MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD QUARTER FISCAL 2017

(Three and nine-month periods ended March 31, 2017)

May 10, 2017

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 nine-month periods ended March 31, 2017; 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, 2016.

The Company's third quarter of Fiscal 2017 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 May 10, 2017. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A. 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 15, 2016, accessible via www.sedar.com.

FISCAL 2017 THIRD QUARTER SUMMARY

- Revenue increased 6.5% to $29.9 million in the third quarter of Fiscal 2017 ("Q3 FY2017"), from $28.1 million in the third quarter of Fiscal 2016 ("Q3 FY2016")
- Gross margin was 3.9% compared to 4.7% in Q3 FY2016
- Adjusted gross margin (excluding depreciation expense) was 10.7%, down from 14.9% in Q3 FY2016
- EBITDA of $(0.5) million, down from $0.3 million in Q3 FY2016
- Net loss was $2.2 million, compared to a net loss of $2.6 million in Q3 FY2016
- Metres drilled in Q3 FY2017 totalled 313,184, compared to 313,469 metres drilled in Q3 FY2016

Including Q3 FY2017, Orbit Garant has now achieved nine consecutive quarters of year-over-year growth in revenue. Management is encouraged by this positive business momentum, following a prolonged period during which many senior and intermediate mining companies had scaled back their drilling programs, and junior mining companies significantly reduced their exploration activities due to a lack of capital, which resulted in an oversupply of drilling services capacity in the market and pricing pressure from customers. Orbit Garant's growth in revenue over the past nine fiscal quarters reflects: i) increasing customer demand and drilling volumes in Canada; and ii) increased international business activity resulting from the Company's strategy to expand its international operations in strategic markets. However, Orbit Garant's gross margins and earnings are currently being impacted by lower pricing on existing contracts and higher employee training and project mobilization costs as the Company ramps up operations to meet increased customer demand. The Company expects to experience a positive impact on margins and earnings from increased utilization rates and price increases on new contracts, particularly in Canada, towards the end of fiscal 2017 and into fiscal 2018.

CORPORATE OVERVIEW

From its head office in Val-d'Or, Québec, Orbit Garant, with more than 1,000 employees and a fleet of 221 drill rigs, provides surface and underground drilling services to the mining and exploration industry in Canada and internationally. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consulting firms and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. Orbit Garant has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick to support its Canadian business activities. The Company has worked on international projects in the United States, Mexico, Guyana, Chile, Kazakhstan and West Africa. The Company has established international operating subsidiaries in Santiago, Chile, Lima, Peru, and Takoradi, Ghana. This expansion is part of the Company's strategy to pursue more international business opportunities.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties. 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 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 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 nine-month period ended March 31, 2017:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 53% of the Company's total revenue, compared to 44% in Q3 FY2016.
- Approximately 73% of the Company's revenues were generated by gold related operations, and approximately 27% were generated by base metal related and other operations.

- Surface and underground drilling services accounted for approximately 57% and 43%, respectively, of the Company's revenue.

- Approximately 79% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 78% in Q3 FY2016. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.

- Approximately 78% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 22% was generated from international drilling contracts.

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 Research and Development ("R&D") and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of 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 Captagua Ingeniería S.A. ("Captagua"), based in Santiago, Chile, in December 2015. On August 16, 2016, the name of Captagua was changed to Orbit Garant Chile S.A. ("OG Chile");
- 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 investment demand, global demand for gold jewelry, and to a much lesser extent, demand from industrial applications. Following a prolonged rally in the price of gold that started in 2001 and resulted in a peak price of more than US$1,900 per ounce in September 2011, the price of gold entered a period of overall decline starting in January 2013, when it was at approximately US$1,700 per ounce. The spot price of gold reached a trailing five-year price low of approximately US$1,049 per ounce in December 2015, before recovering in 2016. Gold prices have rallied since the start of 2017. The spot price of gold hit a 2017 high of US$1,295 an ounce on April 17. At the time of this report, the spot price of gold was approximately US$1,219 an ounce, an increase of 16.2% from its trailing five-year price low in December 2015, and an increase of 6.4% since the start of 2017.

