FORAGE ORBIT GARANT DRILLING

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR END AND FOURTH QUARTER FISCAL 2017

September 6, 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 audited consolidated financial statements for the fiscal year ended June 30, 2017 ("Fiscal 2017") and June 30, 2016 ("Fiscal 2016") and the notes thereto which are available on the SEDAR website at WWW.sedar.com.

The Company's Fiscal 2017 audited 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 September 6, 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 6, 2017, accessible via www.sedar.com.

FISCAL 2017 SUMMARY

- Revenue increased 16.4% to $125.2 million, up from $107.5 million in Fiscal 2016
- Gross margin was 6.4% compared to 9.5% in Fiscal 2016
- Adjusted gross margin (excluding depreciation expense) was 13.4%, down from 18.1% in Fiscal 2016
- EBITDA of $2.7 million, down from $11.1 million in Fiscal 2016
- EBITDA was $2.7 million, compared to adjusted EBITDA (excluding a one-time $5.0 million gain from negative goodwill, and $0.8 million in acquisition and integration costs) of $6.9 million in Fiscal 2016
- Net loss was $5.9 million, compared to a net loss of $0.2 million in Fiscal 2016
- Net loss was $5.9 million, compared to an adjusted net loss (excluding a one-time $5.0 million gain from negative goodwill and $0.8 million in acquisition and integration costs) of $4.7 million in Fiscal 2016
- Metres drilled in Fiscal 2017 totalled 1,293,350, an increase of 12.3% compared to 1,152,102 metres drilled in Fiscal 2016

Including the fourth quarter of fiscal 2017 ("Q4 FY2017"), Orbit Garant has now achieved ten 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 ten 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. With this revenue growth momentum, Orbit Garant had expected to start realizing improved margins and earnings towards the end of Fiscal 2017. However, pricing on existing contracts, lower than expected productivity, and increased employee training and project mobilization costs, primarily in Canada, have continued to impact the Company as it continues to ramp up its operations to meet increased customer demand. The Company expects to generate increased profitability from higher utilization rates, improved productivity and price increases on new contracts in fiscal 2018. Orbit Garant has also made significant investments in expanding its international operations over the last 18 months, with new operating subsidiaries established in Burkina Faso, Chile, Ghana, Guyana and Peru. With these expanded international operations now established, the Company is well positioned to capture increased international market share and drive future growth.

CORPORATE OVERVIEW

From its head office in Val-d'Or, Québec, Orbit Garant, with approximately 1,100 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; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana.

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 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 Fiscal 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 50% in Fiscal 2016.
- Approximately 75% of the Company's revenues were generated by gold related operations, and approximately 25% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 60% and 40%, respectively, of the Company's revenue.
- Approximately 79% of Orbit Garant's revenue was generated from major and intermediate mining company projects, in line with Fiscal 2016. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 79% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 21% 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. The price of gold strengthened in 2016 reaching a high of approximately US$1,375 per ounce, and ended the year at a spot price of approximately US$1,151 per ounce. Gold prices traded primarily in a range between US$1,200 and US$1,300 an ounce in the first half of 2017. However, prices have rallied sharply since mid-July. At the time of this report, the spot price of gold was approximately US$1,340 an ounce, an increase of 27.7% from its trailing five-year price low in December 2015, and an increase of 16.4% 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. The spot price of nickel is slightly higher than it was 12 months ago, but has risen less than the other primary base metals. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$2.10 per pound a year ago and at the time of this report was approximately US$3.12 per pound, an increase of 48.6%. The spot price for nickel is currently near the lower end of its five-year price range, the spot price for copper is near the midpoint of its five-year price range, the spot prices for aluminum and lead are near the upper end of their five-year price ranges, and the spot price for zinc is at a five-year high.

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 price declined between March and June of 2017, but has subsequently rallied. At the time of this report, the spot price of iron ore was approximately US$76 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 the first half of 2017, as the industry continued to build on a market recovery that began in early 2016. Metal prices have increased, and mining companies have raised significant amounts of capital. According to TMX Group, mining companies listed on the TSX and TSX-Venture exchanges completed a total of 705 financings in the first six months of 2017, similar to the 738 financings they completed in the same period in 2016. This compares to just 553 financings in the first six months of 2015. Notably, junior mining companies on the TSX Venture Exchange raised $1.9 billion of equity capital in the first six months of 2017, nearly double the $1.0 billion they raised in the same period in 2016, and triple the $584 million they raised in the first six months of 2015. With a greater number of mining companies now armed with more cash and stronger balance sheets, spending on mineral exploration and mine development has been increasing. As a result, drill utilization rates have increased and the global oversupply of mineral drilling services capacity is declining. The Company expects these factors to drive higher demand for drilling services and improved pricing on customer contracts.

