MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR END AND FOURTH QUARTER FISCAL 2019

September 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with the audited consolidated financial statements for the fiscal years ended June 30, 2019 ("Fiscal 2019") and June 30, 2018 ("Fiscal 2018") and the notes thereto which are available on the SEDAR website at WWW.sedar.com.

The Company's Fiscal 2019 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 18, 2019. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows 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 18, 2019, accessible via www.sedar.com.

FISCAL 2019 SUMMARY

- Revenue of $152.8 million, compared to $173.1 million in Fiscal 2018
- Gross margin of 10.7%, compared to 12.4% in Fiscal 2018
- Adjusted gross margin(1) (excluding depreciation expense) of 16.4%, compared to 17.0% in Fiscal 2018
- EBITDA(1) of $8.3 million, compared to $14.7 million in Fiscal 2018
- Net loss was $3.5 million, compared to net earnings of $4.5 million in Fiscal 2018
- Metres drilled totalled 1,427,587, compared to 1,537,212 metres drilled in Fiscal 2018

(1) See Reconciliation of non-IFRS financial Measures

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 235 drill rigs and more than 1,300 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Argentina, Kazakhstan, Burkina Faso, Liberia and Ghana. The Company has established international operating subsidiaries in: Winnemucca (Nevada), U.S.A., Santiago, Chile; Lima, Peru; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana, to support its international operations.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its Val-d'Or, Québec, based subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties. Soudure Royale provides the Company with a competitive advantage in the provision of drilling services and equipment. Orbit Garant focuses on "specialized drilling", which refers to drilling projects that are in remote locations or, in the opinion of Management, because of the scope, complexity or technical nature of the work, cannot be undertaken by smaller conventional drilling companies.

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

For Fiscal 2019:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 55% of the Company's total revenue, compared to 60% in Fiscal 2018.
- Approximately 68% of the Company's revenues were generated by gold related operations, and approximately 32% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 52% and 48%, respectively, of the Company's revenue.
- Approximately 88% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 81% in Fiscal 2018. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 72% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 28% was generated from international drilling contracts.

BUSINESS COMBINATION

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

The $8.3 million (US$6.4 million) purchase price was satisfied through $3.35 million (US$2.575 million) paid in cash on closing, a balance of sale of $3.35 million (US$2.575 million) to be paid 12 months after the closing date, and the issuance of Orbit Garant common shares valued at $1.6 million (US$1.25 million) (861,637 common shares at a price of $1.89 per share). The results of operations for PPI from the acquisition date are included in Orbit Garant's results of operations for the three and twelve-month periods ended June 30, 2019.

BUSINESS STRATEGY

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

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

INDUSTRY OVERVIEW

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

Gold

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

The price of gold has increased significantly in 2019, trading at its highest levels since 2013. At the time of this report, the spot price of gold was approximately US$1,492 per ounce. That represents an increase of approximately 16% since the start of 2019, an increase of approximately 25% compared to 12 months ago, and an increase of approximately 42% from its trailing five-year price low in December 2015.

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 price performance of the primary base metals is mixed compared to 12 months ago. The spot prices of aluminum and copper are lower compared to 12 months ago, the spot price of zinc is similar to its level 12 months ago, and the spot prices of lead and nickel are higher. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$2.75 per pound a year ago and at the time of this report was approximately US$2.62 per pound, a decrease of 5%. The spot prices of copper, lead, nickel and zinc are currently near the mid-points of their respective trailing five-year price ranges, while the spot price of aluminum is currently near the lower end of its trailing five-year price range.

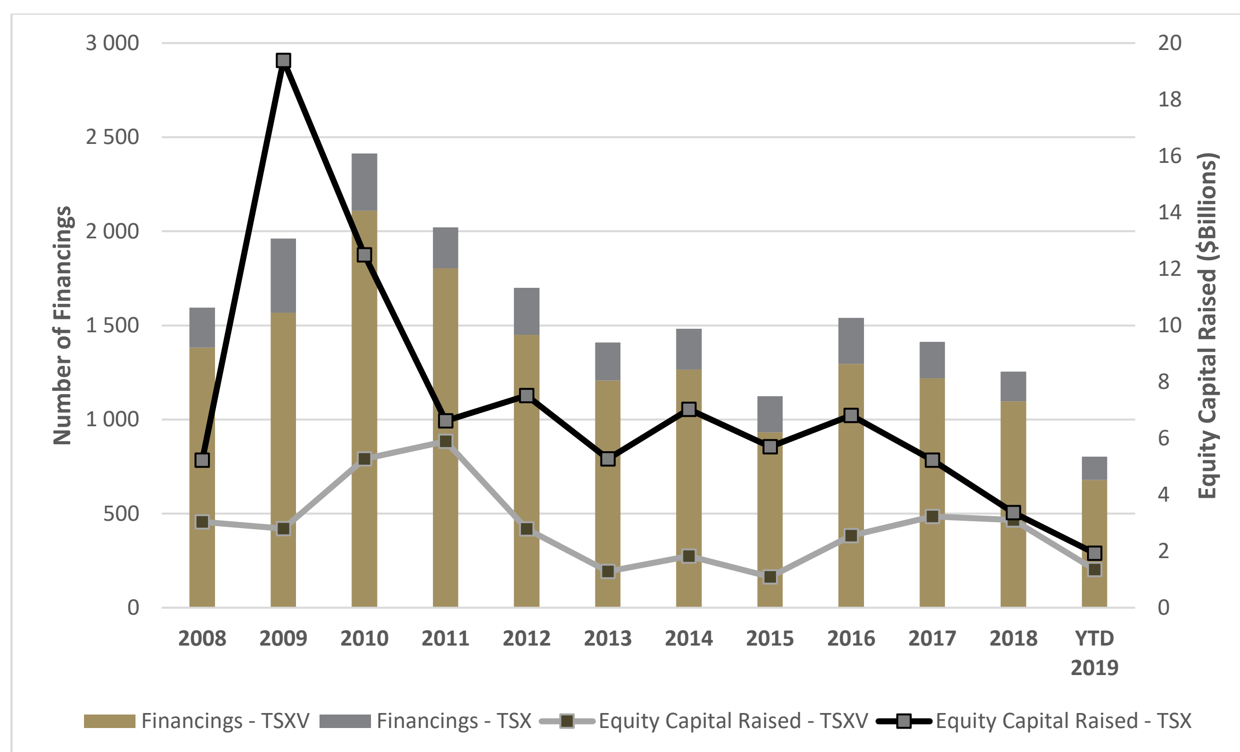
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short term mismatches between supply and demand and other factors. At the time of this report, the spot price of iron ore was approximately US$94 per tonne, compared to approximately US$69 per tonne one year ago. The spot price of iron ore is currently near the upper end of its trailing five-year price range.

