&A is dated February 13, 2019. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows, businesses and include statements regarding the anticipated financial and operational benefits of its acquisition of the drilling business described in the Business Acquisition section. 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. For a more complete discussion of the risk factors that could cause the Company's actual results to materially differ from its current expectations, please refer to the Company's Annual Information Form dated September 12, 2018, accessible via www.sedar.com.

FISCAL 2019 SECOND QUARTER SUMMARY

- Revenue totalled $33.7 million in the second quarter of Fiscal 2019 ("Q2 FY2019"), compared to $43.0 million in the second quarter of Fiscal 2018 ("Q2 FY2018")
- Gross margin was 8.6% compared to 11.7% in Q2 FY2018
- Adjusted gross margin (excluding depreciation expense)[1] was 15.2%, compared to 16.3% in Q2 FY2018
- EBITDA[1] totalled $0.9 million, compared to $3.3 million in Q2 FY2018
- Net loss was $1.7 million, compared to net earnings of $0.8 million in Q2 FY2018
- Metres drilled in Q2 FY2019 totalled 311,318 compared to 371,161 in Q2 FY2018

(1) See Reconciliation of non-IFRS financial measures

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 236 drill rigs and more than 1,300 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Kazakhstan and West Africa. The Company has established operating subsidiaries in: Santiago, Chile; Lima, Peru; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana, to support its international operations.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its Val-d'Or, Québec, based subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties. Soudure Royale provides the Company with a competitive advantage in the provision of drilling services and equipment. Orbit Garant focuses on "specialized drilling", which refers to 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 undertaken by smaller conventional drilling companies.

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

For the six-month period ended December 31, 2018:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 63% of the Company's total revenue, compared to 60% in the first half of fiscal 2018.
- Approximately 66% of the Company's revenues were generated by gold related operations, and approximately 34% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 53% and 47%, respectively, of the Company's revenue.
- Approximately 82% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 80% in the first half of fiscal 2018. Orbit Garant's drilling contracts with major and

intermediate customers are typically from one to five years in length.

- Approximately 70% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 30% was generated from international drilling contracts.

BUSINESS ACQUISITION

On October 11, 2018, Orbit Garant Drilling acquired the drilling business of Projet Production International BF S.A.,("PPI") based in Burkina Faso, through an asset purchase agreement for a total purchase price of $8.3 million (US$6.4 million) (the "Acquisition"). Through the Acquisition, Orbit Garant's wholly-owned subsidiary , Orbit Garant BF S.A.S., ("Orbit Garant BF") added 13 surface drills, related support equipment, and existing customer contracts in Burkina Faso. Orbit Garant BF also retained approximately 100 employees, including experienced drillers and support personnel, who will now be based in Orbit Garant BF's offices in Ouagadougou, Burkina Faso. The Acquisition significantly strengthens Orbit Garant's presence in Burkina Faso and the broader West African mineral drilling market, positioning the Company to pursue new growth opportunities.

The $8.3 million (US$6.4 million) purchase price was satisfied through a $6.7 million (US$5.15 million) payment in cash $3.35 million (US$2.575 million) paid on closing and $3.35 million (US$2.575 million) to be paid 12 months after the closing date, and the issuance of Orbit Garant common shares valued at $1.6 million (US$1.25 million) (861,637 common shares at a price of $1.89 per share). Orbit Garant funded the initial cash payment through a draw on its credit facility.The results of operations for PPI for the period ended December 31, 2018, are included in Orbit Garant's results of operations for the three and six-month periods ended December 31, 2018.

BUSINESS STRATEGY

Orbit Garant's goal is to be the leading Canadian-based mineral drilling company. This will be achieved through the pursuit of both domestic and international market opportunities and through the provision of best-in-class underground and surface drilling services, equipment and personnel for all stages of the mining and minerals business, including exploration, development and production. The Company employs the following business strategies:

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in stable jurisdictions;
- Provide conventional, specialized and geotechnical drilling services;
- Manufacture customized drills and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of health and safety standards in the workplace and promote protection of the environment;
- Establish and maintain long-term relationships with customers;
- Cross-sell drilling services to existing customers;
- Expand the Company's base of operations in strategic regions, such as the Company's acquisition of, Orbit Garant Chile S.A. ("OG Chile") based in Santiago, Chile, in December 2015 and PPI in Ouagadougou, Burkina Faso, in October 2018.
- Maintain a sound balance sheet and a judicious deployment of capital; and
- Evaluate strategic acquisition opportunities to enhance value for the Company's stakeholders.

