# ORBIT GARANT DRILLING INC. ANNOUNCES GROWTH AND STRONG FINANCIAL RESULTS FOR Q2 FISCAL 2011

Orbit Garant announces the appointment of Mr. William N. Gula to its Board of Directors

- Revenue \$25.9 million, compared with \$23.7 million in the comparable quarter of fiscal 2010
- Completed 297,704 meters of drilling, up from 287,861 last year
- An expanding fleet of 168 drill rigs, including 9 new drills in the second quarter
- Working capital increased to \$40.5 million
- Two strategic acquisitions and one strategic partnership in Northern Ontario

**Val-d'Or**, **Quebec**, **February 10**, **2011** – Orbit Garant Drilling Inc. (TSX:OGD) (Orbit Garant or the "Company") today announced strong financial results for the second quarter ended December 31, 2010. All dollar amounts are in Canadian currency unless otherwise stated. Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this release.

# **Financial Highlights**

	3 months ended December 31, 2010	3 months ended December 31, 2009	6 months ended December 31, 2010	6 months ended December 31, 2009
\$ amounts in millions except earnings per share				
Revenue	\$25.9	\$23.7	\$53.3	\$48.1
Gross Profit	\$7.5	\$7.6	\$14.6	\$15.6
Gross Margin %	29.1	32.0	27.6	32.4
EBITDA	\$5.8	\$6.0	\$11.1	\$12.2
Net Earnings	\$2.7	\$2.4	\$4.9	\$4.9
Net earnings per common share				
- Basic	\$0.08	\$0.07	\$0.15	\$0.15
- Diluted	\$0.08	\$0.07	\$0.15	\$0.15
Total Metres Drilled	297,704	287,861	618,663	566,835

"We were very pleased with our financial results in the second quarter, which were achieved as we also completed two strategic acquisitions in Northern Ontario, Advantage Control Technologies (ACT) and Morris Drilling Inc.," said Eric Alexandre, President and Chief Executive Officer of Orbit

Garant. "We added 9 new drill rigs this quarter and our rig utilization rate is strong. We continue to see some positive signs of improvement across the industry and, as demand and industry pricing improve, Orbit Garant is positioned to increase market share which will drive earnings growth."

As announced on November 8, Orbit Garant acquired Sudbury-based ACT, acquiring specialized technologies and equipment designed to reduce the operating costs associated with mineral drilling, while also expanding the Company's operations in Northern Ontario. On December 13, Orbit Garant acquired Morris Drilling Inc., a mineral drilling company operating five drilling rigs. In association with the transaction, Orbit Garant entered into a strategic partnership with Rainy Lake Tribal Contracting Ltd., a well established contractor, and acquired a drilling services contract with Osisko Mining Corp. at its Hammond Reef project near Thunder Bay, Ontario, further advancing the Company's Northern Ontario expansion.

## **Second Quarter Results**

In the three months ended December 31, 2010, Orbit Garant added 9 drilling rigs, four produced by the Company's manufacturing division and five through the Morris Drilling transaction, and drilled a total of 297,704 metres, compared to 287,861 metres in the comparable period last year. The Company recorded Q2/F2011 contract revenue of \$25.9 million, compared to \$23.7 million in the prior fiscal year, representing an increase of 9.4%, primarily attributable to the addition of new drilling contracts and the deployment of new drilling rigs in the period.

Domestic surface drilling revenue increased to \$10.2 million in the second quarter of fiscal 2011 from \$9.1 million in the comparable 2010 period, an increase of 12.8%. Underground drilling contract revenue was \$11.1 million in the three months ended December 31, 2010, an 8.9% decrease from \$12.1 million from the comparable period the previous fiscal year. International drilling revenue was \$3.6 million in the second quarter of fiscal 2011, up from \$2.4 million in the comparable period of fiscal 2010.

The Manufacturing division generated \$1.0 million of revenue in the second quarter of fiscal 2011, compared to nominal revenue in the comparable period last year. Soudure Royale, continues to build new rigs according to demand.