Market Participants

The mining sector began to recover from a prolonged downturn in early 2016. Metal prices increased, driving higher mining equity valuations and increased financing activity. However, the recovery paused in mid-2018 as metal prices declined. In late May 2019, the price of gold entered into a sustained rally, surpassing US$1,500 an ounce in August for the first time in more than six years. Accordingly, the share valuations of gold mining companies have increased significantly, as reflected by the more than 30% increase in the S&P/TSX Global Gold Index (May 31, 2019 to September 18, 2019). The performance of the base metals has been mixed during 2019 and the stock performance of base metal mining companies, has generally lagged gold mining companies. The S&P/TSX Global Base Metals Index was down approximately 2% from May 31, 2019 to September 18, 2019.

TSX / TSX-V Mining Sector Financings (2008 to the eight months ended August 31, 2019)



Overall, mining financing activity has slowed in 2019 relative to 2018. According to TMX Group, mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange completed 802 financings in the first eight months of 2019, raising an aggregate of $3.3 billion of equity capital, compared to 849 financings that raised $5.0 billion of equity capital in the first eight months of 2018, and 947 financings that raised $4.9 billion of equity capital in the first eight months of 2017. Despite the overall lower levels of mining financing to date in 2019, activity has rebounded after a slow start to the year. The month of August was notably strong, as mining companies on the two exchanges completed 137 financings that raised $1.4 billion of equity capital, including two financings for a base metals company that totalled $679 million.

According to research from S&P Global Market Intelligence's Corporate Exploration Strategies series (March 2019), global exploration budgets for nonferrous metals increased 19% to an estimated US$10.1 billion in 2018, compared to US$8.5 billion in 2017. This represented the second consecutive annual increase in global nonferrous exploration budgets, following four consecutive years of declining expenditures. S&P expects global exploration budgets for nonferrous metals to increase by an additional 5% to 10% in 2019.

OVERALL PERFORMANCE

Revenue for the Fiscal year ended June 30, 2019 was $152.8 million, compared to $173.1 million in Fiscal 2018.

Gross margin percentage for Fiscal 2019 was 10.7%, compared to 12.4% for Fiscal 2018.

Drilling volume in Fiscal 2019 was 1,427,587 metres, compared to 1,537,212 metres drilled in Fiscal 2018.

The decrease in revenue and gross margins contributed to a net loss of $3.5 million, or $0.09 per share, for Fiscal 2019, compared to net earnings of $4.5 million, or $0.12 per share, for Fiscal 2018. Earnings before interest, taxes, depreciation and amortization ("EBITDA" – see Reconciliation of non-IFRS financial measures) totalled $8.3 million in Fiscal 2019, compared to $14.7 million in Fiscal 2018.

Results of operations for the year ended June 30, 2019

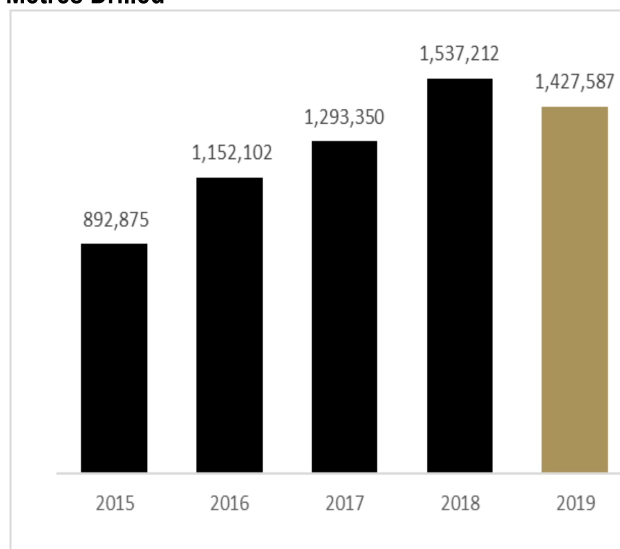
FISCAL YEAR ENDED JUNE 30 * ($millions)		Fiscal 2019	Fiscal 2018	2019 vs. 2018 Variance
Revenue *		**152.8**	173.1	**(20.3)**
Gross profit *		**16.3**	21.5	**(5.2)**
Gross margin (%)		**10.7**	12.4	**(1.7)**
Adjusted gross margin (%) [(1)]		**16.4**	17.0	**(0.6)**
Net earnings (loss) *		**(3.5)**	4.5	**(8.0)**
Net earnings (loss) per common share	**- Basic ($)**	**(0.09)**	0.12	**(0.21)**
	- Diluted ($)	**(0.09)**	0.12	**(0.21)**
EBITDA * [(2)]		**8.3**	14.7	**(6.4)**
Metres drilled		**1,427,587**	1,537,212	**(109,625)**

(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."