OVERALL PERFORMANCE

Results of operations for the year ended June 30, 2017

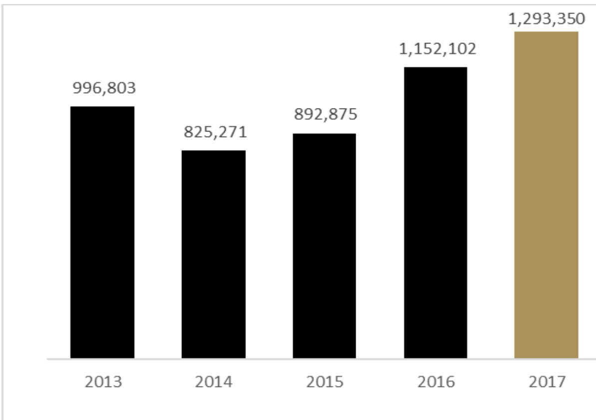
FISCAL YEAR ENDED JUNE 30 * ($millions)	Fiscal 2017	Fiscal 2016	2017 vs. 2016 Variance
Revenue *	**125.2**	107.5	**17.7**
Gross profit *	**8.0**	10.2	**(2.2)**
Gross margin (%)	**6.4**	9.5	**(3.1)**
Adjusted gross margin (%) (1)	**13.4**	18.1	**(4.7)**
Negative goodwill *	**-**	5.0	**(5.0)**
Net loss *	**(5.9)**	(0.2)	**(5.7)**
Net loss per common share - Basic ($)	**(0.17)**	(0.01)	**(0.16)**
- Diluted ($)	**(0.17)**	(0.01)	**(0.16)**
EBITDA * (2)	**2.7**	11.1	**(8.4)**
Metres drilled	**1,293,350**	1,152,102	**141,248**

(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"

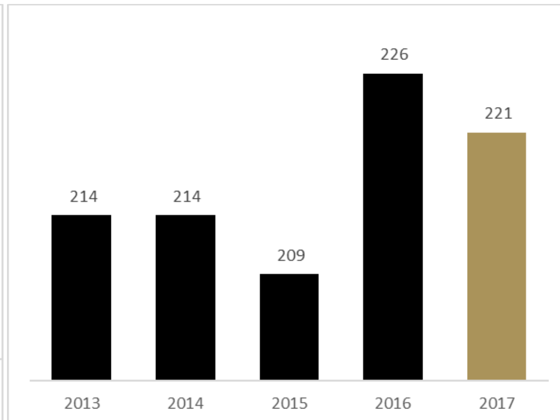
During Fiscal 2017, Orbit Garant drilled 1,293,350 metres, a 12.3% increase from 1,152,102 metres drilled in Fiscal 2016. The Company's average revenue per metre drilled in Fiscal 2017 was $96.53 up 5.6% from $91.40 in Fiscal 2016. The increase in average revenue per metre drilled is primarily attributable to the Company's specialized drilling activity in Chile, which is priced at a higher rate than conventional drilling.

The Company had 221 drill rigs at the end of June 30, 2017, compared to 226 drill rigs at end of Fiscal 2016. During Fiscal 2017, Soudure Royale manufactured eight new drill rigs, including three new computerized drill rigs, while six conventional drill rigs were dismantled and seven were sold.