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 aluminum, copper, lead and zinc were significantly higher than 12 months ago, due in part to strengthening demand in China. The spot price of nickel, a metal with weaker supply-demand fundamentals than the other base primary metals, was trading in a similar range to where it was 12 months ago. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$2.15 per pound a year ago and at the time of this report was approximately US$2.49 per pound, an increase of 15.8%. Spot prices for copper and nickel are currently near the lower end of their five-year price ranges, while the spot prices for aluminum, lead and zinc are trading near the upper end of their 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. The price of iron ore fell sharply in 2014 and 2015, but rebounded in 2016 and early 2017. The spot price reached a 2017 high of approximately US$95 per tonne in mid-February. It subsequently declined following that peak. At the time of this report, the spot price of iron ore was approximately US$61 per tonne, compared to approximately US$60 per tonne one year ago. Despite the increase over the last 12 months, iron ore remains well below its trailing five-year high of approximately US$150 per tonne.

Market Participants

There were a number of positive developments in the mining sector in early 2017, as the industry continued to build on a market recovery that began in 2016 after three highly challenging years. A greater number of mining companies, including junior exploration and intermediate companies, have been able to raise capital so far in 2017, positioning them to commit more money to exploration and development programs. According to the TMX Group, mining companies listed on the TSX and TSX-Venture exchanges completed a total of 394 financings in the first three months of 2017, an increase of 49% compared to 265 financings in the first three months of 2016. The total equity capital raised by mining companies on the two exchanges was approximately $2.32 billion in the first three months of 2017, TMX data shows. Notably, mining companies on the TSX Venture Exchange raised $1.02 billion of equity capital in the first three months of 2017, compared to just $247 million in the first three months of 2016. Demand for drilling services has increased over the last several months due to stronger commodity prices and increased mining finance activity. As a result, drill utilization rates have increased and the global oversupply of mineral drilling services capacity is declining.

OVERALL PERFORMANCE

Results of operations for the third quarter ended March 31, 2017

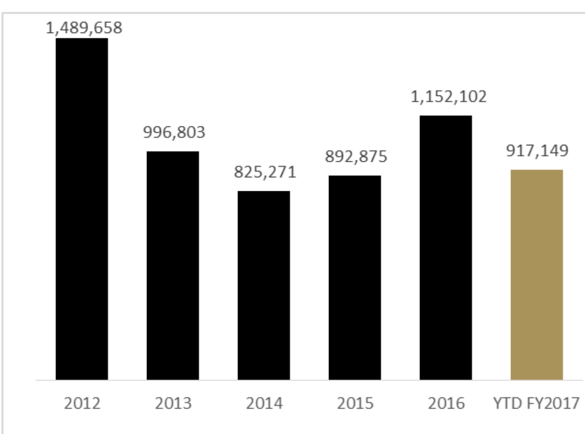
THIRD QUARTER ENDED MARCH 31 * ($millions)		Fiscal 2017 3rd Quarter	Fiscal 2016 3rd Quarter	2017 vs. 2016 Variance
Revenue *		**29.9**	28.1	**1.8**
Gross profit *		**1.2**	1.3	**(0.1)**
Gross margin (%)		**3.9**	4.7	**(0.8)**
Adjusted gross margin (%) (1)		**10.7**	14.9	**(4.2)**
Net (loss) earnings *		**(2.2)**	(2.6)	**0.4**
Net (loss) earnings per common share	**- Basic ($)**	**(0.06)**	(0.07)	**0.01**
	- Diluted ($)	**(0.06)**	(0.07)	**0.01**
EBITDA * (2)		**(0.5)**	0.3	**(0.8)**
Metres drilled		**313,184**	313,469	**(285)**

(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"

