



**Unaudited Interim Condensed Consolidated
Financial Statements**

Third Quarter Fiscal 2024

(For the three and nine-month periods ended March 31, 2024 and 2023)

These interim condensed consolidated financial statements have not been reviewed by the Company's independent auditors.

ORBIT GARANT DRILLING INC.**Interim Condensed Consolidated Statements of Earnings (Loss)**

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share)

(Unaudited)

	Notes	March 31 2024 (3 months) \$	March 31 2023 (3 months) \$	March 31 2024 (9 months) \$	March 31 2023 (9 months) \$
Contract revenue	18	48,206	49,345	135,867	154,203
Cost of contract revenue	4	42,043	44,699	122,792	136,542
Gross profit		6,163	4,646	13,075	17,661
Expenses (income)					
General and administrative expenses		3,526	3,574	11,612	11,349
Foreign exchange loss (gain)		1,059	(731)	1,458	(2,693)
Finance costs		908	862	2,643	2,429
	4	5,493	3,705	15,713	11,085
Earnings (loss) before income taxes		670	941	(2,638)	6,576
Income tax expense (recovery)	11				
Current		(60)	507	14	2,629
Deferred		(1,235)	237	(2,509)	550
		(1,295)	744	(2,495)	3,179
Net earnings (loss)		1,965	197	(143)	3,397
Net earnings (loss) per share	10				
Basic		0.05	0.01	-	0.09
Diluted		0.05	0.01	-	0.09

ORBIT GARANT DRILLING INC.**Interim Condensed Consolidated Statements of Comprehensive Earnings (Loss)**

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Net earnings (loss)	1,965	197	(143)	3,397
Other comprehensive earnings (loss)				
Cumulative translation adjustments	(95)	11	(567)	(362)
Other comprehensive earnings (loss), net of income tax	(95)	11	(567)	(362)
Comprehensive earnings (loss)	1,870	208	(710)	3,035

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Changes in Equity

For the nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

Nine-month period ended March 31, 2024					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
Balance as at July 1, 2023	(Note 10) 59,204	981	5,786	(4,327)	61,644
Total comprehensive earnings (loss)					
Net loss	-	-	(143)	-	(143)
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(567)	(567)
Other comprehensive loss	-	-	-	(567)	(567)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 10)	-	102	-	-	102
Share options cancelled	-	(204)	204	-	-
Total transactions with shareholders	-	(102)	204	-	102
Balance as at March 31, 2024	59,204	879	5,847	(4,894)	61,036

Nine-month period ended March 31, 2023					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
Balance as at July 1, 2022	(Note 10) 59,204	1,624	5,729	(4,052)	62,505
Total comprehensive loss (earnings)					
Net earnings	-	-	3,397	-	3,397
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(362)	(362)
Other comprehensive loss	-	-	-	(362)	(362)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 10)	-	75	-	-	75
Share options cancelled	-	(490)	490	-	-
Total transactions with shareholders	-	(415)	490	-	75
Balance as at March 31, 2023	59,204	1,209	9,616	(4,414)	65,615

ORBIT GARANT DRILLING INC.
Interim Condensed Consolidated Statements of Financial Position

As at March 31, 2024 and June 30, 2023

(in thousands of Canadian dollars)

(Unaudited)

	Notes	March 31 2024	June 30 2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		813	2,181
Trade and other receivables		36,516	30,538
Inventories		45,619	47,674
Income taxes receivable		592	580
Prepaid expenses		905	1,017
		84,445	81,990
Non-current assets			
Investments	5	87	320
Property, plant and equipment	6	40,482	41,156
Right-of-use assets		3,156	1,925
Intangible assets		217	296
Deferred tax assets		2,852	1,876
Total assets		131,239	127,563
LIABILITIES			
Current liabilities			
Trade and other payables		32,570	27,621
Income taxes payable		5	1
Factoring liability		1,251	1,449
Current portion of long-term debt	7	830	1,994
Current portion of lease liabilities	8	1,033	528
		35,689	31,593
Non-current liabilities			
Deferred tax liabilities		-	1,291
Long-term debt	7	32,758	32,344
Lease liabilities	8	1,756	691
		70,203	65,919
EQUITY			
Share capital	10	59,204	59,204
Equity-settled reserve		879	981
Retained earnings		5,847	5,786
Accumulated other comprehensive loss		(4,894)	(4,327)
Equity attributable to shareholders		61,036	61,644
Total liabilities and equity		131,239	127,563