INDUSTRY OVERVIEW

Orbit Garant provides drilling services, in Canada and internationally, to the minerals industry through all stages of mine development, from exploration through production. Client mining companies consist of major (or senior), intermediate, and junior companies (which generally focus on exploration only). Mining companies' budgets for external drilling services, such as those offered by Orbit Garant, are typically determined by ferrous (iron) and non-ferrous (precious and base) metals prices, and the availability of capital to finance exploration (particularly in the case of juniors) and development programs, and/or ongoing mining operations.

Gold

Gold prices are determined by the balance between supply (primarily mine production) and the many sources of demand including global demand for gold jewelry, investment demand, and to a much lesser extent, demand from industrial applications.

The spot price of gold was approximately US$1,306 per ounce on January 1, 2018, and US$1,281 per ounce on January 1, 2019. At the time of this report, the spot price of gold was approximately US$1,309 per ounce, an increase of 25% from its trailing five-year price low in December 2015, and an increase of 2% since the start of 2019.

Base Metals

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

Aluminum, copper, lead, nickel and zinc are the primary base metals. At the time of this report, the respective spot prices for the primary base metals were lower than 12 months ago. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$3.19 per pound a year ago and at the time of this report was approximately US$2.78 per pound, a decrease of 13%. The spot prices for each of the primary base metals are currently near the mid-points of their respective trailing five-year price ranges.

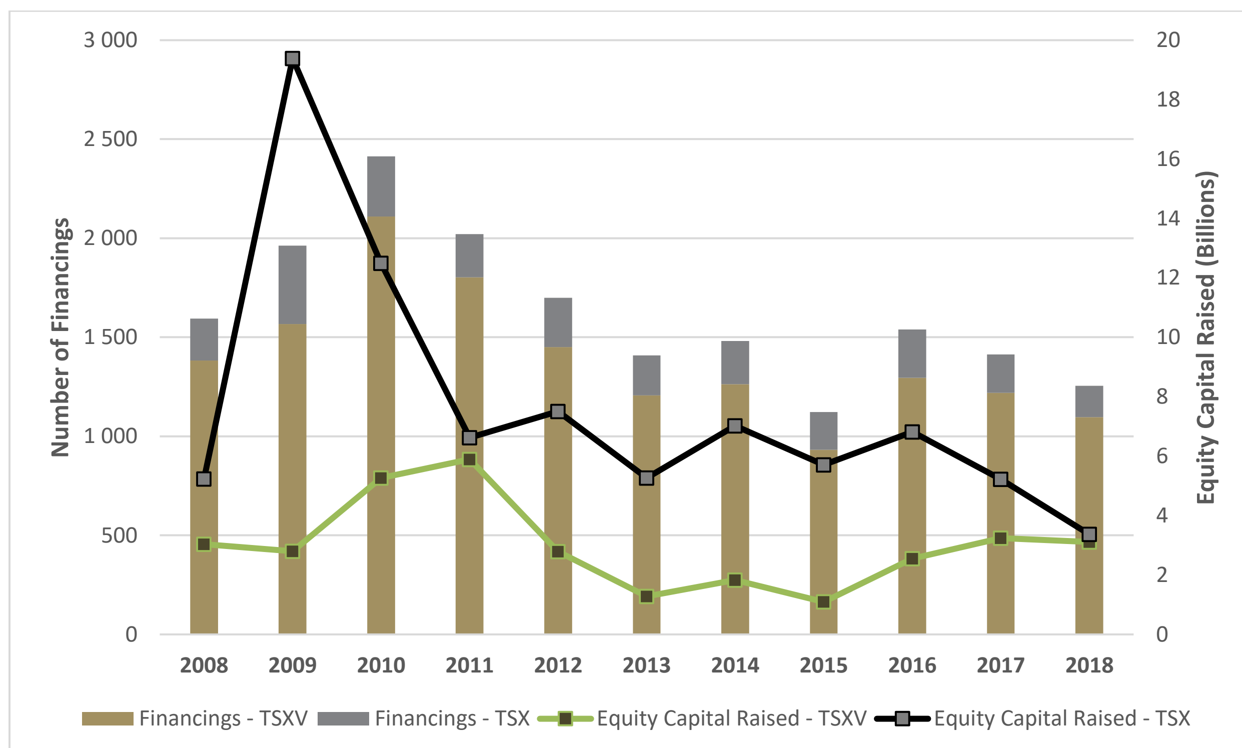
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short term mismatches between supply and demand and other factors. At the time of this report, the spot price of iron ore was approximately US$88 per tonne, compared to approximately US$77 per tonne one year ago. Iron ore remains well below its trailing five-year high of greater than US$120 per tonne.