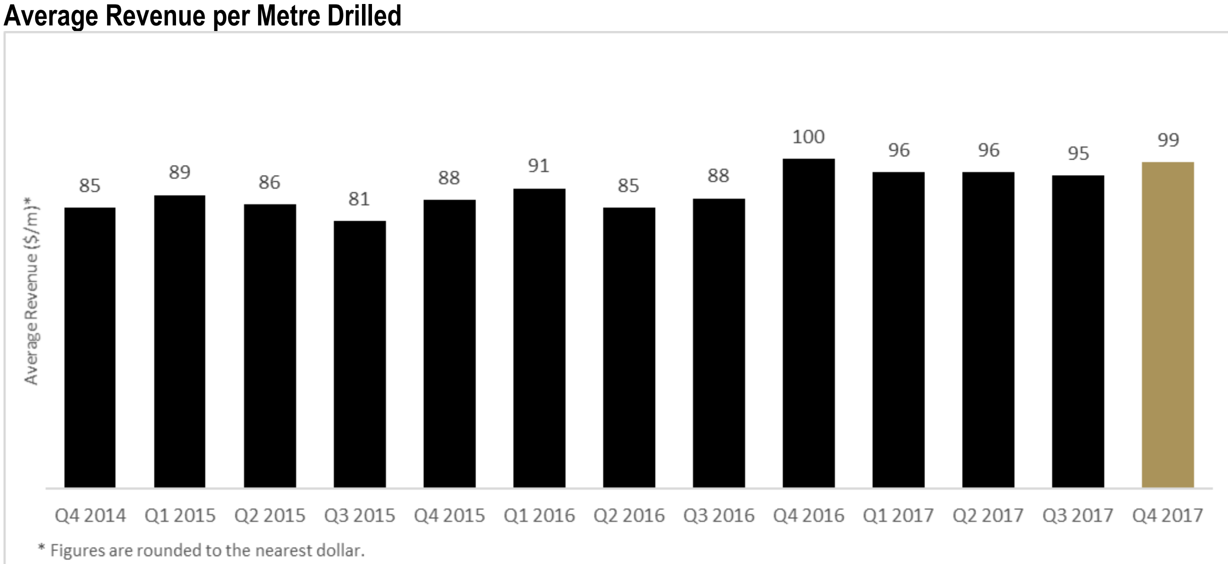
Metres Drilled



Number of Drills



Average Revenue per Metre Drilled



SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30 *($millions)	Fiscal 2017	Fiscal 2016	Fiscal 2015
Contract revenue			
Drilling Canada *	**99.3**	92.4	76.1
Drilling International *	**25.9**	15.1	2.9
Total *	**125.2**	107.5	79.0
Gross profit *	**8.0**	10.2	3.2
Gross margin (%)	**6.4**	9.5	4.1
Adjusted gross margin (%) (1)	**13.4**	18.1	15.2
Negative goodwill *	**-**	5.0	-
Net loss *	**(5.9)**	(0.2)	(7.4)
Net loss per common share ($)	**(0.17)**	(0.01)	(0.22)
Net loss per common share diluted ($)	**(0.17)**	(0.01)	(0.22)
Total assets *	**110.9**	105.2	97.4
Long term debt including current portion *	**17.0**	9.3	7.4
EBITDA * (2)	**2.7**	11.1	1.8
EBITDA % (2)	**2.2**	10.3	2.2
Total metres drilled (million)	**1.3**	1.2	0.9

(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".

RESULTS OF OPERATIONS

FISCAL 2017 COMPARED TO FISCAL 2016

Contract Revenue

Revenue in Fiscal 2017 totalled $125.2 million, an increase of $17.7 million, or 16.4%, from $107.5 million in Fiscal 2016. Revenue growth was primarily attributable to an increase in domestic and international metres drilled.

Canada revenue was $99.3 million in Fiscal 2017, an increase of $6.9 million, or 7.4%, from $92.4 million in Fiscal 2016. The increase was primarily attributable to a higher number of metres drilled.

International revenue totalled $25.9 million in Fiscal 2017, compared to $15.1 million in Fiscal 2016, an increase of $10.1 million, or 72.1%. International revenue growth was primarily attributable to a full year of operations in Chile following the acquisition of Captagua (now "OG Chile") in the second quarter of Fiscal 2016, and revenue from new projects in Kazakhstan, Guyana, Burkina Faso and Ghana.

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

Gross profit for Fiscal 2017 was $8.0 million, compared to $10.2 million in Fiscal 2016. Gross margin was 6.4% compared to 9.5% in Fiscal 2016. In accordance with IFRS, depreciation expenses totalling $8.7 million are included in cost of contract revenue for Fiscal 2017, compared to $9.3 million in Fiscal 2016. Adjusted gross margin, excluding depreciation expenses, was 13.4% in Fiscal 2017, compared to 18.1% in Fiscal 2016. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower productivity, and increased employee training and project mobilization costs in Canada, as the Company ramps up its operations to meet increased demand, partially offset by the Company's significant increase in gross profit from international drilling activities.

General and Administrative Expenses

General and administrative (G&A) expenses were $14.7 million (representing 11.8% of revenue) in Fiscal 2017, compared to $14.3 million (representing 13.3% of revenue) in Fiscal 2016 reflecting the Company's expanded international operations.

Operating Results

Loss from operations for Fiscal 2017 was $3.9 million, compared to a loss from operations of $0.2 million in Fiscal 2016.

Drilling Canada's operating earnings totalled $0.6 million, compared to operating earnings of $4.5 million in Fiscal 2016. The negative variance was primarily attributable to lower productivity and increased employee training and project mobilization costs, as the Company ramps up its operations to meet increased demand.

Drilling International's operating loss totalled $4.5 million, compared to an operating loss of $4.7 million in Fiscal 2016. The operating loss reflects the Company's continued investments in expanding its international business operations.