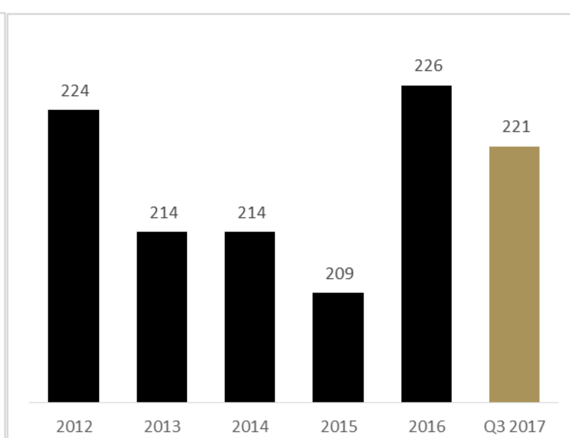
During Q3 FY2017, Orbit Garant drilled 313,184 metres, compared to 313,469 metres drilled in Q3 FY2016. The Company's average revenue per metre drilled in Q3 FY2017 was $95.17, up 8.3% from $87.86 in Q3 FY2016. The increase in average revenue per metre drilled is primarily attributable to the Company's specialized drilling activity in Chile, which is priced at a higher rate than conventional drilling.

The size of the Company's drill fleet remained stable at 221 drill rigs in Q3 FY2017, reflecting the addition of two new computerized drill rigs and the sale of two conventional drill rigs during the quarter. Orbit Garant currently has 32 drill rigs outfitted with its computerized monitoring and control technology.

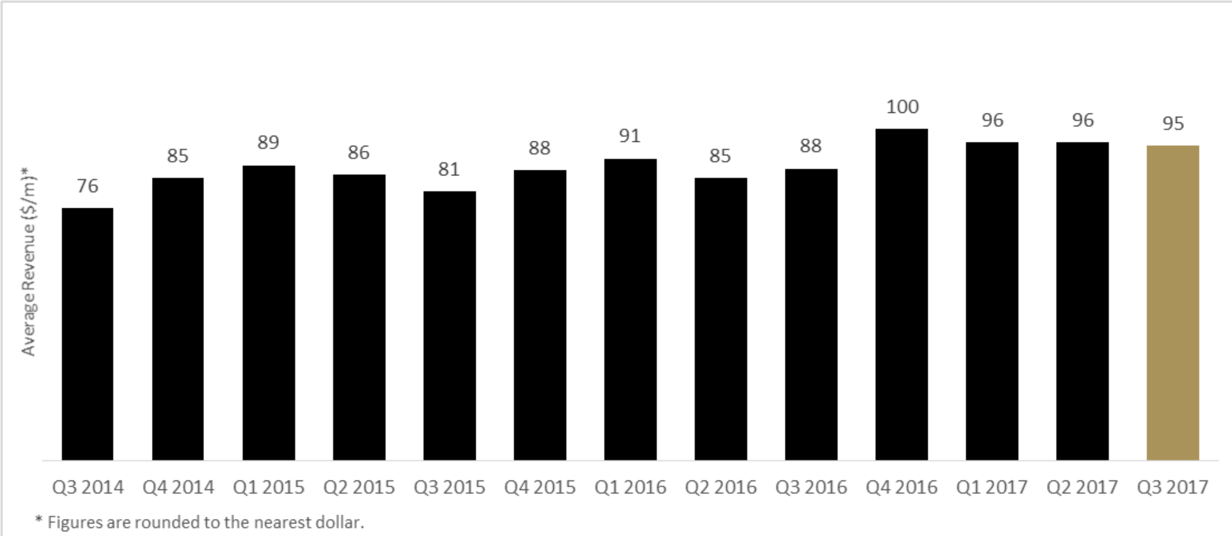
Metres Drilled



Number of Drills



Average Revenue per Metre Drilled



ANALYSIS OF THE THIRD QUARTER OF FISCAL 2017 COMPARED TO THE THIRD QUARTER OF FISCAL 2016

Contract Revenue

Revenue in Q3 FY2017 totalled $29.9 million, an increase of $1.8 million, or 6.5%, from $28.1 million in Q3 FY2016. Revenue growth was attributable to an increase in domestic drilling activity.

Canada revenue was $23.4 million in Q3 FY2017, an increase of $2.0 million from $21.4 million in Q3 FY2016. The increase was primarily attributable to a higher number of metres drilled.