Market Participants

A recovery in the mining sector began in early 2016 after a prolonged market downturn. Metal prices have increased from their lows that year, resulting in heightened investor interest in mining equities and improved mining equity valuations compared to the market bottom. However, financing activity was lower in 2018 compared to the prior two years, as metal prices and mining equity valuations began to decline in mid-June and were weaker throughout the

second half of the year. According to TMX Group, mining companies listed on the Toronto Stock Exchange ("TSX") and TSX-Venture exchanges completed 1,540 financings in 2016, 1,413 financings in 2017 and 1,255 financings in 2018, respectively, raising total equity capital of $9.4 billion in 2016, $8.5 billion in 2017 and $6.5 billion in 2018. From January to June of 2018, miners completed 650 financings that raised approximately $4.4 billion, TMX data shows. But from July to December of 2018, they completed 605 financings that raised just $2.1 billion, reflecting the weaker market conditions during that period. While mining financing activity increased in the fourth quarter of 2018 relative to the third quarter, the funds raised were still significantly lower than the first or second quarters of the year. During the fourth quarter of 2018, miners on the TSX and TSX-Venture exchanges completed 340 financings that raised $1.2 billion. By comparison, they completed 265 financings that raised $850 million in the third quarter.



According to research from S&P Global Market Intelligence's Corporate Exploration Strategies series (November 2018) global exploration budgets for nonferrous metals increased to an estimated US$10.1 billion in 2018, compared to US$8.5 billion in 2017. This represented the second consecutive annual increase in global exploration budgets, following four consecutive years of declining expenditures.

OVERALL PERFORMANCE

Results of operations for the second quarter (three-month period) ended December 31, 2018

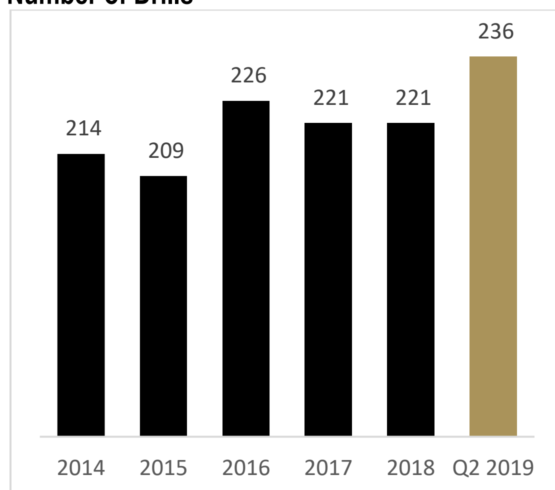
SECOND QUARTER ENDED DECEMBER 31 * ($millions)		Fiscal 2019 2nd Quarter (three months)	Fiscal 2018 2nd Quarter (three months)	2019 vs. 2018 Variance
Revenue *		**33.7**	43.0	**(9.3)**
Gross profit *		**2.9**	5.1	**(2.2)**
Gross margin (%)		**8.6**	11.7	**(3.1)**
Adjusted gross margin (%) (1)		**15.2**	16.3	**(1.1)**
Net earnings (loss) *		**(1.7)**	0.8	**(2.5)**
Net earnings (loss) per common share	- Basic ($)	**(0.04)**	0.02	**(0.06)**
	- Diluted ($)	**(0.04)**	0.02	**(0.06)**
EBITDA * (2)		**0.9**	3.3	**(2.4)**
Metres drilled		**311,318**	371,161	**(59,843)**

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

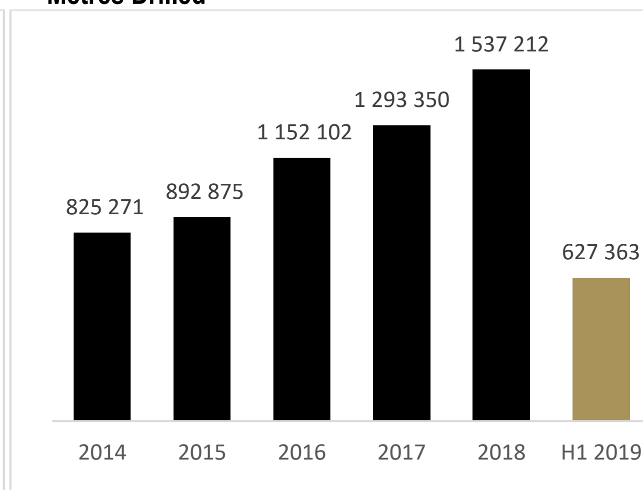
During Q2 FY2019, Orbit Garant drilled 311,318 metres, compared to 371,161 metres drilled in Q2 FY2018, reflecting a slowdown in demand from customers in the quarter. The Company's average revenue per metre drilled in Q2 FY2019 was $107.85, compared to $115.64 in Q2 FY2018. The decrease in average revenue per metre drilled is primarily attributable to a lower proportion of specialized drilling in international markets during the quarter.