Negative Goodwill

The Company recognized a one-time $5.0 million gain in the fourth quarter of Fiscal 2016, resulting from negative goodwill associated with the acquisition of Captagua (now "OG Chile") in December 2015. The negative goodwill resulted from the excess of the fair value of the acquired assets over the aggregate of the liabilities assumed and consideration paid. No negative goodwill was recorded in Fiscal 2017.

Foreign Exchange (Gain) Loss

Foreign exchange loss was $0.2 million in Fiscal 2017, compared to a foreign exchange loss of $0.6 million in Fiscal 2016.

EBITDA (see Reconciliation of non-IFRS measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was $2.7 million in Fiscal 2017, compared to $11.1 million in Fiscal 2016. Excluding the one-time $5.0 million gain resulting from negative goodwill, and acquisition and integration costs of $0.8 million, both associated with the acquisition of Captagua, Fiscal 2016 adjusted EBITDA was $6.9 million.

Financial Expenses

Interest costs related to long-term debt and bank charges were $1.0 million in Fiscal 2017, compared to $0.7 million in Fiscal 2016.

Income Tax Recovery

Income tax recovery was $2.0 million for Fiscal 2017, compared to income tax recovery of $0.2 million in Fiscal 2016.

Net Loss

The Company's net loss for Fiscal 2017 was $5.9 million, or $0.17 per share, compared to a net loss of $0.2 million, or $0.01 per share, in Fiscal 2016. Lower gross profit and margins, as discussed above, contributed to the Company's net loss for Fiscal 2017. The Company's net loss for Fiscal 2016 includes a $5.0 million one-time gain related to negative goodwill and $0.8 million of acquisition and integration costs, both related to the acquisition of Captagua. Excluding these items, the Company's net loss for Fiscal 2016 would have been $4.7 million, or $0.13 per share.

SUMMARY ANALYSIS OF FISCAL 2016 COMPARED TO FISCAL 2015

Revenue for Fiscal 2016 was $107.5 million compared to $79.0 million for the fiscal year ended June 30, 2015 ("Fiscal 2015"), representing an increase of $28.5 million, or 36.2%.

Gross profit for Fiscal 2016 was $10.2 million, compared to $3.2 million in Fiscal 2015. Gross margin for Fiscal 2016 was 9.5% compared to 4.1% in Fiscal 2015. Adjusted gross margin, excluding depreciation expenses, was 18.1% in Fiscal 2016, compared to 15.2% in Fiscal 2015. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to increased metres drilled in Canada and internationally, and increased international specialized drilling activity, which typically generates higher margins than conventional drilling activity.

Net loss in Fiscal 2016 totalled $0.2 million ($0.01 per share), compared to a net loss of $7.4 million ($0.22 per share) in Fiscal 2015.

OVERALL PERFORMANCE

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2017				Fiscal 2016			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		**37.4**	29.9	27.4	30.5	**33.4**	28.1	21.7	24.3
Gross profit [(1)]*		**2.4**	1.2	1.5	2.9	**4.3**	1.3	1.3	3.3
Gross margin %		**6.6**	3.9	5.5	9.4	**12.8**	4.7	5.7	13.7
Net earnings (loss) *		**(1.6)**	(2.2)	(1.9)	(0.2)	**4.4**	(2.6)	(1.8)	(0.2)
Net earnings (loss) per common share ($)	- Basic	**(0.05)**	(0.06)	(0.05)	(0.01)	**0.12**	(0.07)	(0.05)	0.12
	- Diluted	**(0.05)**	(0.06)	(0.05)	(0.01)	**0.12**	(0.07)	(0.05)	0.12

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

The Company recognized a one-time $5.0 million gain in Q4 FY2016, resulting from negative goodwill associated with the acquisition of Captagua (now "OG Chile") in December 2015. No negative goodwill was recorded in Q4 FY2017.

SEASONALITY

The Company's revenue reflects certain seasonal factors. In underground drilling operations, scheduled mine shutdowns over holiday and summer periods at some locations reduce revenue during these periods. In domestic and international surface drilling operations, weather conditions in the spring and fall seasons often cause drilling programs to pause, or to be planned around seasonal fluctuations.

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

Contract Revenue

Revenue for the three-month period ended June 30, 2017 ("Q4 FY2017") totalled $37.4 million, an increase of $4.0 million, or 11.7%, from $33.4 million for the quarter ended June 30, 2016 ("Q4 FY2016"). Revenue growth was attributable to increased drilling activity in both Canada and internationally.

Canada revenue totalled $30.4 million in Q4 FY2017, an increase of $3.3 million, or 12.2 %, compared to $27.1 million in Q4 FY2016. The increase was primarily attributable to a higher number of metres drilled.