International revenue was $6.5 million in Q3 FY2017, compared to $6.7 million in Q3 FY2016, representing a decrease of $0.2 million.

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

Gross profit for Q3 FY2017 was $1.2 million, compared to $1.3 million in Q3 FY2016. Gross margin was 3.9% compared to 4.7% in Q3 FY2016. In accordance with IFRS, depreciation expenses totalling $2.0 million are included in cost of contract revenue for Q3 FY2017, compared to $2.9 million in Q3 FY2016. Adjusted gross margin, excluding depreciation expenses, was 10.7% in Q3 FY2017, compared to 14.9% in Q3 FY2016. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower pricing on existing contracts in Canada and to increased employee training and project mobilization costs in Canada, reflecting increased business activity.

General and Administrative Expenses

General and administrative (G&A) expenses were $3.8 million (representing 12.6% of revenue) in Q3 FY2017, compared to $3.9 million (representing 13.9% of revenue) in Q3 FY2016. The decline reflects the Company's disciplined cost controls in growing its business.

Operating Results

Loss from operations for Q3 FY2017 was $1.9 million, compared to a loss from operations of $1.4 million in Q3 FY2016.

Drilling Canada's operating loss totalled $0.5 million, compared to an operating loss of $0.2 million in Q3 FY2016. This increased loss was primarily attributable to lower pricing on existing contracts in Canada and to increased employee training and project mobilization costs, reflecting increased business activity.

Drilling International's operating loss totalled $1.4 million, compared to an operating loss of $1.2 million in Q3 FY2016.

Foreign Exchange (Gain) Loss

Foreign exchange loss was $0.1 million in Q3 FY2017, compared to a loss of $0.3 million in Q3 FY2016.

EBITDA (see Reconciliation of non-IFRS measures)

Earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA") was $(0.5) million in Q3 FY2017, compared to $0.3 million in Q3 FY2016.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.3 million in Q3 FY2017, in line with Q3 FY2016.

Income Tax Recovery

Income tax recovery was $0.8 million for Q3 FY2017, compared to income tax recovery of $0.6 million in Q3 FY2016.

Net Loss

The Company's net loss for Q3 FY2017 was $2.2 million, or $0.06 per share, compared to a net loss of $2.6 million, or $0.07 per share, in Q3 FY2016. Lower gross margins, as discussed above, contributed to the Company's net loss for Q3 FY2017.

NINE MONTHS ENDED MARCH 31, 2017 COMPARED TO NINE MONTHS ENDED MARCH 31, 2016

NINE MONTHS ENDED MARCH 31 * ($millions)	Fiscal 2017 Nine months	Fiscal 2016 Nine months	2017 vs. 2016 Variance
Revenue *	**87.8**	74.1	**13.7**
Gross profit *	**5.6**	5.9	**(0.3)**
Gross margin (%)	**6.3**	8.0	**(1.7)**
Adjusted gross margin (%) (1)	**14.1**	17.5	**(3.4)**
Net (loss) earnings *	**(4.3)**	(4.6)	**0.3**
Net (loss) earnings per common share - Basic ($)	**(0.12)**	(0.13)	**0.01**
- Diluted ($)	**(0.12)**	(0.13)	**0.01**
EBITDA * (2)	**2.0**	3.2	**(1.2)**
Metres drilled	**917,149**	817,595	**99,554**

(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"

Revenue totalled $87.8 million for the nine-month period ended March 31, 2017, an increase of $13.7 million, or 18.6%, from $74.1 million during the comparable period in fiscal 2016. Revenue growth was attributable to increased domestic and international drilling activity, including a high proportion of higher margin specialized drilling activity.

Canada revenue totalled $68.8 million for the nine months ended March 31, 2017, an increase of $3.4 million, or 5.4%, compared to $65.4 million for the same period last fiscal year. The positive variance was attributable to increased metres drilled.

International revenue was $19.0 million compared to $8.7 million in the comparable period last fiscal year, an increase of $10.3 million. International revenue growth was attributable to increased specialized drilling activity in Chile and, to a lesser extent, new projects revenues in Ghana.