During the quarter, Soudure Royal manufactured one new computerized drill rig and Orbit Garant added 13 surface drills through the acquisition of the drilling business of PPI in Burkina Faso, bringing the Company's total number of drill rigs to 236. Orbit Garant currently has 36 drill rigs outfitted with its computerized monitoring and control technology.

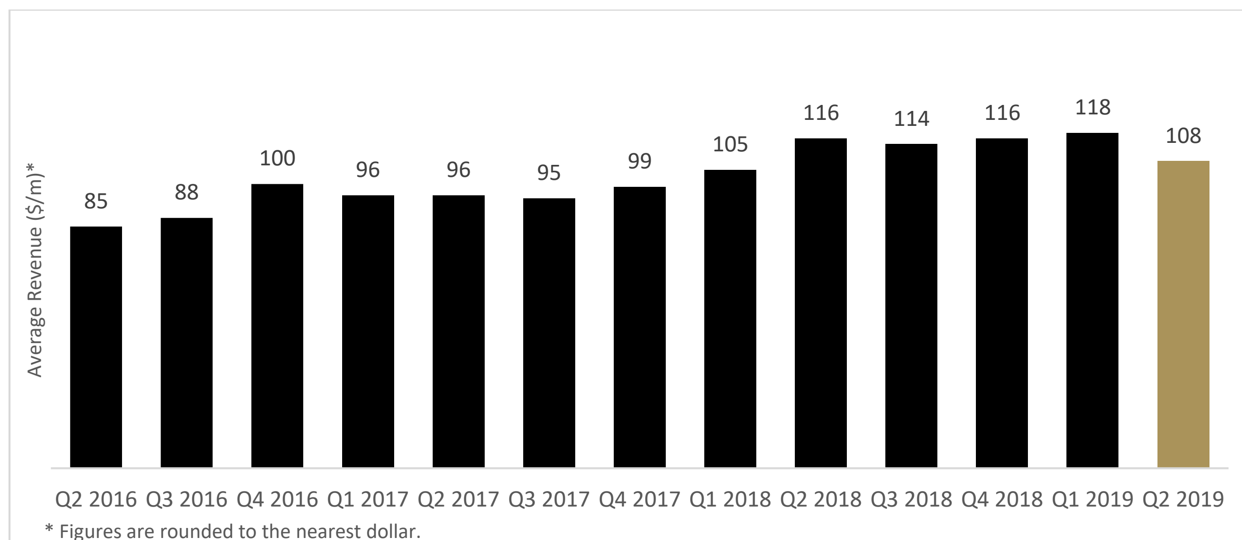
Number of Drills



Metres Drilled



Average Revenue per Metre Drilled



* Figures are rounded to the nearest dollar.

ANALYSIS OF THE SECOND QUARTER OF FISCAL 2019 COMPARED TO THE SECOND QUARTER OF FISCAL 2018 (Three-month period)

Contract Revenue

Revenue in Q2 FY2019 totalled $33.7 million, compared to $43.0 million in Q2 FY2018. The decrease was primarily attributable to a decline in drilling activity in Canada and Chile, reflecting lower demand from customers in the quarter.

Canada revenue was $23.6 million in Q2 FY2019, compared $28.3 million in Q2 FY2018, reflecting a decline in metres drilled, partially offset by an increase in average revenue per metre drilled.

International revenue was $10.1 million in Q2 FY2019, compared to $14.7 million in Q2 FY2018, a decrease of $4.6 million. International includes $6.2 million in revenue from operations in Chile during the quarter, compared to $11.9 million in Q2 FY2018. The decline in International revenue is primarily attributable to the conclusion of a large drilling contract in Chile during the third quarter of fiscal 2018, partially offset by an increase in drilling activities in Burkina Faso attributable to the acquisition of PPI in Q2 FY2019.

Gross Profit and Margins (see Reconciliation of non-IFRS measures)

Gross profit for Q2 FY2019 was $2.9 million, compared to $5.1 million in Q2 FY2018. Gross margin was 8.6% in Q2 FY2019, compared to 11.7% in Q2 FY2018. Depreciation expenses totalling $2.2 million are included in cost of contract revenue for Q2 FY2019, compared to $2.0 million in Q2 FY2018. Adjusted gross margin, excluding depreciation expenses, was 15.2% in Q2 FY2019, compared to 16.3% in Q2 FY2018. The decline in gross profit, gross margin and adjusted gross margin in the quarter was primarily attributable to lower drilling volumes in Canada, partially offset by higher gross profit and margins in international operations.

General and Administrative Expenses

General and administrative (G&A) expenses were $4.8 million (representing 14.4% of revenue) in Q2 FY2019, compared to $4.3 million (representing 10.0% of revenue) in Q2 FY2018. Increased G&A expenses are primarily attributable to $0.7 million of acquisition and integration costs related to PPI in Q2 FY2019.

