MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR END AND FOURTH QUARTER
FISCAL 2023

September 19, 2023

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, 2023 ("Fiscal 2023") and June 30, 2022 ("Fiscal 2022") and the notes thereto which are available on the SEDAR+ website at www.sedarplus.ca.

The Company's Fiscal 2023 audited consolidated financial statements and the accompanying notes ("Financial Statements") 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 19, 2023. 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.sedarplus.ca.

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. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Risks and uncertainties that could cause actual results, performance, or achievements to differ materially include the world economic climate as it relates to the mining industry, the Canadian economic environment, the Company's ability to attract and retain customers and manage its assets and operating costs; the political situation in certain jurisdiction, and the operating environment in which the Company operates.

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 19, 2023, accessible via www.sedarplus.ca.

FISCAL 2023 SUMMARY

- Revenue totalled $201.0 million, an increase of 2.8% compared to $195.5 million in Fiscal 2022
- Gross margin increased to 9.1% from 7.0% in Fiscal 2022
- Adjusted gross margin [1] increased to 16.2% from 12.2% in Fiscal 2022
- A one-time, non-cash write-down of inventories of $4.2 million from restructuring in Burkina Faso
- Adjusted EBITDA [2] increased to $19.1 million from $10.0 million in Fiscal 2022
- Net loss was $0.7 million compared to net loss of $6.6 million in Fiscal 2022

[1] Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

[2] Adjusted earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 212 drill rigs and approximately 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 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, Ghana, and Guinea. The Company has established international operating subsidiaries in: Winnemucca (Nevada), U.S.A.; Santiago, Chile; Georgetown, Guyana; and in Ouagadougou, Burkina Faso, to support its international operations.

Orbit Garant has a comprehensive infrastructure with vertically integrated manufacturing capabilities. The Company manufactures custom drill rigs and ancillary equipment for its own use and manufactures conventional drill rigs for third-party customers from its facilities in Val-d'Or, Québec. 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 (including surface drilling and underground drilling).

For Fiscal 2023:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 41% of the Company's total revenue, compared to 33% in Fiscal 2022.
- Approximately 65% of the Company's revenues were generated by gold related operations, and approximately 35% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 64% and 36%, respectively, of the Company's revenue.

- Approximately 81% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 70% in Fiscal 2022. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.

- Approximately 76% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 24% was generated from international drilling contracts, compared to 74% and 26% respectively in Fiscal 2022.

BUSINESS STRATEGY

Orbit Garant's goal is to be the leading Canadian-based mineral drilling company, 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 Canada and other 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;
- 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.

At the time of this report, the spot price of gold was approximately US$1,930 per ounce, representing an increase of approximately 15% compared to a year ago and an increase of approximately 62% from its trailing five-year price low in September 2018. During August 2020, the spot price of gold traded at a record high of approximately US$2,075 per ounce.

Base Metals

Aluminum, copper, lead, nickel and zinc are the primary 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.

The spot prices of copper and lead are currently higher compared to 12 months ago, while the spot prices of aluminium, nickel and zinc are lower. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$3.52 per pound a year ago and at the time of this report was approximately US$3.75 per pound, an increase of approximately 7%. The spot price of copper, which reached a low of approximately US$2.10 per pound in March 2020, is currently above the mid-point of its trailing five-year price range. The spot price of lead is also above the mid-point of its trailing five-year price range, while the spot prices of aluminum, nickel and zinc are below the mid-points of their respective trailing five-year price ranges.