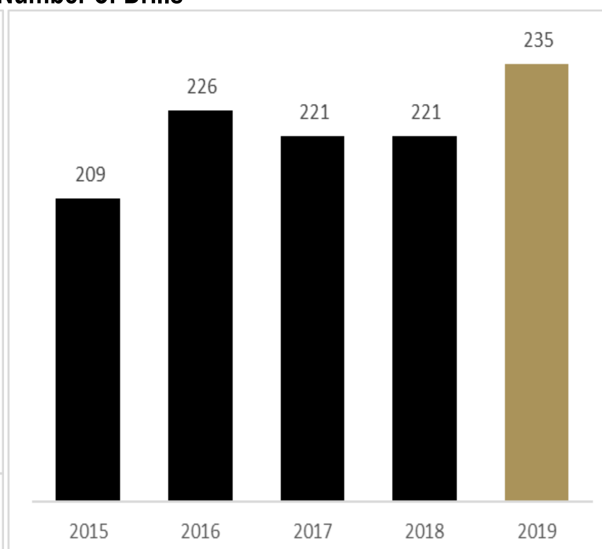
During Fiscal 2019, Orbit Garant drilled 1,427,587 metres, compared to 1,537,212 metres drilled in Fiscal 2018. The Company's average revenue per metre drilled in Fiscal 2019 was $106.74, compared to $112.29 in Fiscal 2018. The decrease in average revenue per metre drilled is primarily attributable to a lower proportion of specialized international drilling activity, which is priced at a higher rate than the conventional drilling.

The Company had 235 drill rigs as at June 30, 2019, compared to 221 drill rigs at the end of Fiscal 2018. During Fiscal 2019, Soudure Royale manufactured four new computerized drill rigs, while three conventional drill rigs were dismantled. Orbit Garant currently has 38 drill rigs outfitted with computerized monitoring control technology. The Company also added 13 conventional surface drill rigs through the acquisition of the drilling business of PPI in Burkina Faso in Q2 FY2019.

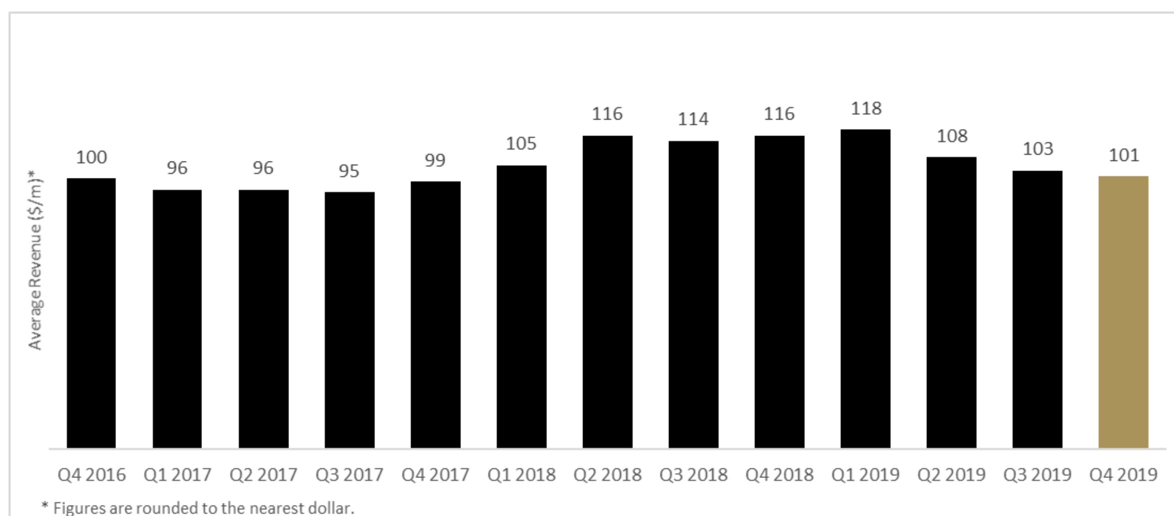
Metres Drilled



Number of Drills



Average Revenue per Metre Drilled



SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30 *($millions)	Fiscal 2019	Fiscal 2018	Fiscal 2017
Contract revenue			
Drilling Canada *	**109.5**	120.9	99.3
Drilling International *	**43.3**	52.2	25.9
Total *	**152.8**	173.1	125.2
Gross profit *	**16.3**	21.5	8.0
Gross margin (%)	**10.7**	12.4	6.4
Adjusted gross margin (%) (1)	**16.4**	17.0	13.4
Net earnings (loss) *	**(3.5)**	4.5	(5.9)
Net earnings (loss) per common share ($)	**(0.09)**	0.12	(0.17)
Net earnings (loss) per common share diluted ($)	**(0.09)**	0.12	(0.17)
Total assets *	**134.7**	123.3	111.4
Long term debt including current portion *	**29.6**	20.0	17.0
EBITDA * (2)	**8.3**	14.7	2.7
EBITDA % (2)	**5.4**	8.5	2.2
Total metres drilled (million)	**1.4**	1.5	1.3

(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 2019 COMPARED TO FISCAL 2018

Contract Revenue

Revenue in Fiscal 2019 totalled $152.8 million, compared to $173.1 million in Fiscal 2018. The decrease in revenue was primarily attributable to a decline in drilling activities in Canada and Chile.