Operating Results

Loss from operations for Q2 FY2019 was $0.6 million, compared to earnings from operations of $1.8 million in Q2 FY2018.

Drilling Canada's operating loss totalled $2.5 million, compared to operating earnings of $0.8 million in Q2 FY2018, reflecting decreased business activity.

Drilling International's operating earnings totalled $1.9 million, compared to operating earnings of $1.0 million in Q2 FY2018. The increase reflects improved gross margins partially attributable to the conclusion of a large, non-profitable drilling contract in Chile and an increase in gross margins on current contracts in Burkina Faso, partially offset by lower drilling volumes.

Foreign Exchange (Gain) Loss

Foreign exchange gain was $0.4 million in Q2 FY2019, compared to a gain of $0.3 million in Q2 FY2018.

EBITDA (see Reconciliation of non-IFRS measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled $0.9 million in Q2 FY2019, compared to $3.3 million in Q2 FY2018. The reduction of EBITDA is principally attributable to lower business volume and to $0.7 million of acquisition and integration costs related to PPI in Q2 FY2019.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.5 million in Q2 FY2019, in line with Q2 FY2018.

Income Tax Recovery

Income tax recovery was $0.4 million for Q2 FY2019, compared to income tax recovery of $0.3 million in Q2 FY2018.

Net Earnings (Loss)

The Company's net loss for Q2 FY2019 was $1.7 million, or $0.04 per share, compared to net earnings of $0.8 million, or $0.02 per share, in Q2 FY2018. Lower gross profits and margins, as discussed above, contributed to the Company's net loss for Q2 FY2019.

SIX MONTHS ENDED DECEMBER 31, 2018 COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2017

SIX MONTHS ENDED DECEMBER 31 * ($millions)	Fiscal 2019 Six Months	Fiscal 2018 Six Months	2019 vs. 2018 Variance
Revenue *	**71.0**	85.5	**(14.5)**
Gross profit *	**8.5**	11.8	**(3.3)**
Gross margin (%)	**12.0**	13.8	**(1.8)**
Adjusted gross margin (%) [(1)]	**17.9**	18.4	**(0.5)**
Net (loss) earnings *	**(1.3)**	2.5	**(3.8)**
Net (loss) earnings per common share - Basic ($)	**(0.03)**	0.07	**(0.10)**
- Diluted ($)	**(0.03)**	0.07	**(0.10)**
EBITDA * [(2)]	**4.3**	8.3	**(4.0)**
Metres drilled	**627,363**	775,423	**148,060**

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

Contract Revenue

Revenue totalled $71.0 million for the six-month period ended December 31, 2018, a decrease of $14.5 million from $85.5 million during the comparable period in fiscal 2018. The decrease in revenue was primarily attributable to decreased drilling activity in Canada and Chile.

Canada revenue totalled $52.7 million for the six months ended December 31, 2018, a decrease of $7.6 million compared to $60.3 million for the same period last fiscal year. The decrease was primarily attributable to a decline in metres drilled.

International revenue totalled $18.3 million for the six months ended December 31, 2018, compared to $25.2 million in the comparable period last fiscal year, a decrease of $6.9 million. International includes $12.9 million in revenue from Chile, compared to $19.9 million in the comparable period a year ago. The decrease in international revenue is primarily attributable to the conclusion of a large contract in Chile, partially offset by an increase in drilling activity in Burkina Faso, attributable to the acquisition of PPI in Q2 FY2019.

Gross Profit and Margins (Adjusted gross profit and margins - see Reconciliation of non-IFRS measures)

Gross profit for the first six months of fiscal 2019 was $8.5 million, compared to $11.8 million in the comparable period of fiscal 2018. Gross margin was 12.0% compared to 13.8 % for the same period a year ago. Depreciation expenses totalling $4.2 million are included in cost of contract revenue for the six-month period ended December 31, 2018, compared to $3.9 million for the comparable period last fiscal year. Adjusted gross margin, excluding depreciation expenses, was 17.9% for the first half of fiscal 2019, compared to adjusted gross margin of 18.4% for the comparable period last fiscal year. The decrease in gross profit, gross margin and adjusted gross margin were primarily attributable to lower drilling volumes in Canada.

General and Administrative Expenses

G&A expenses were $8.7 million (representing 12.3% of revenue) for the six-month period ended December 31, 2018, compared to $8.0 million (representing 9.4% of revenue) for the comparable period a year ago. The increase in G&A expenses is primarily attributable to $0.7 million of acquisition and integration costs related to PPI in Q2 2019.

Operating Results

Earnings from operations for the six-month period ended December 31, 2018 were $2.2 million, compared to an operating earnings of $5.7 million for the first half of fiscal 2018.