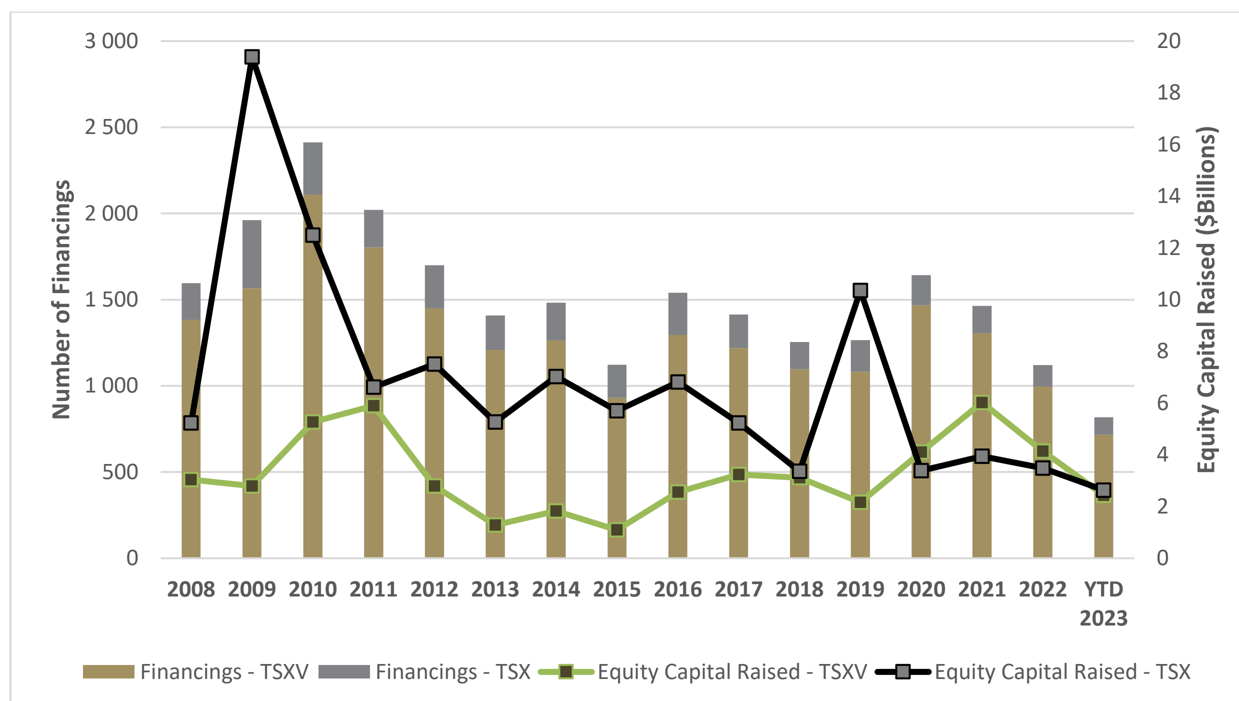
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short-term mismatches between supply and demand, and other factors. At the time of this report, the spot price of iron ore was approximately US$125 per tonne, compared to approximately US$100 per tonne one year ago. In May 2021, the spot price of iron ore reached a record high of approximately US$233 per tonne.

Market Participants

Over the last 12 months, gold and base metals prices have been relatively favourable for mining companies seeking to raise capital to fund exploration and/or development activities. Mining financing activity in the first eight months of 2023 was above the comparable levels in 2022, but below the comparable levels in 2021.

TSX / TSX-V Mining Sector Financings (2008 to August 31, 2023)



Mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange ("TSX-V") completed 818 financings and raised $5.1 billion of equity capital during the first eight months of 2023, according to TMX Group. By comparison, they completed 753 financings and raised $4.8 billion of equity capital during the first eight months of 2022. In the comparable period in 2021, they completed 1,018 financings and raised $7.3 billion of equity capital.

According to reports from S&P Capital IQ Metals and Mining Research, drilling results were reported from 256 projects in June 2023, compared to 332 projects in May 2023 and 285 projects in April 2023. The total number of drill holes in June 2023 was 3,821, compared to 4,637 in May and 3,691 in April. While global drilling activity slowed in June 2023, there were significant month-over-month increases in the prior two months.

According to a report from S&P Global Market Intelligence (March 2023), global exploration budgets for nonferrous metals increased by an estimated 16% to US$13.0 billion in 2022, from US$11.2 billion in 2021, reflecting the industry's continued recovery from the negative impact of the COVID-19 pandemic. S&P noted that strong metal prices supported continued investment in exploration and/or development programs by mining companies in 2022, though activity slowed in the second half of the year, reflecting slightly weaker metal prices and lower financing activity. For 2023, S&P forecasts that global exploration budgets for nonferrous metals will decline by 10% to 20% from 2022 levels, reflecting global economic uncertainty.

OVERALL PERFORMANCE

Results of operations for the year ended June 30, 2023

FISCAL YEARS ENDED JUNE 30 * ($millions)		Fiscal 2023	Fiscal 2022	2023 vs. 2022 Variance
Revenue *		**201.0**	195.5	**5.5**
Gross profit *		**18.3**	13.7	**4.6**
Gross margin (%)		**9.1**	7.0	**2.1**
Adjusted gross margin (%) [(1)]		**16.2**	12.2	**4.0**
Net earnings (loss) *		**(0.7)**	(6.6)	**5.9**
Net earnings (loss) per common share	- Basic ($)	**(0.02)**	(0.18)	**0.16**
	- Diluted ($)	**(0.02)**	(0.18)	**0.16**
Adjusted EBITDA * [(2)]		**19.1**	10.0	**9.1**

[(1)] Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."
[(2)] Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

Orbit Garant had 212 drill rigs as at June 30, 2023, compared to 217 drill rigs at the end of Fiscal 2022. During Fiscal 2023, the Company manufactured five new drill rigs, while five conventional drill rigs were dismantled and five were sold in Burkina Faso. Orbit Garant currently has 44 drill rigs outfitted with computerized monitoring control technology.