Canada revenue was $109.5 million in Fiscal 2019, a decrease of $11.4 million, or 9.4%, from $120.9 million in Fiscal 2018. The decrease was primarily attributable to a decline in metres drilled.

International revenue totalled $43.3 million in Fiscal 2019, compared to $52.2 million in Fiscal 2018, a decrease of $8.9 million, or 17.0%. International includes $26.1 million in revenues from Chile in Fiscal 2019, compared to $41.6 million in Fiscal 2018. The decrease in international revenue is primarily attributable to the conclusion of a large drilling contract in Chile during the third quarter of Fiscal 2018 ("Q3 FY 2018"), and the conclusion of an additional multi-year drilling contract in Chile at the beginning of the fourth quarter of Fiscal 2019 ("Q4 FY2019"). The decline was partially offset by an increase in drilling activity in Burkina Faso, attributable to the acquisition of the drilling business of PPI in the second quarter of Fiscal 2019 ("Q2 FY2019") and new projects in Argentina and Ghana.

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

Gross profit for Fiscal 2019 was $16.3 million, compared to $21.5 million in Fiscal 2018. Gross margin was 10.7% compared to 12.4% in Fiscal 2018. Depreciation expenses totalling $8.8 million are included in cost of contract revenue for Fiscal 2019, compared to $7.9 million in Fiscal 2018. Adjusted gross margin, excluding depreciation expenses, was 16.4% in Fiscal 2019, compared to 17.0% in Fiscal 2018. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower overall drilling volume in Canada, partially offset by improved gross profit and margins in international operations, as the Company concluded a large non-profitable drilling contract in Chile during Q3 FY2018, and benefitted from increased drilling activities in Burkina Faso.

General and Administrative Expenses

General and administrative (G&A) expenses were $17.3 million (representing 11.3% of revenue) in Fiscal 2019, compared to $15.8 million (representing 9.1% of revenue) in Fiscal 2018. The increase in G&A expenses is primarily attributable to $1.1 million of acquisition and integration costs related the acquisition of the drilling business of PPI in Q2 FY2019.

Operating Results

Earnings from operations for Fiscal 2019 were $3.5 million, compared to earnings from operations of $9.4 million in Fiscal 2018.

Drilling Canada's operating loss of $2.9 million in Fiscal 2019, compared to operating earnings of $6.3 million in Fiscal 2018, was primarily attributable to lower drilling volumes.

Drilling International's operating earnings totalled $6.4 million in Fiscal 2019, compared to $3.1 million in Fiscal 2018. The increase was primarily attributable to the conclusion of a large, non-profitable drilling contract in Chile in Q3 FY2018 and an increase in drilling activities in Burkina Faso.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.7 million in Fiscal 2019, compared to a foreign exchange gain of $0.3 million in Fiscal 2018.

EBITDA (see Reconciliation of non-IFRS financial measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled $8.3 million in Fiscal 2019, compared to $14.7 million in Fiscal 2018. EBITDA represented 5.4% of sales in Fiscal 2019, compared to 8.5% of sales in Fiscal 2018. The decline in EBITDA is primarily attributable to lower drilling volumes in Canada and to $1.1 million of acquisition and integration costs related to the acquisition of the drilling business of PPI in Q2 FY2019.

Financial Expenses

Interest costs related to long-term debt and bank charges were $2.1 million in Fiscal 2019, compared to $1.7 million in Fiscal 2018.

Income Tax (Recovery)

Income tax recovery was $0.3 million for Fiscal 2019, in line with Fiscal 2018. The effective tax rate for the year was positively impacted mainly by the use of unrecognized tax losses for OG Chile during Fiscal 2018.

Net Earnings (Loss)

The Company's net loss for Fiscal 2019 was $3.5 million, or $0.09 per share, compared to net earnings of $4.5 million, or $0.12 per share, in Fiscal 2018. Lower gross profit and margins, as discussed above, contributed to the Company's net loss for Fiscal 2019. The Company's net loss for Fiscal 2019 also included $1.1 million of acquisition and integration costs, before income taxes, related to the acquisition of the drilling business of PPI in Q2 FY2019 (or $0.8 million of acquisition and integration costs, net of income taxes).

SUMMARY ANALYSIS OF FISCAL 2018 COMPARED TO FISCAL 2017

Revenue for Fiscal 2018 totalled $173.1 million, compared to $125.2 million for the fiscal year ended June 30, 2017 ("Fiscal 2017"), representing an increase of $47.9 million, or 38.3%. Higher revenue in Fiscal 2018 was attributable to an increase in metres drilled in Canada and internationally, and a higher proportion of specialized drilling activities.