Drilling Canada's operating loss totalled $0.5 million, compared to operating earnings of $4.4 million in the first half of fiscal 2018, reflecting the decrease in metres drilled.

Drilling International's operating earnings totalled $2.7 million, compared to an operating earnings of $1.3 million in the first half of fiscal 2018. The increase is primarily attributable to the conclusion of a large, non-profitable drilling contract in Chile and an increase in gross margins on current contracts in Burkina Faso during Q2 FY2019, partially offset by lower drilling volumes.

Foreign Exchange (Gain) Loss

Foreign exchange loss was $0.1 million for the six-month period ended December 31, 2018, compared to a foreign exchange gain of $0.2 million in the first half of fiscal 2018.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA was $4.3 million for the six-month period ended December 31, 2018, compared to $8.3 million in the comparable period last fiscal year. EBITDA in the first half of fiscal 2019 represented 6.2% of sales, compared to 9.8% of sales in the first half of fiscal 2018. The reduction of EBITDA is principally attributable to lower business volume and to $0.7 million of acquisition and integration costs related to PPI in Q2 FY2019.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.9 million for the first half of fiscal 2019, in line with the comparable period last year.

Income Tax (Recovery)

Income tax expense was negligible in the six-month period ended December 31, 2018, compared to an income tax expense of $0.6 million for the comparable period in fiscal 2018.

Net Earnings (Loss)

Net loss for the first six months of fiscal 2019 was $1.3 million, or $0.03 per share, compared to net earnings of $2.5 million, or $0.07 per share, in the first half of fiscal 2018.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2019		Fiscal 2018				Fiscal 2017	
		Dec 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Contract revenue *		**33.7**	37.3	44.5	43.1	43.0	42.5	37.4	29.9
Gross profit * (1)		**2.9**	5.6	7.5	2.2	5.1	6.7	2.4	1.2
Gross margin %		**8.6**	15.0	16.8	5.2	11.7	15.9	6.6	3.9
Net earnings (loss) *		**(1.7)**	0.4	3.3	(1.3)	0.8	1.7	(1.6)	(2.2)
Net earnings (loss) per common share ($)	- Basic	**(0.04)**	0.01	0.09	(0.04)	0.02	0.05	(0.05)	(0.06)
	- Diluted	**(0.04)**	0.01	0.09	(0.04)	0.02	0.05	(0.05)	(0.06)

(1) Includes amortization and depreciation expenses related to operations.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes paid), totalled $1.0 million in Q2 FY2019, compared to $3.3 million in Q2 FY2018.

The change in non-cash operating working capital items was an outflow of $4.7 million in Q2 FY2019, compared to an outflow of $4.4 million in Q2 FY2018. The change in non-cash operating working capital in Q2 FY2019 was primarily attributable to a $5.5 million decrease in accounts payable partially offset by a $0.7million decrease in accounts receivable and prepaid expenses, and a $0.1 million decrease in inventory.

Investing Activities

Cash used in investing activities totalled $5.2 million in Q2 FY2019, compared to $2.2 million in Q2 FY2018. During Q2 FY2019, $3.35 million was used for the acquisition of drilling business of PPI and $1.87 million was used for the acquisition of property, plant and equipment. In Q2 FY2018, $2.2 million was used for the acquisition of property, plant and equipment.

Financing Activities

During Q2 FY2019, the Company generated $7.6 million from financing activities compared to $5.5 million in Q2 FY2018.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility (the "**Credit Facility**") with National Bank of Canada Inc. ("**National Bank**"). On December 12, 2018, the Company and National Bank entered into a Third Amended and Restated Credit Agreement in respect of the Credit Facility consisting of a revolving credit facility in the amount of $35 million until November 2, 2019 and $30 million thereafter and a US$5 million revolving credit facility. The current term of the Credit Facility expires November 2, 2021.

The Company withdrew a net amount of $7.1 million during Q2 FY2019 on its Credit Facility, compared to a withdrawal of $1.4 million in Q2 FY2018. The Company's long-term debt under the Credit Facility, including current portion, was $27.1 million as at December 31, 2018, compared to $18.1 million as at June 30, 2018. The Company's debt was

incurred to support working capital requirements and the acquisition of capital assets, principally property, plant and equipment.

The Company made finance lease payments (net of proceeds from finance lease) of $0.1 million, in line with Q2 FY2018.

As at December 31, 2018, the Company's working capital was $57.1 million, compared to $53.3 million as at June 30, 2018. The Company's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

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

Sources of Financing

As at December 31, 2018, the Company complied with all covenants in the Credit Facility and in the EDC Loan Agreement.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under its Credit Facility. As at December 31, 2018, the Company had drawn $27.1 million ($18.1 million as at June 30, 2018) under the Credit Facility.