During the year, the Company made the decision to exit Burkina Faso due to the significant additional investment required to generate an acceptable return on investment, as well as the increased security concerns within the country. therefore, the Company expects to complete its drilling program in Burkina Faso during the second quarter of Fiscal 2024. As a result of this restructuring initiative, Orbit Garant recognized a write-down of inventories based on the fair value less cost of disposal for a portion of inventories and estimated sales less cost to complete for inventory expected to be consumed until the end of the contract. Fair value was determined using industry knowledge. The restructuring charges consist of a one-time, non-cash write-down of $4.2 million to reduce inventory to net realizable value.

SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30 *($millions)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Contract revenue			
Drilling Canada *	152.1	145.2	130.0
Drilling International *	48.9	50.3	33.3
Total *	201.0	195.5	163.3
Gross profit *	18.3	13.7	20.3
Gross margin (%)	9.1	7.0	12.4
Adjusted gross margin (%) (1)	16.2	12.2	17.9
Net earnings (loss) *	(0.7)	(6.6)	2.3
Net earnings (loss) per common share ($)	(0.02)	(0.18)	0.06
Net earnings (loss) per common share diluted ($)	(0.02)	(0.18)	0.06
Total assets *	127.6	137.1	138.1
Long-term debt including current portion *	34.3	36.9	32.4
Lease liabilities including current portion*	1.2	2.1	2.0
Adjusted EBITDA * (2)	19.1	10.0	17.6
Adjusted EBITDA margin (%) (2)	9.5	5.1	10.9
Total metres drilled (million)	1.6	1.8	1.7

(1) Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."
(2) Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures".

RESULTS OF OPERATIONS

FISCAL 2023 COMPARED TO FISCAL 2022

Contract Revenue

Revenue in Fiscal 2023 totalled $201.0 million, an increase of 2.8%, compared to $195.5 million in Fiscal 2022. The increase was primarily attributable to increased specialized drilling activity and improved pricing in Canada, partially offset by a decline in international drilling activity.

Canada revenue totalled $152.1 million in Fiscal 2023, an increase of 4.8% compared to $145.2 million in Fiscal 2022, reflecting increased specialized drilling activity and improved pricing, partially offset by a reduction of drilling activity in the fourth quarter of 2023 ("Q4 2023") due to forest fires in Québec as well as customer decisions to temporarily suspend or reduce drilling activity on certain other projects, as described further below in the discussion of Q4 2023 results.

International revenue totalled $48.9 million in Fiscal 2023, a decrease of 2.8%, compared to $50.3 million in Fiscal 2022. The decline was primarily due to a reduction of drilling activity in Burkina Faso, partially offset by increased drilling activity in Chile and Guinea.

Write-down of inventories from restructuring in Burkina Faso

The Company recorded a restructuring charge in Q4 2023 relating to its decision to exit Burkina Faso and to complete its drilling program in the country during the second quarter of Fiscal 2024. The restructuring charges consist of a one-time, non-cash write-down of $4.2 million to reduce inventory to net realizable value.

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

Gross profit for Fiscal 2023 was $18.3 million, compared to $13.7 million in Fiscal 2022. Gross margin was 9.1% compared to 7.0% in Fiscal 2022. Depreciation expenses and the write-down of inventories from restructuring totalling $10.1 million and $4.2 million, respectively, are included in cost of contract revenue for Fiscal 2023, compared to depreciation expenses of $10.1 million in Fiscal 2022. Adjusted gross margin, excluding depreciation expenses and write-down of inventories from restructuring, was 16.2% in Fiscal 2023, compared to 12.2% in Fiscal 2022.

The increases in gross profit and gross margin were primarily attributable to increased specialized drilling activity, improved pricing and cost controls in Canada, partially offset by the $4.2 million write-down of inventories from restructuring and a reduction of drilling activities in Canada in Q4 2023, as discussed further below in the discussion of Q4 2023 results. Prior year margins were impacted by project ramp-up costs in Canada, mobilization costs for new, long-term projects in Guinea and Chile, and Omicron-related work interruptions starting in November 2021.

General and Administrative Expenses

General and administrative (G&A) expenses were $16.4 million, or 8.2% of revenue in Fiscal 2023, compared to $14.5 million or 7.4% of revenue in Fiscal 2022.

Operating Results

Earnings from operations for Fiscal 2023 were $5.7 million, compared to $2.4 million in Fiscal 2022.

Drilling Canada's operating earnings totalled $16.2 million in Fiscal 2023, compared to operating earnings of $12.2 million in Fiscal 2022. The increase is primarily attributable to increased specialized drilling activity, improved pricing, cost controls, and decreased project ramp-up costs, partially offset by a reduction of drilling activities in Canada in Q4 2023, as discussed further below. Drilling Canada's operating earnings in Fiscal 2022 also reflect Omicron-related work interruptions starting in November 2021.

Drilling International's operating loss was $10.5 million in Fiscal 2023, compared to an operating loss of $9.8 million in Fiscal 2022. The increased operating loss was attributable to the $4.2 million write-down of inventories from restructuring, partially offset by increased drilling activity in Chile and Guinea, reduced mobilization costs related to the Company's projects in Chile and Guinea, and the absence of Omicron-related work interruptions in Chile.