Gross profit for Fiscal 2018 was $21.5 million, compared to $8.0 million in Fiscal 2017. Gross margin for Fiscal 2018 was 12.4% compared to 6.4% in Fiscal 2017. Adjusted gross margin, excluding depreciation expenses, was 17.0% in Fiscal 2018, compared to 13.4% in Fiscal 2017. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to higher drilling volumes in both Canada and International, increased specialized drilling activities in Chile and higher pricing on certain contracts in Canada.

Net earnings in Fiscal 2018 totalled $4.5 million, or $0.12 per share, compared to a net loss of $5.9 million, or $0.17 per share, in Fiscal 2017. Higher gross profit and margins, as discussed above, contributed to the Company's net earnings for Fiscal 2018.

OVERALL PERFORMANCE

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2019				Fiscal 2018			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		**44.4**	37.4	33.7	37.3	**44.5**	43.1	43.0	42.5
Gross profit (1)*		**4.7**	3.1	2.9	5.6	**7.5**	2.2	5.1	6.7
Gross margin %		**10.6**	8.2	8.6	15.0	**16.8**	5.2	11.7	15.9
Net earnings (loss) *		**(0.8)**	(1.4)	(1.7)	0.4	**3.3**	(1.3)	0.8	1.7
Net earnings (loss) per common share ($)	- Basic	**(0.02)**	(0.04)	(0.04)	0.01	**0.09**	(0.04)	0.02	0.05
	- Diluted	**(0.02)**	(0.04)	(0.04)	0.01	**0.09**	(0.04)	0.02	0.05

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

SEASONALITY

The Company's quarterly 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 often cause drilling programs to pause, or to be planned around seasonal fluctuations.

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2019 COMPARED TO THE FOURTH QUARTER OF FISCAL 2018

Contract Revenue

Revenue for the three-month period ended June 30, 2019 ("Q4 FY2019") totalled $44.4 million, compared to $44.5 million for the quarter ended June 30, 2018 ("Q4 FY2018").

Canada revenue totalled $31.6 million in Q4 FY2019, compared to $30.4 million in Q4 FY2018, reflecting increased specialized drilling activity, which is typically charged at a higher rate.

International revenue decreased to $12.8 million in Q4 FY2019, compared to $14.1 million in Q4 FY2018. The decrease in International revenue was primarily attributable to lower revenue in Chile ($5.6 million in Q4 FY2019 compared to $11.4 million in Q4 FY2018), reflecting the completion of a multi-year drilling contract at the beginning of Q4 FY2019, partially offset by new drilling projects in Chile, Argentina, Burkina Faso and Ghana.

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

Gross profit for Q4 FY2019 was $4.7 million, a decrease of $2.8 million from $7.5 million in Q4 FY2018. Gross margin for Q4 FY2019 was 10.6% compared to 16.8% in Q4 FY2018. Depreciation expenses totalling $2.3 million are included in the cost of contract revenue for Q4 FY2019, compared to $2.0 million in Q4 FY2018. Adjusted gross margin, excluding depreciation expenses, was 15.8% in Q4 FY2019, compared to adjusted gross margin of 21.2% in Q4 FY2018. Lower gross profit, gross margins, and adjusted gross margins reflect lower productivity levels on certain contracts and the ramp up of both new and existing drilling projects in Canada, and the conclusion of the large contract in Chile.

General and Administrative Expenses

G&A expenses were $4.4 million (representing 9.8% of revenue) in Q4 FY2019, compared to $3.8 million (representing 8.6% of revenue) in Q4 FY2018. G&A expenses in Q4 FY2019 include $0.2 million of acquisition and integration costs related to the Company's acquisition of the drilling business of PPI in Q2 FY2019.

Operating Results

Earnings from operations for Q4 FY2019 were $1.4 million, compared to operating earnings of $4.4 million in Q4 FY2018.

Drilling Canada's operating loss totalled $0.6 million, compared to operating earnings of $1.8 million in Q4 FY2018, reflecting lower productivity rates as discussed above.

Drilling International's operating earnings totalled $2.0 million, compared to operating earnings of $2.6 million in Q4 FY2018. This decrease was primarily attributable to a lower proportion of specialized drilling activity.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.4 million in Q4 FY2019, compared to a loss of $0.3 million in Q4 FY2018.

EBITDA (see Reconciliation of non-IFRS financial measures)

EBITDA totalled $2.6 million in Q4 FY2019, compared to $5.5 million in Q4 FY2018.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.6 million in Q4 FY2019, compared to $0.4 million in Q4 FY2018.

Income Tax (Recovery)

Income tax was $0.2 million in Q4 FY2019, compared to an income tax recovery of $0.2 million in Q4 FY2018. The tax recovery for Q4 FY2018 was positively impacted by the use of unrecognized tax losses for OG Chile.

Net Earnings (Loss)

Net loss for Q4 FY2019 was $0.8 million, or $0.02 per share, compared to net earnings of $3.3 million, or $0.09 per share, in Q4 FY2018. Lower gross profit and margins, as discussed above, contributed to the Company's net loss for Q4 FY2019.