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

Gross profit for the first nine months of fiscal 2017 was $5.6 million, a decrease of $0.3 million from $5.9 million in the comparable period of fiscal 2016. Gross margin for the first nine months of fiscal 2017 was 6.3% compared to 8.0% for the comparable period in fiscal 2016. In accordance with IFRS, depreciation expenses totalling $6.8 million are included in cost of contract revenue for the nine-month period ended March 31, 2017, compared to $7.0 million for the comparable period last fiscal year. Adjusted gross margin, excluding depreciation expenses, decreased to 14.1% for the nine-month period ended March 31, 2017, compared to adjusted gross margin of 17.5% for the comparable period last fiscal year. The decrease in gross profit, gross margin and adjusted gross margin were primarily attributable to lower pricing on existing contracts in Canada and to increased employee training and project mobilization costs, reflecting increased business activity.

General and Administrative Expenses

G&A expenses were $11.1 million (representing 12.7% of revenue) for the nine-month period ended March 31, 2017, compared to $10.5 million (representing 14.2% of revenue) for the comparable period a year ago. Decreased G&A expenses as a percentage of revenue reflect the Company's financial discipline in growing its business.

Operating Results

Loss from operations for the nine-month period ended March 31, 2017 was $3.6 million, compared to a loss of $1.4 million for the nine-month period ended March 31, 2016.

Drilling Canada's operating loss totalled $0.6 million, compared to operating earnings of $2.5 million in the nine-month period ended March 31, 2016. The negative variance is primarily attributable to lower pricing on existing contracts in Canada and to increased employee training and project mobilization costs, reflecting increased business activity.

Drilling International's operating loss totalled $3.0 million, compared to an operating loss of $3.9 million in the nine-month period ended March 31, 2016. The positive variance is primarily attributable to an increase in metres drilled and new drilling projects.

Foreign Exchange (Gain) Loss

Foreign exchange gain was $0.1 million for the nine-month period ended March 31, 2017, compared to a loss of $0.3 million in the comparable period last year.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA was $2.0 million for the nine-month period ended March 31, 2017, compared to $3.2 million in the comparable period last fiscal year, a decrease of $1.2 million. EBITDA in the nine-month period ended March 31, 2017 represented 2.3% of sales, compared to 4.4% of sales in the comparable period last fiscal year.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.7 million for the nine-month period ended March 31, 2017, compared to $0.5 million for the first nine months of fiscal 2016.

Income Tax Recovery

Income tax recovery was $1.8 million in the nine-month period ended March 31, 2017, compared to an income tax recovery of $0.8 million for the comparable period in fiscal 2016.

Net Loss

Net loss for the nine-month period ended March 31, 2017 was $4.3 million, or $0.12 per share, compared to a net loss of $4.6 million, or $0.13 per share, in the first nine months of fiscal 2016. The net loss is primarily attributable to lower gross margins, as discussed above.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2017			Fiscal 2016				Fiscal 2015
		Mar. 31	**Dec. 31**	**Sept. 30**	**June 30**	**Mar. 31**	**Dec. 31**	**Sept. 30**	**June 30**
Contract revenue *		29.9	27.4	30.5	33.4	**28.1**	21.7	24.3	22.8
Gross profit *		1.2	1.5	2.9	4.3	**1.3**	1.3	3.3	1.6
Gross margin %		3.9	5.5	9.4	12.8	**4.7**	5.7	13.7	7.1
Adjusted Gross Margin % (1)		10.7	13.6	17.8	19.7	**14.9**	15.5	22.2	16.4
Net earnings (loss) *		(2.2)	(1.9)	(0.2)	4.4	**(2.6)**	(1.8)	(0.2)	(2.0)
Net earnings (loss) per common share ($)	- Basic	(0.06)	(0.05)	(0.01)	0.12	**(0.07)**	(0.05)	(0.01)	(0.06)
	- Diluted	(0.06)	(0.05)	(0.01)	0.12	**(0.07)**	(0.05)	(0.01)	(0.06)

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"

As at June 30, 2016, net earnings were positively affected by a $5.0 million one-time gain related to negative goodwill.