Foreign Exchange (Gain) Loss

Foreign exchange gain was $1.9 million in Fiscal 2023, compared to a foreign exchange loss of $0.4 million in Fiscal 2022.

Adjusted EBITDA and EBITDA (see Reconciliation of non-IFRS financial measures)

Adjusted EBITDA was $19.1 million for Fiscal 2023, an increase of $9.1 million compared to EBITDA of $10.0 million in Fiscal 2022. The increase was primarily attributable to increased specialized drilling activity, improved pricing and cost controls in Canada and a $1.9 million foreign exchange gain, partially offset by a reduction of drilling activities in Canada in Q4 2023, as discussed below. Prior year EBITDA reflects higher project ramp-up costs in Canada, higher mobilization costs for new long-term projects in Guinea and Chile, and Omicron-related work interruptions beginning in November 2021.

Financial Expenses

Interest costs related to long-term debt, lease liabilities and bank charges were $3.4 million in Fiscal 2023, compared to $2.2 million during Fiscal 2022, reflecting general interest rate increases.

Income Tax

Income tax expense was $1.1 million in Fiscal 2023, compared to an income tax expense of 3.2 million in Fiscal 2022. The effective tax rate for Fiscal 2023 results from no deferred tax assets being recognized for international operations, offset by the recognition of previously unrecognized deductible temporary differences and tax losses of prior periods in Chile.

Net Loss

Net loss for Fiscal 2023 was $0.7 million, or $0.02 per share, compared to a net loss of $6.6 million, or $0.18 per share, in Fiscal 2022. The positive variance in Fiscal 2023 is primarily attributable to a higher proportion of specialized drilling activity, improved pricing and cost controls in Canada, and a $1.9 million foreign exchange gain, partially offset by the $4.2 million non-cash write-down of inventories from restructuring, the reduction of drilling activities in Canada in Q4 2023, and a $1.1 million increase in interest expense. The reduced net loss for Fiscal 2023 also reflects decreased project ramp-up costs in Canada, a reduction in mobilization costs for drilling projects in Guinea and Chile, and the absence of Omicron-related work interruptions.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2023				Fiscal 2022			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		46.8	49.3	51.6	53.3	53.8	45.2	45.9	50.6
Gross profit [(1)]*		0.7	4.6	6.8	6.2	6.9	0.3	2.7	3.8
Gross margin %		1.4	9.4	13.1	11.7	12.8	0.7	6.0	7.4
Net earnings (loss) *		(4.1)	0.2	2.1	1.1	0.5	(4.1)	(1.7)	(1.3)
Net earnings (loss) per common share ($)	- Basic	(0.11)	0.01	0.05	0.03	0.01	(0.10)	(0.05)	(0.04)
	- Diluted	(0.11)	0.01	0.05	0.03	0.01	(0.10)	(0.05)	(0.04)

[(1)] Includes amortization and depreciation expenses related to operations and write-down of inventories from restructuring in Burkina Faso.

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 2023 ("Q4 2023"), COMPARED TO THE FOURTH QUARTER OF FISCAL 2022 ("Q4 2022")

Contract Revenue

Revenue for Q4 2023 totalled $46.8 million, a decrease of 13.1% compared to $53.8 million for Q4 2022, reflecting a decrease in drilling activity in Canada, partially offset by increased international drilling activity.

Canada revenue totalled $32.6 million in Q4 2023, a decrease of 22.6% compared to $42.0 million in Q4 2022. The decline is primarily attributable to a reduction of drilling activity in the quarter due to forest fires in Québec as well as customer decisions to temporarily suspend or reduce drilling activity on certain other projects. All of the Company's surface and underground drilling projects in Québec and one surface drilling project in Ontario were suspended for various periods from May 29 into July 2023 due to forest fires. These drilling project suspensions resulted in a revenue reduction of approximately $3.0 million in Q4 2023. The Company started ramping these projects back up in early July and by July 26, operations on all previously suspended surface and underground drilling projects had fully resumed. The Company expects to resume operations on its other drilling projects that were temporarily suspended or reduced due to customer decisions by January 2024. One of these projects resumed in mid-August 2023.

International revenue increased to $14.2 million in Q4 2023 from $11.8 million in Q4 2022. The increase was primarily attributable to increased drilling activity in Chile.

Write-down of inventories from restructuring in Burkina Faso

The Company recorded a one-time, non-cash $4.2 million restructuring charge in Q4 2023 relating to its decision to exit Burkina Faso and complete its drilling program in the country during the second quarter of Fiscal 2024. The restructuring charge reflects a write-down of inventory to its net realizable value.