Availability under the main revolving facility under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. All of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility. In addition, the Company's obligations under the US$5.0 million revolving credit facility are guaranteed by Export Development Canada ("**EDC")**.

The Amended and Restated Credit Facility contains covenants that limit the Company's ability to undertake certain actions without prior approval of the Lender, including: i) mergers, liquidations, dissolutions and changes of ownership; ii) the incurrence of additional indebtedness; iii) encumbering the Company's assets; iv) guarantees, loans, investments and acquisitions that may be made by the Company; v) investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; vi) capital expenditures exceeding mutually agreed upon limits; and vii) certain asset sales. The Credit Facility also contains a number of financial covenants that the Company must comply with. In addition, the Credit Facility will mature no later than November 2, 2021.

On December 20, 2018 the Company into a Loan Agreement with Export Development Canada (the "**EDC Loan Agreement**") for a term loan in the principal amount of up to US$5,150,000 for the purposes of financing the Company's acquisition of certain assets of Projet Production International BF S.A. ("PPI") that was completed on October 11, 2018. The Company will be required to repay this loan in 57 consecutive monthly installments following the month in which the Company receives an initial advance on the loan. The Company's obligations under the EDC Loan Agreement are secured by a second ranking pledge over all of the Company's assets. No amount was drawn on this loan as at December 31, 2018. The initial drawdown of US$2,575,000 on January 21, 2019 was used to reduce the amount drawn from the Company's Credit Facility.

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

OUTSTANDING SECURITIES AS AT FEBRUARY 13, 2019

Number of common shares	37,008,756
Number of options	2,996,500
Fully diluted	40,005,256

On October 11, 2018, the Company issued 861,637 common shares in partial payment for the acquisition in Burkina Faso as described in "**Business Acquisition**". On December 5, 2018, the Company issued 500,000 options at an exercise price of $1.73.

RELATED PARTY TRANSACTIONS

Transactions with related parties

The Company is related to Dynamitage Castonguay Ltd., a company in which a director has an interest.

On February 28, 2017, the Company granted a loan maturing not later than February 28, 2019 for the amount of $1,2 million to the President and Chief Executive Officer in connection with the exercise of his option to purchase 942,000 shares. The loan bears interest at a rate of 4% annually and is secured by a pledge of shares and guarantee from 670550 Canada Inc. On December 15, 2017, the President and Chief Executive Officer repaid an amount of $0.6 million and the balance of the loan and accrued interest were paid on December 19, 2018 for an amount of $0.7 million. As at December 31, 2018 the loan and unpaid interest amounted to nil (June 30, 2018, $0.6 million).

During the three and six-month periods ended December 31, 2018 the Company entered into the following transactions with its related company and with persons related to directors:

*($thousands)	3 months ended December 31, 2018	3 months ended December 31, 2017	6 months ended December 31, 2018	6 months ended December 31, 2017
Revenue*	44	72	161	196
Expenses*	41	70	78	123

As at December 31, 2018, an amount of $0.9 million was receivable resulting from these transactions (December 31, 2017, $0.8 million)

All of these related party transactions made in the normal course of business 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 exercises 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 are as follows:

*($thousands)	3 months ended December 31, 2018	3 months ended December 31, 2017	6 months ended December 31, 2018	6 months ended December 31, 2017
Compensation*	850	1,171	500	795

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). The IFRS accounting policies set out in Note 3 to the Company's annual audited consolidated statements for the year ended June 30, 2018 were consistently applied to all periods presented, except for the adoption of new standards effective July 1, 2018 as described in Note 4. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's external auditors.

The preparation of 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 4 of the Company's annual audited consolidated financial statements for the year ended June 30, 2018. They remained unchanged for the three and six-month periods ended December 31, 2018,except for the business acquisition disclosed in Note 2 of these unaudited interim condensed consolidated financial statements, where estimates and assumptions were used to determine the fair value of assets acquired.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the investments, which have been presented at fair value and 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 unaudited 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 2018 annual audited consolidated financial statements.

These unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on February 13, 2019.

Principles of Consolidation

The Company's unaudited 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 a period are included in the unaudited 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.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

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

as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

EBITDA: Net earnings (loss) before interest, taxes, depreciation and amortization.