International revenue increased 9.4% to $6.9 million in Q4 FY2017, compared to $6.3 million in Q4 FY2016. The increase was primarily attributable to increased specialized drilling activity in Chile, partially offset by a decline in drilling volumes in Guyana and Kazakhstan.

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

Gross profit for Q4 FY2017 was $2.4 million, a decrease of $1.9 million from $4.3 million in Q4 FY2016. Gross margin for Q4 FY2017 was 6.6% compared to 12.8% in Q4 FY2016. In accordance with IFRS, depreciation expenses totalling $1.9 million are included in cost of contract revenue for Q4 FY2017, compared to $2.3 million in Q4 FY2016. Adjusted gross margin, excluding depreciation expenses, was 11.8% in Q4 FY2017, compared to adjusted gross margin of 19.7% in Q4 FY2016. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower productivity, and increased employee training and project mobilization costs in Canada, as the Company ramps up its operations to meet increased customer demand. The Company's lower gross profit and margins in Q4 FY2017 also reflect lower drilling volumes in Guyana and Kazakhstan and a decline in specialized drilling activity in Canada.

General and Administrative Expenses

G&A expenses were $3.6 million (representing 9.7% of revenue) in Q4 FY2017, compared to $3.7 million (representing 11.1% of revenue) in Q4 FY2016.

Operating Results

Loss from operations for Q4 FY2017 was $0.2 million, compared to earnings from operations of $1.4 million in Q4 FY2016.

Drilling Canada's operating earnings totalled $1.3 million, compared to operating earnings of $2.2 million in Q4 FY2016. The decline was primarily attributable to lower productivity and increased employee training and project mobilization costs. Drilling Canada's operating earnings in Q4 FY2017 were also impacted by a decrease in specialized drilling activity, which is charged at a higher rate than conventional drilling.

Drilling International's operating loss totalled $1.5 million, compared to an operating loss of $0.8 million in Q4 FY2016. The increased operating loss is primarily attributable to higher fixed costs reflecting the Company's continued international business expansion, and lower drilling volumes in Guyana and Kazakhstan, partially offset by increased drilling activity in Chile.

Negative Goodwill

The Company recognized a one-time $5.0 million gain in Q4 FY2016, resulting from negative goodwill associated with the acquisition of Captagua (now "OG Chile") in December 2015. No negative goodwill was recorded in Q4 FY2017.

Foreign Exchange (Gain) Loss

Foreign exchange loss was $0.3 million in Q4 FY2017, in line with Q4 FY2016.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA was $0.7 million in Q4 FY2017, compared to $7.9 million in Q4 FY2016, a decrease of $7.2 million.

Adjusted EBITDA, excluding the $5.0 million gain related to negative goodwill and $0.1 million in acquisition and integration costs, was $3.0 million in Q4 FY2016.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.3 million in Q4 FY2017, In line with Q4 FY2016.

Income Tax (Recovery)

Income tax recovery was $0.2 million in Q4 FY2017, compared to an income tax payable of $0.6 million in Q4 FY2016.

Net Earnings (Loss)

Net loss for Q4 FY2017 was $1.6 million, or $0.05 per share, compared to net earnings of $4.4 million, or $0.12 per share, in Q4 FY2016. Lower gross profit and margins, as discussed above, contributed to the Company's net loss for Q4 FY2017. The Company's net earnings for Q4 FY2016 include a $5.0 million one-time gain related to negative goodwill and $0.1 million of acquisition and integration costs, both associated with the acquisition of Captagua. Excluding these items, the Company's net loss for Q4 FY2016 would have been approximately $0.5 million, or $0.02 per share.

EFFECT OF EXCHANGE RATE

Aside from the US dollars, Chilean Pesos, XOF and GHS cedi referenced below, all of the Company's revenue was denominated in Canadian dollars. The Company's main exposure to exchange rate fluctuations arose from certain purchases denominated in US dollars and Chilean Pesos, which were partially offset by revenue of approximately $5.8 million earned in US dollars and $20.2 million in Chilean Pesos, related primarily to international drilling activities. As at June 30, 2017, the Company had US $1.0 million in cash (June 30, 2016, US $1.5 million) and accounts receivable of US $0.6 million (June 30, 2016, US $0.6 million). The Company has cash in Chilean Pesos for an amount of CLP 207,424,327 (June 30, 2016, CLP292,449,849) and accounts receivable in Chilean Pesos for an amount of CLP1,471,946,677 (June 30, 2016, CLP1,076,241,833). The Company has cash in GHS cedi for an amount of 26,065 (June 30, 2016, 131,758) and accounts receivable in GHS cedi for a amount of 1,561,986 (June 30, 2016, 519,382). The Company has cash in XOF for an amount of 12,751,223 (June 30, 2016, nil).