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

Gross profit for Q4 2023 was $0.7 million compared to $6.9 million in Q4 2022. Gross margin for Q4 2023 was 1.4% compared to 12.8% in Q4 2022. The decrease in gross profit and gross margin was primarily attributable to the $4.2 million write-down of inventories from restructuring and a reduction of drilling activity in Canada during the quarter, as discussed above. Depreciation expenses and the write-down of inventories from restructuring totalling $2.6 million and $4.2 million, respectively, are included in the cost of contract revenue for Q4 2023, compared to depreciation expenses of $2.3 million in Q4 2022. Adjusted gross margin, excluding depreciation expenses and the write-down of inventories from restructuring, was 15.9% in Q4 2023, compared to adjusted gross margin of 17.2% in Q4 2022. The decline in adjusted gross margin was primarily attributable to the Company's reduction of drilling activity in Canada during the quarter.

General and Administrative Expenses

G&A expenses were $5.1 million, or 10.9% of revenue, in Q4 2023, compared to $3.8 million, or 7.0% of revenue, in Q4 2022.

Operating Results (Loss)

Loss from operations for Q4 2023 was $3.5 million compared to earnings from operations of $4.0 million in Q4 2022.

Drilling Canada's operating earnings totalled $1.3 million in Q4 2023, compared to $6.0 million in Q4 2022. The decline was primarily attributable to the Company's reduction of drilling activity, as discussed above.

Drilling International's operating loss totalled $4.8 million in Q4 2023, compared to an operating loss of $2.0 million in Q4 2022. The increased loss from operations was primarily attributable to the $4.2 million write-down of inventories from restructuring, partially offset by the increased drilling activity in Chile.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.8 million in Q4 2023, compared to a foreign exchange loss of $0.1 million in Q4 2022.

Adjusted EBITDA and EBITDA (see Reconciliation of non-IFRS financial measures)

Adjusted EBITDA totalled $1.8 million in Q4 2023, compared to EBITDA of $5.7 million in Q4 2022. The decrease was primarily attributable to the reduction of drilling activity in Canada, as discussed above.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.9 million in Q4 2023, compared to $0.7 million in Q4 2022.

Income Tax (Recovery)

Income tax recovery was $2.1 in Q4 2023, compared to a tax expense of $1.9 million in Q4 2022.

Net Earnings (Loss)

Net loss for Q4 2023 was $4.1 million, or $0.11 per share, compared to net earnings of $0.5 million, or $0.01 per share, in Q4 2022. The net loss in Q4 2023 was primarily attributable to the $4.2 million write-down of inventories from restructuring and a reduction of drilling activity in Canada, as discussed above.

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"), West African Francs ("XOF"), and Guinean Francs ("GNF"), and is thus exposed to foreign exchange fluctuations. Orbit Garant does not actively manage this risk.

As at June 30, 2023, and 2022, the Company had the following amounts of cash and accounts receivable in foreign currencies and has provided the respective impact on earnings before income taxes ("EBIT") in Canadian dollars, if the corresponding foreign exchange rates were to change by plus or minus 10%:

As at June 30, 2023 (millions)	US $	CLP	GHS	XOF	GNF
Cash	0.2	177.6	-	565.7	2,566.9
Accounts receivable	0.4	2,797.3	-	182.7	7,036.2
EBIT impact +/- 10% CAD$	(0.1)	0.2	-	0.1	-

As at June 30, 2022 (millions)	US $	CLP	GHS	XOF	GNF
Cash	0.1	42.3	-	332.2	1,321.6
Accounts receivable	0.5	1,381.8	5.9	609.4	3,656.4
EBIT impact +/- 10% CAD$	(0.1)	-	0.1	-	

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 $18.8 million in Fiscal 2023, compared to $9.3 million in Fiscal 2022.

The change in non-cash operating working capital items was an outflow of $0.7 million, compared to an outflow of $1.1 million in Fiscal 2022.The change in non-cash operating working capital in Fiscal 2023 was primarily attributable to:

- $9.7 million related to a decrease in accounts receivable and prepaid expenses, partially offset by
- $8.8 million related to a decrease in accounts payable, and
- $1.6 million related to an increase in inventory.

Investing Activities

Cash used in investing activities totalled $8.4 million in Fiscal 2023, compared to $10.8 million in Fiscal 2022. During Fiscal 2023, $9.4 million was used for the acquisition of property, plant and equipment and intangible assets, partially offset by a cash inflow of $1.0 million on disposal of investments, property plant and equipment. During Fiscal 2022, $12.0 million was used for the acquisition of property, plant and equipment, intangible assets and for deposits on purchased equipment, partially offset by a cash inflow of $1.2 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2023, the Company repaid a net amount of $4.4 million of its long-term debt and lease liabilities. In Fiscal 2022, cash flow of $2.7 million was generated from financing activities.