Adjusted gross margin: Contract revenue less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

EBITDA

Management believes that EBITDA is an important measure when analyzing its operating profitability, as it removes the impact of financing costs, certain non-cash items and income taxes. As a result, Management considers it a useful and comparable benchmark for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA

(unaudited) (in millions of dollars)	3 months ended December 31, 2018	3 months ended December 31, 2017	6 months ended December 31, 2018	6 months ended December 31, 2017
Net earnings (net loss) for the period	**(1.7)**	0.8	**(1.3)**	2.5
Add:				
Finance costs	**0.5**	0.5	**0.9**	0.9
Income tax expense (recovery)	**(0.4)**	(0.3)	**-**	0.6
Depreciation and amortization	**2.5**	2.3	**4.7**	4.4
EBITDA	**0.9**	3.3	**4.3**	8.4

Adjusted Gross Margin

Although adjusted gross margin and margin are not recognized financial measures defined by IFRS, Management considers them to be important measures as they represent the Company's core profitability, without the impact of depreciation expense. As a result, Management believes they provide a useful and comparable benchmark for evaluating the Company's performance.

Reconciliation of Adjusted Gross Margin

(unaudited) (in millions of dollars)	3 months ended December 31, 2018	3 months ended December 31, 2017	6 months ended December 31, 2018	6 months ended December 31, 2017
Contract revenue	**33.7**	43.0	**71.0**	85.5
Cost of contract revenue (including depreciation)	**30.8**	38.0	**62.5**	73.7
Less depreciation	**(2.2)**	(2.0)	**(4.2)**	(3.9)
Direct costs	**28.6**	36.0	**58.3**	69.8
Adjusted gross profit	**5.1**	7.0	**12.7**	15.7
Adjusted gross margin (%) [(1)]	**15.2**	16.3	**17.9**	18.4

[(1)] Adjusted gross profit, divided by contract revenue X 100

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 12, 2018. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

Risk Related to Structure and Common Shares

Equity Market Risks

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

Influence of Existing Shareholders

As of February 13, 2019, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 25% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

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

Certain shareholders, including Pierre Alexandre, hold or control significant blocks of shares of the Company. The decision of any of these shareholders to sell a substantial number of Common Shares in the public market could result in a material imbalance in demand for the Company's shares and therefore a decline in the market price of the Common Shares. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

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

OUTLOOK

While Orbit Garant continues to monitor market conditions in the mining sector and the lower customer demand relative to the first half of calendar 2018, Management is encouraged by the longer-term positive trends. Many mining companies are facing declining reserves and production, particularly in the gold mining industry, from which Orbit Garant generates approximately three quarters of its revenue. S&P Global Market Intelligence has reported that 15 of the 20 largest gold producers had shorter reserve lives at the end of 2017 than they did 10 years ago. For the gold industry to remain viable in the long term, significant ongoing spending on exploration and mine development will be required. Management is also encouraged by the recent recovery in gold prices and gold equity valuations compared to the lows reached in September and October of 2018.

An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately $0.75 US dollars.

Management remains focused on maximizing stakeholder value principally by controlling costs, optimizing drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, retaining key personnel, maintaining strong health and safety standards, and evaluating opportunities to further expand Orbit Garant's market presence both in Canada and abroad. Orbit Garant has now established operating subsidiaries in Burkina Faso, Chile, Ghana, Guyana and Peru. In South America, Orbit Garant is currently working on projects in Chile and Guyana. In West Africa, the Company is currently working on projects in Burkina Faso and Ghana, and recently expanded its operations in this region with the acquisition of the drilling business of PPI in Burkina Faso. The Company is actively pursuing new opportunities to grow its business in both regions.

Management believes the Company's proprietary computerized monitoring and control drilling technology will increasingly be an important contributor in reducing both labour and consumable drilling costs, enhancing driller productivity rates and improving safety. Orbit Garant currently has 36 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have achieved a significant increase in productivity compared to that achieved using conventional drill rigs. Orbit Garant's customers have responded positively to the improved performance and potential of the new drill rigs, which has led to renewals of underground drilling contracts for longer terms.

Orbit Garant will continue to monitor market conditions closely and manage its staff and inventory levels, capital expenditures and balance sheet accordingly. With its sound balance sheet, the Company remains committed to pursuing value-enhancing growth opportunities in Canada and internationally.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Effective October 11, 2018 the Company completed the acquisition of PPI. The results of PPI's operations have been included in these financial statements since the date of acquisition. However, the Company has not completed the review of the internal controls used by PPI. The Company is in the process of integrating the PPI's operations and will be expanding its disclosure controls and procedures and internal controls over its financial reporting compliance program to include PPI over the next year. As a result, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have limited the scope of design of disclosure controls and procedures and testing of internal controls over financial reporting to exclude PPI controls, policies and procedures from the December 31, 2018 certification of internal controls. The acquisition date financial information for PPI is included in the discussion regarding the acquisition contained in the MD&A and Note 2 of the unaudited interim condensed consolidated financial statements.

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

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

For the six months ended December 31, 2018, other than restrictions mentioned above, 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 at the end of the period covered by this report.