As at June 30, 2017, the Company estimated that a 10% increase or decrease of the US dollars, Chilean Pesos, GHS cedi and XOF exchange rates would have caused an annual increase or decrease of approximately $0.4 million in net earnings and comprehensive earnings (June 30, 2016, $0.2 million).

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 $2.5 million in Fiscal 2017, compared to $5.8 million in Fiscal 2016.

The change in non-cash operating working capital items was an outflow of $3.2 million in Fiscal 2017, compared to an inflow of $4.7 million in Fiscal 2016. The change in non-cash operating working capital in Fiscal 2017 was primarily attributable to:

- $3.4 million related to an increase in accounts receivable and prepaid expenses,
- $3.4 million related to an increase in inventory to support level of operation, partially offset by
- $3.6 million related to an increase in accounts payable.

Investing Activities

Cash used in investing activities totalled $6.2 million in Fiscal 2017, the same as in Fiscal 2016. During Fiscal 2017, $7.8 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $1.6 million on disposal of investments, property, plant and equipment. In Fiscal 2016, $6.6 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.6 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2017, the Company generated $7.0 million from financing activities, compared to a repayment of $2.3 million in Fiscal 2016.

The Company withdrew a net amount of $7.6 million during Fiscal 2017 on its secured, three-year revolving credit facility (the "Credit Facility") with National Bank of Canada Inc. (the "Lender"), compared to a reimbursement of $0.4 million in Fiscal 2016. The Company's long-term debt under the Credit Facility, including current portion, was $13.6 million as at June 30, 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 June 30, 2017, trade receivables include $0.7 million related to factored accounts, compared to $1.4 million in Fiscal 2016.

The Company made capital lease payments (net of proceeds from finance lease) of $1.0 million, compared to $0.7 million in Fiscal 2016.

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

As at June 30, 2017, the Company's working capital was $30.8 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 June 30, 2017, the Company had drawn $13.6 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 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 June 30, 2017, the Company complied with all covenants in the Credit Facility.

As at June 30, 2017, the Company had future contractual obligations as follows:

*($thousands)	Total	Less than 1 year	2-3 years	4-5 years
Long-term debt *	16,047	14,225	1,822	-
Operating leases *	983	720	221	42
Total *	17,030	14,945	2,043	42

OUTSTANDING SECURITIES AS AT SEPTEMBER 6, 2017

Number of common shares	36,094,919
Number of options	2,265,500
Fully diluted	38,360,419

On December 6, 2016, the Company issued 500,000 options at an exercise price of $1.75. During Fiscal 2017, 993,500 options were exercised and 47,500 options were cancelled. In July and August 2017, 71,000 options were cancelled.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's audited consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards ("IFRS")*, as issued by the International Accounting Standard Board ("IASB"). The IFRS accounting policies set our below were consistently applied to all periods presented. Please refer to Notes 3 and 4 in the Company's consolidated financial statements for the year ended June 30, 2017 for a complete description of the Company's significant accounting policies.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, assumptions and judgements. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 5 in the Company's consolidated financial statements for Fiscal 2017.

These audited consolidated financial statements have been prepared on a historical cost basis, except for the investments, which have been presented at fair value of the identifiable assets and liabilities of the business acquired and share-based compensation. They are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company operates ("functional currency"). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These audited consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 6, 2017.

Principles of Consolidation

The Company's audited 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 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.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant or which are complex, are presented as follows:

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position of the Company at their fair values. In measuring fair value, Management uses estimates about future cash flows and discount rates, however, the actual results may vary.

Impairment of long-financial assets

The Company also uses its judgement to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgement, the Company relies primarily on its knowledge of its business and the economic environment. As at June 30, 2017, the Company concluded that there were no impairment indicators and did not perform an impairment test (see Notes 11 and 12 in the Company's consolidated financial statements).

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

STANDARDS AND INTERPRETATIONS ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2016:

- **IAS 16 – Property, Plant and Equipment**
- **IAS 38 – Intangible Assets**
- **IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, and**
- **IAS 1 – Presentation of Financial Statements**

Annual improvements to IFRS (2012-2014 Cycle), which include among others:

Amendments to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*
Amendments to IFRS 7, *Financial Instruments, and*
Amendments to IAS 34, *Interim Financial Reporting*

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

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not early adopted the following new standards that have been issued, but are not yet effective:
IFRS 9 – Financial Instruments
IFRS 15 – Revenue from Contracts with Customers
IAS 7 – Statement of Cash Flows
IFRS 16 – Leases
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRIC Interpretation 22 – Foreign Currency Transaction and Advance Consideration
IFRIC 23 – Uncertainty over Income Tax Treatments