EFFECT OF EXCHANGE RATE

The Company realizes portions of its business activities in the following foreign currencies: US dollars ("US"), Chilean Pesos ("CLP"), Ghanaian cedi ("GHS") and West African Francs ("XOF"), and is thus exposed to foreign exchange fluctuations. Orbit Garant does not actively manage this risk. As at June 30, 2019, the Company had cash in US dollars for an amount of US$0.9 million (June 30, 2018, US$0.5 million) and accounts receivable in US dollars for an amount of US$1.8 million (June 30, 2018, US$1.3 million). The Company had cash in Chilean Pesos for an amount of CLP$197,343,690 (June 30, 2018, CLP$832,879,752) and accounts receivable in Chilean Pesos for an amount of CLP$2,961,013,695 (June 30, 2018, CLP$2,907,515,452). The Company had cash in GHS for an amount of GHS 130,004 (June 30, 2018, GHS 625,294) and accounts receivable in GHS for an amount of GHS 8,419,607

(June 30, 2018, GHS 4,549,573). The Company had cash in West African Francs XOF for an amount of XOF 223,581,125 (June 30, 2018, XOF137,871,643) and accounts receivable in West African Francs XOF for an amount of XOF 2,180,876,102 (June 30, 2018, XOF608, 226,530).

As at June 30, 2019, the Company has estimated that a 10% increase or decrease of the US exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million (June 30, 2018, $0.2 million); a 10% increase or decrease of the Chilean Pesos exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.4 million (June 30, 2018, $0.5 million); a 10% increase or decrease of the GHS exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million (June 30, 2018, $0.1 million); and a 10% increase or decrease of the XOF exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive income of $0.1 million (June 30, 2018, $0.1 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 $8.5 million in Fiscal 2019, compared to $14.8 million in Fiscal 2018.

The change in non-cash operating working capital items was an outflow of $5.9 million, compared to an outflow of $3.9 million in Fiscal 2018.The change in non-cash operating working capital in Fiscal 2019 was primarily attributable to:

- $4.5 million related to an increase in accounts receivable and prepaid expenses, and
- $1.9 million related to an increase in inventory to support level of operation, partially offset by
- $0.5 million related to an increase in accounts payable.

Investing Activities

Cash used in investing activities totalled $11.2 million in Fiscal 2019, compared to $8.2 million in Fiscal 2018. During Fiscal 2019, $3.4 million was used for the acquisition of the drilling business of PPI and $8.3 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.4 million on disposal of investments, property, plant and equipment. In Fiscal 2018, $8.6 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.5 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2019, the Company generated $10.3 million from financing activities, compared to $3.2 million in Fiscal 2018.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility (the "**Credit Facility**") with National Bank of Canada Inc. ("**National Bank**"). On December 12, 2018, the Company and National Bank entered into a Third Amended and Restated Credit Agreement in respect of the Credit Facility and on June 28, 2019 the Company and National Bank entered into an amendment to the Third Amended and Restated Credit Agreement. Pursuant to the Third Amended and Restated Credit Agreement, as amended, the Credit Facility consists of a $35.0 million revolving credit facility and a US$5.0 million revolving credit facility. The current term of the Credit Facility expires November 2, 2021.

The Company withdrew a net amount of $7.2 million during Fiscal 2019 on its Credit Facility, compared to a withdrawal of $4.5 million in Fiscal 2018. The Company's long-term debt, including the current portion, was $25.3 million as at

June 30, 2019, compared to $18.1 million as at June 30, 2018. The Company's debt was incurred to support working capital requirements, the financing of the acquisition of certain assets of PPI in Q2 FY2019 and the acquisition of capital assets, property, plant and equipment.

The Company made finance lease payments of $0.2 million, compared to $0.7 million in Q4 FY2018.

As at June 30, 2019, the Company's working capital was $55.1 million, compared to $53.3 million as at June 30, 2018. The Company's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

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

Sources of Financing

As at June 30, 2019, the Company complied with all covenants in the Credit Facility and in the EDC Loan Agreement.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under its Credit Facility. As at June 30, 2019, the Company had drawn $25.3 million ($18.1 million as at June 30, 2018) under the Credit Facility.

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

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

On December 20, 2018 the Company entered into a Loan Agreement with Export Development Canada (the "**EDC Loan Agreement**") for a term loan in the principal amount of up to US$5,150,000 for the purposes of financing the Company's acquisition of certain assets of PPI that was completed on October 11, 2018. The Company will be required to repay this loan in 57 consecutive monthly installments starting in May 2019, maturing January 2024. The Company's obligations under the EDC Loan Agreement are secured by a third ranking hypothec over all of the Company's assets. On January 21, 2019, an initial drawdown of US$2,575,000 was used to reduce the amount drawn from the Company's Credit Facility. The Company's long-term debt under EDC Loan, including the current portion, was $3.2 million as at June 30, 2019.

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

As at June 30, 2019 the Company had future contractual obligations as follows:

*($thousands)	Total	Less than 1 year	2-3 years	4-5 years	Subsequent years
Long-term debt and finance leases*	29,862	1,400	27,438	1,024	-
Operating leases *	2,437	712	650	350	725
Total *	32,299	2,112	28,088	1,374	725

OUTSTANDING SECURITIES AS AT SEPTEMBER 18, 2019

Number of common shares	37,021,756
Number of options	2,960,500
Fully diluted	39,982,256

On October 11, 2018, the Company issued 861,637 common shares in partial payment for the acquisition in Burkina Faso as described in **"Business Combination".** On December 5, 2018, the Company issued 500,000 options at an exercise price of $1.73. In April 2019, 13,000 options were exercised and 23,000 were cancelled.