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., in its capacity as agent ("National Bank"). On March 8, 2021, the Company and National Bank entered into a fourth amended and restated credit agreement in respect of the Credit Facility which was subsequently amended by a first amending agreement dated as of November 22, 2021, and a second amending agreement dated as of May 10, 2022, and a third amending agreement dated September 9, 2022 (collectively, the "Credit Agreement"). This Credit Facility, as at June 30, 2023, consisted of a $30.0 million revolving credit facility and a US$5.0 million revolving credit facility guaranteed by Export Development Canada ("EDC"). The Credit Agreement expires on November 2, 2024.

On September 9, 2022, the Company entered into an additional loan agreement with the Business Development Bank of Canada (the "BDC Loan Agreement") which provides for a term loan in the principal amount of $8.47 million. The loan bears interest at a fixed rate of 6.70% per year, has a 20-year term and is repayable by way of 240 consecutive monthly payments from November 2022 until October 2042. The fixed interest rate may be reduced by 0.20% from November 2023, if certain financial covenants are met by the Company. Orbit Garant's obligations under the BDC Loan Agreement are secured: (a) by a first ranking immovable hypothec on the building serving as the Company's head office located in Val-d'Or, Quebec (the "Property"); and (b) guaranteed on a solidary (joint and several) basis by certain of the Company's subsidiaries.

As a result of Orbit Garant entering into the BDC Loan Agreement and in order to extract the Property from the borrowing base under the Credit Agreement, the Company entered into a third amending agreement to the Credit Agreement with National Bank on September 9, 2022 (the "Third Amending Agreement"), pursuant to which the amount available for borrowing under the revolving facility contemplated under the Credit Agreement was reduced, as of that date, from $35.0 to $30.0 million. Other noteworthy amendments made pursuant to the Third Amending Agreement include consents by National Bank to authorize the first ranking immovable hypothec on the Property pursuant to the BDC Loan Agreement and modifications to certain financial covenants of the Company applicable to its first fiscal

quarter of 2023 and future quarters.

Orbit Garant repaid a net amount of $9.3 million in Fiscal 2023 on its Credit Facility, compared to a withdrawal of $7.3 million in Fiscal 2022. The Company's long-term debt, under the Credit Facility, including US$2.0 million ($2.6 million) drawn from the US$5.0 million revolving credit facility and the current portion, was $22.2 as at June 30, 2023, compared to $31.5 million as at June 30, 2022. The reduction primarily reflects the utilization of a substantial portion of the $8.47 million borrowed under the BDC Loan Agreement to repay amounts draw on Credit Facility.

As at June 30, 2023, the Company's working capital totalled $50.4 million, compared to $53.4 million as at June 30, 2022. Orbit Garant'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 repayment of its debt obligations. Orbit Garant principal capital expenditures are related to the acquisition of drill rigs and related drilling equipment.

Sources of Financing

As at June 30, 2023, Orbit Garant complied with all covenants in the Credit Agreement, in the EDC Loan and the BDC Loan Agreements. The Company expects that availability under the Credit Facility will continue to provide it with sufficient liquidity to fund its working capital and capital asset acquisition requirements.

Orbit Garant's primary sources of liquidity are cash flows from operations and borrowings under its Credit Facility. The Credit Facility matures November 2, 2024. As at June 30, 2022, the Company had drawn $22.2 million ($31.5 million as at June 30, 2022) under the Credit Facility.

Availability under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. Except as noted above, 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 EDC.

The Credit Agreement contains covenants that limit Orbit Garant'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 Agreement also contains a number of financial covenants that the Company must comply with.

On December 20, 2018, Orbit Garant entered into an additional loan agreement with EDC for a term loan in the principal amount of up to US$5.15 million for the purposes of financing the acquisition of certain assets of Projet Production International BF S.A. that was completed on October 11, 2018 (the "EDC Loan"). Orbit Garant is required to repay this loan in 57 consecutive monthly installments commencing May 2019, and maturing July 2024. The Company's obligations under the EDC Loan, are secured by a junior hypothec over all of Orbit Garant's assets. Orbit Garant's long-term debt under the EDC Loan including the current portion, amounted to $1.5 million as at June 30, 2023 ($3.0 million as at June 30, 2022).

In February 2021, OG Chile, entered into a financing agreement with Banco Scotiabank for a total of approximately $2.6 million in order to purchase the office building it had rented for several years. This agreement bears interest at a rate of 3.3% per annum, has a term of 84 months and is guaranteed by OG Chile's real estate assets. Orbit Garant's long-term debt under this financing agreement, including current portion, amounted to $2.5 million as at June 30, 2023, ($2.1 million as at June 30, 2022).

Orbit Garant believes that it will continue to meet its payment terms under its credit facilities and have sufficient resources to carry on its business operations.

As at June 30, 2023, the Company had future contractual obligations as follows:

($000s)	Total	Less than 1 year	1-3 years	4-5 years	Subsequent years
Long-term debt	34,638	1,994	23,250	2,422	6,972
Lease liabilities	1,219	528	530	161	-
Short-term leases	6	6	-	-	-
Total	35,863	2,528	23,780	2,583	6,972

OUTSTANDING SECURITIES AS AT SEPTEMBER 19, 2023

Number of common shares	37,372,756
Number of options	1,960,000
Fully diluted	39,332,756

During Fiscal 2023, the Company issued 550,000 options and cancelled 1,833,500 options.