The Company is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

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 EBITDA:	EBITDA excluding negative goodwill and acquisition and integration expenses.
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 June 30, 2017	3 months ended June 30, 2016	12 months ended June 30, 2017	12 months ended June 30, 2016	12 months ended June 30, 2015
Net earnings (loss) for the period	**(1.6)**	4.4	**(5.9)**	(0.2)	(7.4)
Add:					
Finance costs	**0.3**	0.3	**1.0**	0.7	0.6
Income tax expense (recovery)	**(0.2)**	0.6	**(2.0)**	(0.2)	(1.9)
Depreciation and amortization	**2.2**	2.6	**9.6**	10.8	10.5
EBITDA	**0.7**	7.9	**2.7**	11.1	1.8
Remove:					
Acquisition and integration costs	**-**	(0.1)	**-**	(0.8)	-
Negative goodwill	**-**	5.0	**-**	5.0	-
Adjusted EBITDA	**0.7**	3.0	**2.7**	6.9	1.8

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 June 30, 2017	3 months ended June 30, 2016	12 months ended June 30, 2017	12 months ended June 30, 2016	12 months ended June 30, 2015
Contract revenue	**37.4**	33.4	**125.2**	107.5	79.0
Cost of contract revenue (including depreciation)	**31.1**	29.1	**117.1**	97.3	75.8
Less depreciation	**(1.9)**	(2.3)	**(8.7)**	(9.3)	(8.8)
Direct costs	**33.0**	26.8	**108.4**	88.0	67.0
Adjusted gross profit	**4.4**	6.6	**16.8**	19.5	12.0
Adjusted gross margin (%) (1)	**11.8**	19.7	**13.4**	18.1	15.2

(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 6, 2017. 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 to the Business and Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies, which in turn, are driven significantly by commodity prices. There is a continued risk that low commodity prices could substantially reduce future exploration and drilling expenditures by mining companies, which in turn, could result in a decline in the demand for the drilling services offered by the Company and would materially impact the Company's revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

The operating and financial performance of Orbit Garant is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as, monetary and regulatory policies. Deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance and condition, cash flows and growth prospects of the Company.

Reliance on and Retention of Employees

In addition to the availability of capital for equipment, a key limiting factor in the growth of drilling services companies is the supply of qualified drillers, on whom the Company relies upon to operate its drills. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its customers through price increases.

Increased Cost of Sourcing Consumables

When bidding on an underground drilling contract, the cost of sourcing consumables is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to an increase in the cost of consumables and labor during that period. A material increase in the cost of labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Leverage and Restrictive Covenants

Orbit Garant entered into the Credit Agreement in order to provide it with credit facilities to fund, among other things, working capital and acquisitions. The degree to which Orbit Garant is leveraged could have important consequences, including: i) Orbit Garant's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; ii) a significant portion of Orbit Garant's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; and iii) certain of Orbit Garant's borrowings (including borrowings under the Credit Agreement) will be at variable rates of interests, which exposes Orbit Garant to the risk of increased interest rates which may have an adverse effect on Orbit Garant's financial condition.

The Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's Management with respect to certain business matters. These covenants place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the Credit Agreement will mature no later than December 17, 2019. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant, or available on acceptable terms, in an amount sufficient to repay the Credit Agreement at maturity or to fund Orbit Garant's needs thereafter. This could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Acquisitions

The Company is continuously seeking business acquisitions. It may be exposed to business risks or liabilities for which it may not be fully indemnified or insured. The ongoing integration of existing and new computer systems, equipment and personnel may impact the success of the acquisitions. Any issues arising from the integration of the acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of the Company's existing operations. If this happens, it may have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Supply of Consumables

If the Company should grow, it could put pressure on its ability to manufacture or otherwise obtain new drills and consumables required to conduct the Company's drilling operations. This could constrain the Company's ability to increase its capacity and increase or maintain revenue and profitability.

Competition

The Company faces considerable competition from several large drilling services companies and many smaller, regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period and have substantially greater financial and other resources than the Company has. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability and growth opportunities. The capital cost to acquire drilling rigs is relatively low, enabling competitors to finance expansion and providing opportunity for new competitors to enter the market. This dynamic exposes the Company to the risk of reduced market share and scope for geographic growth, as well as lower revenue and margin for its existing business.

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

Inability to Sustain and Manage Growth

The Company's ability to grow will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as the Brazil, Russia, India and China ("BRIC") economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's Management personnel and likely will require the Company to recruit additional management personnel.