RELATED PARTY TRANSACTIONS

Transactions with related parties

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

On February 28, 2017, the Company granted a loan maturing no later than February 28, 2019 for the amount of $1.2 million to the President and Chief Executive Officer in connection with the exercise of his option to purchase 942,000 shares of Orbit Garant Drilling Inc. The loan bears interest at a rate of 4% annually and is secured by a pledge of shares and guarantee from 6705570 Canada Inc. On December 15, 2017, the President and Chief Executive Officer repaid an amount of $0.6 million and on December 19, 2018 he repaid the balance of the loan and accrued interest for an amount of $0.7 million.

During the twelve-month periods ended June 30, 2019 and June 30, 2018, the Company entered into the following transactions with its related company and with persons related to directors:

*($thousands)	12 months ended June 30, 2019	12 months ended June 30, 2018
Revenue*	266	283
Expenses*	151	131

As at June 30, 2019, an amount of $0.1 million was a receivable resulting from these transactions ($0.8 million as at June 30, 2018).

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

Key management personnel and directors' transactions

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

Compensation paid to key management personnel and directors are as follows:

*($thousands)	12 months ended June 30, 2019	12 months ended June 30, 2018
Salaries and fees *	1,877	1,734
Share-based compensation*	200	236
Total*	2,077	1,970

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 4 of the Fiscal 2019 audited consolidated financial statements. 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:

A- CRITICAL ACCOUNTING ESTIMATES

Inventories

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, Management takes into account the most reliable evidence available at the time the estimates are made. Net realizable value is determined using the estimated selling price less estimated costs to complete the sale. Used and revised inventories are valued at 50% and 75% of cost respectively. The amount of the write-down of inventories can be reversed when the circumstances that led to the write-down charge in the past no longer exists.

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 non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. As at June 30, 2019, the Company concluded that there were impairment indicators, and it performed an impairment test. No impairment was recognized as a result of this test. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of fair value of certain assets and selling cost. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions

used by management include to determine the fair value of certain assets based on year, model and condition at the date of valuation.

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 establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets

The assessment of the probability in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income (and expenses) and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Management based on specific facts and circumstances.

B- JUDGEMENTS

Functional currency

In determining the functional currency of its foreign subsidiaries, the Company needs to evaluate different factors such as the currency that mainly influences sales prices and costs, the economic environment and the degree of autonomy of the subsidiary. Following the evaluation of the different factors, when the functional currency is not obvious, the Company uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

STANDARDS AND INTERPRETATIONS ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2018:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.
- IFRIC Interpretation 22 – Foreign Currency Transaction and Advance Consideration.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not early adopted the following new standards that have been issued, but are not yet effective:

- IFRS 16 – Leases
  The Company is still evaluating the impact of the adoption of this standard on its consolidated financial statements.
- IFRIC 23 – Uncertainty over Income Tax Treatments
  The Company does not expect IFRIC 23 to have a material impact 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 gross profit and margin: Contract revenue less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

EBITDA

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

Reconciliation of EBITDA

(unaudited) (in millions of dollars)	3 months ended June 30, 2019	3 months ended June 30, 2018	12 months ended June 30, 2019	12 months ended June 30, 2018	12 months ended June 30, 2017
Net earnings (loss) for the period	**(0.8)**	3.3	**(3.5)**	4.5	(5.9)
Add:					
Finance costs	**0.6**	0.4	**2.1**	1.7	1.0
Income tax expense (recovery)	**0.2**	(0.2)	**(0.3)**	(0.3)	(2.0)
Depreciation and amortization	**2.6**	2.0	**10.0**	8.8	9.6
EBITDA	**2.6**	5.5	**8.3**	14.7	2.7

Adjusted Gross Profit and Margin

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

Reconciliation of Adjusted Gross Profit and Margin

(unaudited) (in millions of dollars)	3 months ended June 30, 2019	3 months ended June 30, 2018	12 months ended June 30, 2019	12 months ended June 30, 2018	12 months ended June 30, 2017
Contract revenue	**44.4**	44.5	**152.8**	173.1	125.2
Cost of contract revenue (including depreciation)	**39.7**	37.1	**136.5**	151.6	117.1
Less depreciation	**(2.3)**	(2.0)	**(8.8)**	(7.9)	(8.7)
Direct costs	**37.4**	35.1	**127.7**	143.7	108.4
Adjusted gross profit	**7.0**	9.4	**25.1**	29.4	16.8
Adjusted gross margin (%) (1)	**15.8**	21.2	**16.4**	17.0	13.4

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

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 18, 2019. 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.

Country Risks

The Company does business internationally in numerous regions of different countries and with this comes the risk of dealing with business and political systems in a variety of jurisdictions. Unanticipated events in a country (precipitated by developments within or external to the country), such as economic, political, tax related, regulatory or legal changes (or changes in interpretation), could, directly or indirectly, have a material negative impact on operations and assets. The risks include, but are not limited to, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, changes in mining or investment policies, nationalization/expropriation of projects or assets, corruption, delays in obtaining or inability to obtain necessary permits, nullification of existing mining claims or interests therein, hostage takings, labour unrest, opposition to mining form environmental or other non-governmental organisations or shifts in political attitude that may adversely affect the business. There has been an emergence of a trend by governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions. Such events could result in reductions in revenue and additional transition costs as equipment is shifted to other locations. Nationalization/expropriation of mining projects has a direct impact on suppliers (such as the Company) to the mining industry.

While the Company works to mitigate its exposure to potential country risk events, the impact of any such event is mostly not under the Company's control, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, the Company can give no assurance that it will not be subject to any country risk event, directly or indirectly, in the jurisdictions in which it operates.