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), was $(0.5) million in Q3 FY2017, compared to $0.1 million in Q3 FY2016.

The change in non-cash operating working capital items was an outflow of $7.0 million in Q3 FY2017, compared to an inflow of $1.9 million in Q3 FY2016. The change in non-cash operating working capital in Q3 FY2017 was primarily attributable to:

- $7.7 million related to an increase in accounts receivable and prepaid expenses,
- $2.0 million related to an increase in inventory to support level of operation, partially offset by
- $2.7 million related to an increase in accounts payable.

Investing Activities

Cash used in investing activities totalled $1.0 million in Q3 FY2017, compared to $1.2 million in Q3 FY2016. During Q3 FY2017, $1.3 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.3 million on disposal of investments, property, plant and equipment. In Q3 FY2016, $1.5 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.3 million on disposal of property, plant and equipment.

Financing Activities

During Q3 FY2017, the Company generated $5.4 million from financing activities, compared to a negligible amount in Q3 FY2016.

The Company withdrew a net amount of $6.0 million during Q3 FY2017 on its secured, three-year revolving credit facility (the "Credit Facility") with National Bank of Canada Inc. (the "Lender"), compared to a draw of $1.1 million in Q3 FY2016. The Company's long-term debt under the Credit Facility, including current portion, was $14.8 million as at March 31, 2017, compared to $7.4 million as at June 30, 2016. The Company's debt was incurred to support working capital requirements and the acquisition of capital assets, principally property, plant and equipment. In addition to the above, the Company provided a letter of credit to a bank of one of its subsidiaries 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 December 2016, the Company entered into a credit facility with Export Development Canada in the amount of $2.5 million. The purpose of the loan was to assist in financing capital expenditure requirements for the Company's international activities. Interest on the outstanding principal amount is calculated at the rate of interest equal to the sum of the prime rate plus 4.5% per annum. The loan is guaranteed by a second ranking security interest over all of the Company's present and after-acquired personal and movable property.

The Company's Chilean subsidiary enters into receivable purchase agreements (commonly referred to as "factoring agreements") with different banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice less a charge of between 0.46% and 0.52%. As at March 31, 2017, trade receivables include $0.7 million related to factored accounts, compared to $2.1 million in Q3 FY2016.

The Company made capital lease payments (net of proceeds from finance lease) of $0.2 million, compared to $0.4 million in Q3 FY2016.

The Company generated $0.1 million from the issuance of shares, related to the exercise of stock options.

As at March 31, 2017, the Company's working capital was $35.1 million, compared to $42.9 million as at June 30, 2016. The decline in working capital resulted from the reclassification of the amount outstanding under the Credit Facility from non-current to current liabilities due to the fact that the maturity date of the Credit Facility is currently December 19, 2017. 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

Orbit Garant's primary sources of liquidity are from operations and borrowings under the Credit Facility.

The Credit Facility is used to fund working capital requirements and provide further flexibility to the Company's long-term acquisition program. The Credit Facility matures no later than December 19, 2017 and, therefore, the Credit Agreement has been reclassified as a current liability. The Company and the Lender are discussing a potential amendment and renewal of the Credit Facility to take into account the Company's current and expected financial position and the current market environment. The Company expects that availability under the Credit Facility will continue to provide it with sufficient liquidity to fund its working capital and capital asset acquisition requirements.

As at March 31, 2017, the Company had drawn $14.8 million ($7.4 million as at June 30, 2016) under the Credit Facility.

Availability 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. The Company expects that it will continue to have sufficient undrawn availability under the Credit Facility over the remainder of FY2017 to fund its working capital and capital asset acquisition requirements. All of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility.

The 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 if more than $12.5 million is drawn from the Credit Facility.

As at March 31, 2017, the Company complied with all covenants in the Credit Facility.

OUTSTANDING SECURITIES AS AT MAY 10, 2017

Number of common shares	36,093,419
Number of options	2,338,000
Fully diluted	38,431,419

On December 6, 2016, the Company issued 500,000 options at an exercise price of $1.75. During Q3 FY2017, 992,000 options were exercised and 30,000 options were cancelled. In April 2017, 17,500 options were cancelled.