RELATED PARTY TRANSACTIONS

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

During Fiscal 2023, and Fiscal 2022, the Company entered into the following transactions with its related company and with persons related to directors:

($000s)	Fiscal 2023	Fiscal 2022
Revenue	35	31
Expenses	96	172

As at June 30, 2023, a negligible amount was a receivable resulting from these transactions (a negligible amount as at June 30, 2022)

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

($000s)	Fiscal 2023	Fiscal 2022
Salaries and fees	1,195	1,054
Share-based compensation	62	84
Total	1,257	1,138

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 3 of the Fiscal 2023 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

Part of the inventory was estimated based on the number of drills on mining site. In estimating the cost of this inventory, management considers the estimated amount of inventory per drill, based on the most reliable evidence available at the time the estimate was made.

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. As at June 30,2023, the Company concluded that there were impairment indicators for assets located in Burkina Faso, and it performed an impairment test was performed on property, plant and equipment, right of use assets and intangible assets located in Burkina Faso. No impairment was recognized as a result of this test. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of future cash flows. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions are used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Consequently, the impact on the Consolidated Financial Statements of future periods could be material.

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.

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. The Company's income tax provision is based on tax rules and regulations that are subject to interpretation and may be challenged by tax authorities. 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.

B- JUDGMENTS

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.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease if a significant event of change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew has occurred.

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.

<u>EBITDA, adjusted EBITDA and adjusted EBITDA margin:</u>

EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of the write-down of inventories from restructuring in Burkina Faso. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.

<u>Adjusted gross profit and adjusted gross margin:</u>

Adjusted gross profit is defined as gross profit excluding depreciation and write-down of inventories from restructuring in Burkina Faso. Adjusted gross margin is defined as the percentage of adjusted gross profit to contract revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

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, income taxes and restructuring costs. 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, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited) (in millions of dollars)	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net earnings (loss) for the period	(4.1)	0.5	(0.7)	(6.6)	2.3
Add:					
Finance costs	0.9	0.7	3.4	2.2	2.3
Income tax expense	(2.1)	1.9	1.1	3.2	2.5
Depreciation and amortization	2.9	2.6	11.1	11.2	10.5
EBITDA	(2.4)	5.7	14.9	10.0	17.6
Write-down of inventories from restructuring in Burkina Faso	4.2	-	4.2	-	-
Adjusted EBITDA	1.8	5.7	19.1	10.0	17.6
Contract revenue	46.8	53.8	201.0	195.5	163.3
Adjusted EBITDA margin (%) [1]	3.8	10.6	9.5	5.1	10.9

[1] Adjusted EBITDA, divided by contract revenue X 100

Adjusted Gross Profit and Adjusted Gross Margin

Although adjusted gross profit and adjusted gross 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 Adjusted Gross Margin

(unaudited) (in millions of dollars)	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Contract revenue	46.8	53.8	201.0	195.5	163.3
Cost of contract revenue	46.2	46.8	182.7	181.7	143.1
Less:					
depreciation	(2.6)	(2.3)	(10.1)	(10.0)	(8.9)
write-down of inventories from restructuring in Burkina Faso	(4.2)	-	(4.2)	-	-
Direct costs	39.4	44.5	168.4	171.7	134.2
Adjusted gross profit	7.4	9.3	32.6	23.8	29.1
Adjusted gross margin (%) [1]	15.9	17.2	16.2	12.2	17.9

[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 19, 2023. 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 occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

Pandemics, Force Majeure, and Natural Disasters

The Company may be affected by pandemics such as the COVID-19 coronavirus, force majeure events and natural disasters. The likelihood and magnitude of such events are inherently difficult to predict, and their significance is highly uncertain and may depend on factors beyond the Company and its control. A prolonged economic disruption, following such an event or disaster, including the COVID-19 outbreak, may have a material and adverse impact on revenues, cash flow and profitability of the Company, including, without limitation, by compromising employee health and productivity in the workplace, disruption of supply chains and the business of the Company's customers.

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, legal, 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 from 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

Orbit Garant 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 its administration are extremely complex and often require 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, 2024. 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

Orbit Garant 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 Orbit Garant'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

Orbit Garant's ability to grow will depend on several 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 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

Orbit Garant 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 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 $, CLP, GHS, XOF and GNF and is thus exposed to foreign exchange fluctuations. As at June 30, 2023, the Company had the following currency risk exposure related to financial assets and liabilities in US $, CLP, GHS, XOF, and GNF of approximately: $(1.0), $2.7, $0.2, $1.2 and $0.6 million, respectively in Canadian dollars ($(1.1), $(0.5), $1.3, $(0.4) and $0.1 respectively in Canadian dollars as at June 30, 2022). 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 because 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 including forest fires. 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

Orbit Garant 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

Orbit Garant operates in various regions and jurisdictions where environmental laws are evolving and may be different according to each jurisdiction. 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 in some of the Company's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters including forest fires, 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 always 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 19, 2023, Pierre Alexandre, President and CEO, holds or controls, directly or indirectly, approximately 24% 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 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, 2023, the amount of the insurance coverage from EDC represents 4% of the accounts receivable (4% as at June 30, 2022).