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

Future Acquisition Strategy

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

Customer Contracts

The Company's surface drilling customer contracts are typically for a term of six (6) to twelve (12) months and its underground drilling customer contracts are typically for a term of one to two years and can be cancelled by the customer on short notice in prescribed circumstances with limited or no amounts payable to the Company. There is a risk that existing contracts may not be renewed or replaced. The failure to renew or replace some or all of these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, consolidation by the Company's customers could materially and adversely affect the Company's results of operations and financial condition.

International Expansion and Instability

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

Operational Risks and Liability

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

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues. The number and significance of the changes and the possibility that the Company may not be able to successfully implement the changes made, may adversely affect the performance of the business and its financial condition, cash flows and growth prospects of the Company.

Currency Exposure

Orbit Garant conducts some of its activities in US dollars and in Chilean Pesos and is thus exposed to foreign exchange fluctuations. As at June 30, 2017, we had US dollar and Chilean Pesos revenue exposures of approximately $5.8 and $20.2 million respectively. This exposure could change in the future and a significant portion of our revenue could potentially be denominated in currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on our financial performance.

Business Interruptions

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

Risk to the Company's Reputation

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

Environment, Health and Safety Requirements and Related Considerations

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

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

Insurance Limits

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

Legislative and Regulatory Changes

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

Legal and Regulatory Risk

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

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 September 6, 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.

Dividend Payments

Orbit Garant does not expect to pay dividends as it intends to use cash for future growth or debt repayment. In addition, the Credit Agreement places restrictions on the ability of Orbit Garant to declare or pay dividends.

Credit Risk

The Company provides credit to its customers in the normal course of its operations. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada («EDC») on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2017, the amount of the insurance coverage from EDC represents 5% of the accounts receivable (7% as at June 30, 2016).

As at June 30, 2017, 58% (53% as at June 30, 2016) of the trade accounts receivable are aged as current and 5% are impaired (5% as at June 30, 2016).

Two major customers represent 25% of the trade accounts receivable as at June 30, 2017 (June 30, 2016, one major customer represented 10% of these accounts).

Two major customers represent 29% of the contract revenue for the year ended June 30, 2017 (year ended June 30, 2016, two major customers represent 39%).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings. The Company does not enter into derivatives to manage credit risk.

Interest Rate Risk

The Company is subject to interest rate risk since a significant part of the long-term debt bears interest at variable rates.

As at June 30, 2017, the Company has estimated that a one percentage point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net loss of $0.1 million ($0.1 million impact in 2016).

Equity Market Risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of actions to be taken by the Company.

Fair Value

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

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

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

OUTLOOK

The recovery in the mining sector began in early 2016 and has continued in 2017. The recovery began after three years of difficult market conditions in which metal prices declined. Metal prices and mining equity valuations are significantly higher today than they were at the start of 2016. As a result, investor interest in the sector has increased and a greater number of mining companies have been able to access capital. Miners listed on the TSX and TSX-Venture Exchanges completed 705 financings in the first six months of 2017, and a total of 2,245 financings between the start of 2016 and June 30, 2017, data from TMX Group shows. This compares to just 1,123 mining financings on the TSX and TSX-Venture Exchanges in 2015. Accordingly, a greater number of mining companies have stronger capital positions and are increasing their exploration and mine development budgets.

As a result of improving mining industry conditions, demand for drilling services has rebounded. Drill utilization rates began to increase in late 2016 and have improved significantly in 2017. This is reducing the current oversupply of mineral drilling services capacity in the market. Global drilling prices remain competitive, but have largely stabilized, and Management is now seeing opportunities to increase pricing on new contracts. Price increases typically occur after a rebound in utilization rates. Management is encouraged by the recent 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 0.82 US dollars. While the Canadian dollar has increased since May 2017, it remains well below the trading range seen as recently as 2014.

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 further expand Orbit Garant's market presence both in Canada and abroad. The Company expects to increase profitability from higher utilization rates, improved productivity and price increases on new contracts in fiscal 2018.

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 10 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 presence, Orbit Garant has established operating subsidiaries in Chile, Ghana, Guyana and Peru, and recently opened a new operating subsidiary in Burkina Faso. In South America, Orbit Garant is currently working on projects in Chile and Guyana is actively pursuing new opportunities to grow its South American business. The

Company's acquisition of OG Chile has significantly enhanced its platform for growth in Chile and throughout South America. In Africa, the Company is currently working on projects in Burkina Faso and Ghana. The Company is currently in the process of closing its operating subsidiary in Kazakhstan.

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 CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under its supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at June 30, 2017, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2017.

The 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.

During Fiscal 2017, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year which materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As of June 30, 2017, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.