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 5 to the Company's annual audited consolidated statements for the year ended June 30, 2016 were consistently applied to all periods presented other than noted in Note 3. 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. 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 of the Company's annual audited consolidated financial statements for the year ended June 30, 2016. They remained unchanged for the three and nine-month periods ended March 31, 2017.

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 2016 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 May 10, 2017.

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 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

The Corporation believes that EBITDA is an important measure when analyzing its operating profitability without being influenced by financing decisions, non-cash items and income taxes strategies. Comparison with peers is also easier as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA

(unaudited) (in millions of dollars)	3 months ended March 31, 2017	3 months ended March 31, 2016	9 months ended March 31, 2017	9 months ended March 31, 2016
Net earnings (net loss) for the period	**(2.2)**	(2.6)	**(4.3)**	(4.6)
Add:				
Finance costs	**0.3**	0.3	**0.7**	0.5
Income tax expense (recovery)	**(0.8)**	(0.6)	**(1.8)**	(0.8)
Depreciation and amortization	**2.2**	3.2	**7.4**	8.1
EBITDA	**(0.5)**	0.3	**2.0**	3.2

Adjusted Gross Margin

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

(unaudited) (in millions of dollars)	3 months ended March 31, 2017	3 months ended March 31, 2016	9 months ended March 31, 2017	9 months ended March 31, 2016
Contract revenue	**29.9**	28.1	**87.8**	74.1
Cost of contract revenue (including depreciation)	**28.7**	26.8	**82.2**	68.2
Less depreciation	**(2.0)**	(2.9)	**(6.8)**	(7.0)
Direct costs	**26.7**	23.9	**75.4**	61.2
Adjusted gross profit	**3.2**	4.2	**12.4**	12.9
Adjusted gross margin (%) (1)	**10.7**	14.9	**14.1**	17.5

(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 15, 2016. 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 May 10, 2017, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 26% 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

The recovery in the mining sector, which began in early 2016, has continued in 2017. The recovery began after three years of very difficult market conditions. Metal prices and mining equity valuations are significantly higher than they were at the start of 2016. As a result, a greater number of mining companies, including junior exploration and intermediate companies, are raising capital. Mining companies listed on the TSX and TSX-Venture exchanges completed 394 financings in the first three months of 2017, according to TMX Group, which was the largest number of financings that the sector has completed in the January-to-March period since 2014. That positions them to expand their exploration and development programs.

As a result of these improving mining industry conditions, demand for drilling services has rebounded. Drill utilization rates began to increase in late 2016 and have continued to improve in 2017. This should have a positive effect on the current oversupply of mineral drilling services capacity in the market. Pricing pressure on new drilling contracts is now easing in some jurisdictions, as price increases typically occur after a rebound in utilization rates. Management is encouraged by these positive developments and believes that they could continue to have a positive impact on operations in the months ahead as senior and intermediate mining companies look to replenish depleting reserves and junior exploration companies strive to identify or further delineate new mineral deposits. 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 0.73 US dollars, close to a 14-month low.

Management believes the long-term outlook for the mining industry is positive and is encouraged by the Company's recent increase in business activity in Canada and internationally. 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 expand Orbit Garant's market presence both in Canada and abroad.

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 32 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. To date, 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's growth strategy is focused on capturing increased market share in Canada and expanding its international market presence. Orbit Garant's nine consecutive quarters of year-over-year growth in revenue reflects the Company's recent success in securing new contracts and extending existing contracts in Canada. In terms of international market penetration, Orbit Garant already has new operating subsidiaries in Chile and Ghana. In fiscal 2016 (May 2016), Orbit Garant established a new operating subsidiary in Peru. The Company's acquisition of OG Chile has significantly enhanced its platform for growth in Chile and throughout South America. Orbit Garant is currently working on projects in Chile and is actively pursuing new opportunities to grow its South American business.

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

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 nine months ended March 31, 2017, 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.