Tax Risks

The Company operates in many countries and is therefore subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, property tax, income tax, withholding tax, commodity tax, social security and other payroll related taxes, foreign currency and capital repatriation laws. An unfavorable interpretation of the current tax legislation could have a material adverse effect on the profitability of the Company or may lead to disagreements with tax authorities regarding the interpretation of tax law.

Tax law and administration is extremely complex and often requires the Company to make subjective determinations. The Company must make assumptions about, but not limited to, the tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections due to tax law and its administration which are extremely complex. To the extent that such assumptions differ from actual results, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may have to record additional tax expenses and liabilities, including interest and penalties. Moreover, there is a risk in which the countries where the Company operates may change their current tax regime with little prior notice or that the tax authorities in these jurisdictions may attempt to claim tax on the global revenues of the Company

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 November 2, 2020. 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 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.

Ability 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, in Chilean Pesos, in GHS and in XOF and is thus exposed to foreign exchange fluctuations. As at June 30, 2019, we had US dollars, in Chilean Pesos, in GHS and in XOF revenue exposures of approximately $2.7, $5.3, $2.4, and $1.8 million respectively in Canadian dollars. 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.

Corruption, Bribery and Fraud

The Company is required to comply with the Canadian Corruption of Foreign Public Officials Act ("CFPOA") as well as similar applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. The Company's policies mandate compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that the Company has implemented in relation to its compliance with these laws will be effective or that Company employees, agents, suppliers or other industry partners have not engaged or will not engage in such illegal

conduct for which the Company may be held responsible. Violations of these laws could disrupt the Company's business and result in a material adverse effect on its business and operations.

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.

Climate Change Risk

The Company operates in various regions and jurisdictions where environmental laws are involving and are not consistent. Several governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased cost as some of the Company's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages and changing sea levels, could have an adverse financial impact on operations located in the regions where these conditions occur.

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.

Cyber-Security Risk

While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cyber security risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorised access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerability including periodic third-party vulnerability assessments, testing user knowledge of cyber security best practices, and audits of security processes and procedures. In addition, the Company continues to increase the employees' awareness of security policies through ongoing communications.

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 18, 2019, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 25% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

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

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

Dilution

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

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, 2019, the amount of the insurance coverage from EDC represents 7% of the accounts receivable (5% as at June 30, 2018).

As at June 30, 2019, 79% (77% as at June 30, 2018) of the trade accounts receivable are aged as current and 2% are impaired (2% as at June 30, 2018).

One major customer represents 15% of the trade accounts receivable as at June 30, 2019 (one major customer represented 20% as at June 30, 2018,).

Two major customers represent 31% of the contract revenue for the year ended June 30, 2019 (for the year ended June 30, 2018, two major customers represented 28% of the contract revenue).

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, 2019, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million ($0.1 million impact in 2018).

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 and equivalents, trade and other receivable, trade and other payable and balance payable related to business combination 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.

OUTLOOK

While Orbit Garant continues to monitor market conditions in the mining sector, including the lower levels of customer demand relative to calendar 2018, Management is encouraged by the longer-term industry outlook, especially given the recent rally in the price of gold. Orbit Garant is well positioned for increased drilling services demand in the gold sector as it derives approximately 70% of its revenue from gold related projects. In addition, many mining companies are facing declining reserves, particularly in the gold mining industry. Accordingly, increased spending on exploration and new mine development will be required for the industry to remain viable in the long term as the reserves at existing mines are depleted. S&P Global Market Intelligence expects that by 2024 more than 15% of global gold production will come from mines that are not yet in production and forecasts lower global gold production beyond 2022 due to declining reserves.

Orbit Garant derives approximately 70% of its revenue from its Canadian operations. S&P Global Market Intelligence forecasts that Canada is the only major gold-producing country in the world in which output is expected to increase significantly over the next five years. As such, the Company is well positioned to benefit from the positive outlook for the gold mining sector in Canada. An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately $0.75 US dollars.

Orbit Garant has also established operating subsidiaries in active international mining markets, including Burkina Faso, Chile, Ghana, Guyana and Peru. These international operations provide enhanced market, customer and commodity diversification and have enabled the Company to increase its higher margin specialized drilling activity. In South America, Orbit Garant is currently working on projects in Chile, Guyana and Argentina. In West Africa, the Company is currently working on projects in Burkina Faso and Ghana, and recently expanded its operations in this region with the acquisition of the drilling business of PPI in Burkina Faso.

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.

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 38 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have achieved a significant increase in productivity compared to that achieved using conventional drill rigs. Orbit Garant's customers have responded positively to the improved performance and potential of the new drill rigs, which has led to renewals of underground drilling contracts for longer terms.

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Effective October 11, 2018 the Company completed the acquisition of PPI. The results of PPI's operations have been included in these financial statements since the date of acquisition. However, the Company has not completed the review of the internal controls used by PPI. The Company is in the process of integrating the PPI operations and will be expanding its disclosure controls and procedures and internal controls over its financial reporting compliance program to include PPI over the next year. As a result, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have limited the scope of design of disclosure controls and procedures and testing of internal controls over financial reporting to exclude PPI controls, policies and procedures from the June 30, 2019 certification of internal controls. The acquisition date financial information for PPI is included in the discussion regarding the acquisition contained in this MD&A and Note 2 of the audited consolidated financial statements.

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, 2019, 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, 2019.

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 2019, 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, 2019, 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, other than restriction mentioned above, 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.