Total gross profit for the second quarter of fiscal 2011 was \$7.5 million compared to \$7.6 million in the comparable period of fiscal 2010. The gross margin for the second quarter of fiscal 2011 was 29.1% compared to 32.0% in the prior fiscal year. The Company noted that last year's second quarter included a positive adjustment of \$0.8 million. Excluding this adjustment, the comparable Q2/F2010 gross margin would have been 28.6%. Gross margin continues to be affected by ongoing pricing pressure across the industry and by business mix.

General and administrative expenses were \$1.8 million for the three months ended December 31, 2010 compared to \$1.6 million in the comparable period.

EBITDA for the second quarter of fiscal 2011 was \$5.8 million, compared to \$6.0 million last fiscal year, representing 22.5% of sales, compared to 25.4% for the comparable period in fiscal 2010. This decrease reflects the sustained competitive pricing environment.

Net earnings for the second quarter of fiscal 2011 totaled \$2.7 million or \$0.08 per common share (\$0.08 per share diluted), compared to \$2.4 million in the 2010 period or \$0.07 per common share (\$0.07 per share diluted), representing an increase of 12.4% year-over-year.

#### Six Months ended December 31, 2010

In the six months ended December 31, 2010 revenues totalled \$53.3 million, an increase of \$5.2 million, or 10.8%, from \$48.1 million during the comparable period in fiscal 2010.

Overall gross profit for the first six months of fiscal 2011 was \$14.6 million, a decrease of \$1.0 million from \$15.6 million in the comparable period of 2010, or 5.8%.

Gross margin for the first half of the 2011 fiscal year was 27.6% compared to 32.4% for the corresponding period last year. Excluding the adjustment noted above, the Q2/F2010 gross margin would have been 30.8%.

Net earnings in the first half of fiscal 2011 were \$4.9 million or \$0.15 per share (\$0.15 per diluted share), in line with \$4.9 million or \$0.15 per share (\$0.15 per diluted share) in the corresponding period last year.

EBITDA for the first half of fiscal 2011 was \$11.1 million, compared to \$12.2 million in the same period of the prior fiscal year, representing 20.8% of sales, compared to 25.5% for the comparable period in fiscal 2010.

"We continue to demonstrate our commitment to growth, organically and through acquisitions," added Mr. Alexandre. ""The acquisitions of ACT and Morris Drilling accelerate our growth and represent important milestones for our company. In keeping with our strategic initiative of expanding in selected regions across Canada, this acquisition broadens our footprint in the prolific mining region of Northern Ontario. We continue to demonstrate our commitment to enhancing our growth and adding value for our shareholders."

Orbit Garant announced the appointment of Mr. William N. Gula as an independent member on its Board of Directors, effective immediately. William N. Gula is a managing Director of Morrison Park Advisors an independent investment bank providing financial and strategic advisory services to clients requiring specialized investment banking expertise. Mr. Gula was most recently a senior partner at Davies Ward Phillips & Vineberg, one of Canada's leading law firms. He was called to the Ontario Bar in 1979 and built up a practice as one of Canada's leading practitioners in the fields of mergers and acquisitions, securities law and corporate governance. From 1997 to 2004 William was Head of Mergers and Acquisitions at Scotia Capital Inc., where he built and managed this successful division within large investment bank.

# **Conference Call**

A conference call for analysts and interested listeners will be held Tuesday, February 15 at 9:00 a.m. (ET). The call-in numbers for participants are 647 427 7450 and 888 231 8191. A live audio feed of the call will also be available on the Internet at:

# http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3392620

A replay of the call will be available on Tuesday, February 15<sup>th</sup> until Tuesday, February 22, 2011. To access the replay, call 800 642 1687 or 416 849 0833 enter pass code number 41328113, and then press the pound (#) key. The replay can also be accessed over the Internet at the above address.

## **About Orbit Garant**

Orbit Garant is one of the largest Canadian-based drilling companies, providing both underground and surface drilling services in Canada and internationally through its 168 drills and more than 700 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production.

# Forward-looking information

This press release may contain forward-looking statements (within the meaning of applicable securities laws) relating to business of Orbit Garant Drilling Inc. (the "Company") and the environment in which it operates. Forward-looking statements are identified by words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances.

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