As at June 30, 2023, 72% (73% as at June 30, 2022) of the trade accounts receivable are aged as current and 3% are impaired (1% as at June 30, 2022).

Three major customers represent 41% of the trade accounts receivable as at June 30, 2023 (one major customer represented 12% as at June 30, 2022).

One major customer represents 18% of the contract revenue for the year ended June 30, 2023 (for the year ended June 30, 2022, one major customer represented 13% 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 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, 2023, the Company estimates 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 ($0.3 million as at June 30, 2022).

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 receivables, trade and other payables and factoring liability is approximately equal to their carrying values due to their short-term maturity.

The fair value of the long-term debt is determined using an evaluation of the estimated market value using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions.

OUTLOOK

Customer demand for mineral drilling services in Canada remains strong. However, this high level of demand has resulted in an industry shortage of experienced drillers, which has impeded Orbit Garant's productivity levels in the near term. Further, the shortage has resulted in increased wage costs for experienced drillers. Orbit Garant is addressing the shortage of experienced drillers in Canada through its driller training program, increased wages and its computerized drilling technology. The Company is not experiencing a shortage of experienced drillers in its international operations. The recent global inflation in costs for supplies and materials has also impacted the mineral drilling industry. To offset the increased wage costs in Canada and the higher costs of supplies and materials globally, the Company has been able to implement price increases on its drilling contracts over the past year. Orbit Garant expects to gradually increase its drilling personnel capacity utilization, and driller productivity to drive growth in margins.

The recent forest fires in the Abitibi-Témiscamingue region of Québec that forced Orbit Garant to suspend all its surface and underground drilling projects in Québec and one project in Ontario for various periods from May 29 into July 2023, have abated. The Company started ramping these drilling projects back up in early July and by July 26, operations on all previously suspended surface and underground drilling projects had fully resumed. There have been no further wildfire-related project interruptions. Orbit Garant's drilling activity in Canada was also reduced during Q4 2023 due to customer decisions to temporarily suspend or reduce drilling activity on certain other projects. The Company expects to fully resume operations on these projects by January 2024**.** One of these projects resumed in mid-August 2023.

Management believes that the long-term outlook for drilling in the gold industry is positive, as many mining companies are facing declining reserves. Accordingly, increased spending on exploration and mine development will be required for the industry to remain viable. The current strong price of gold supports exploration and development spending on gold projects. Orbit Garant is well positioned to benefit from increased drilling services demand in the gold sector as it derived approximately 65% of its revenue from gold related projects during Fiscal 2023.

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 through 2024. Orbit Garant generated approximately 76% of its revenue from its Canadian operations in Fiscal 2023 and 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 $0.74 US dollars.

Copper prices are higher compared to 12 months ago, and long-term market sentiment for the metal is positive due to tight supply-demand fundamentals and its important role in the electrification of the global economy. Many industry analysts expect that declining global copper reserves may necessitate increased exploration and development

spending for copper over the near to long term. Orbit Garant is well positioned for increased spending on copper exploration and development projects due to its presence in Chile, which is the global leader in copper production.

Orbit Garant's international operations provide enhanced market, customer and commodity diversification, as well as increased access to higher margin specialized drilling activity. In South America, Orbit Garant is currently working on projects in Chile and Guyana. In West Africa, the Company is currently working on projects in Guinea and Burkina Faso. Due to the ongoing political instability and security concerns in Burkina Faso, the Company intends to fulfill its remaining drilling contract in the country by the end of the second quarter of Fiscal 2024 and then exit this market altogether.

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 training and productivity rates, and improving safety. Orbit Garant currently has 44 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have demonstrated a significant increase in productivity rates compared to conventional drill rigs. Orbit Garant's customers have responded positively to this improved performance, which has led to new or renewed underground drilling contracts for longer terms.

Looking ahead, Orbit Garant intends to primarily focus on its Canadian gold drilling operations, prioritizing longer-term, specialized drilling contracts with major and intermediate customers. The Company will selectively pursue international drilling opportunities in South America and West Africa when there is a high degree of cost and margin certainty. Orbit Garant will continue to focus on disciplined management of its variable cost structure and cash, optimizing its drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, driller training, retaining key personnel, and maintaining strong health and safety standards. The Company's primary objective is to maximize profitability on a sustainable basis.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their 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 includes 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, 2023, 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, 2023.

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 2023, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirmed 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, 2023, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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