Contingencies and commitments (notes 13 and 14)

APPROVED BY THE BOARD

Pierre Alexandre, Director

Nicole Veilleux, Director

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Cash Flows

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

		March 31	March 31	March 31	March 31
	Notes	2024	2023	2024	2023
		(3 months)	(3 months)	(9 months)	(9 months)
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Earnings (loss) before income taxes		670	941	(2,638)	6,576
Items not affecting cash					
Depreciation of property, plant and equipment		2,193	2,546	7,380	7,723
Depreciation of right-of-use assets		158	135	453	387
Amortization of intangible assets		13	49	133	145
Gain on disposal of property, plant and equipment	6	(22)	(175)	(176)	(453)
Derecognition of right-of-use assets and lease liabilities		-	(132)	-	(132)
Share-based compensation	10	43	32	102	75
Finance costs		908	862	2,643	2,429
Net change in fair value of investments	5	12	88	165	109
		3,975	4,346	8,062	16,859
Changes in non-cash operating working capital items	12	(774)	(3,303)	1,112	(7,803)
Income taxes paid		(27)	49	(39)	(415)
Finance costs paid		(883)	(845)	(2,710)	(2,437)
		2,291	247	6,425	6,204
INVESTING ACTIVITIES					
Proceeds from disposal of investments	5	-	-	68	-
Acquisition of property, plant and equipment	6	(1,824)	(2,165)	(7,028)	(6,925)
Proceeds from disposal of property, plant and equipment	6	147	299	449	964
Acquisition of intangible assets		(11)	(134)	(56)	(158)
		(1,688)	(2,000)	(6,567)	(6,119)
FINANCING ACTIVITIES					
Proceeds from factoring		3,422	7,193	11,481	12,837
Repayment on factoring		(2,634)	(5,657)	(11,431)	(10,953)
Proceeds from long-term debt		26,348	23,744	72,895	87,944
Repayment of long-term debt		(28,202)	(21,844)	(73,347)	(88,700)
Repayment of lease liabilities		(343)	(239)	(876)	(693)
		(1,409)	3,197	(1,278)	435
Effect of exchange rate changes on cash and cash equivalents		370	(85)	52	(127)
(Decrease) increase in cash and cash equivalents		(436)	1,359	(1,368)	393
Cash and cash equivalents, beginning of the period		1,249	52	2,181	1,018
Cash and cash equivalents, end of the period		813	1,411	813	1,411

See accompanying notes to interim condensed consolidated financial statements.

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ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

1. DESCRIPTION OF BUSINESS

Orbit Garant Drilling Inc. (the "Company"), incorporated under the *Canada Business Corporations Act*, mainly operates a surface and underground diamond drilling business. The Company has operations in Canada, United States, Central and South America and West Africa.

The Company's head office is located at 3200, boul. Jean-Jacques Cossette, Val-d'Or (Québec), Canada. The Company holds interests in several entities. The percentage of voting rights in its subsidiaries and its associates is as follows:

	% of voting rights
Orbit Garant Drilling Services Inc.	100%
9116-9300 Québec inc. (dissolved on February 1st, 2024)	100%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Orbit Garant Chile S.A.	100%
Orbit Garant Drilling Ghana Limited	100%
Perforación Orbit Garant Peru S.A.C.	100%
OGD Drilling (Guyana) Inc.	100%
Forage Orbit Garant BF S.A.S.	100%
Forage Orbit Garant Guinée SARLU	100%
Sarliaq-Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34"). The IFRS accounting policies that are set out in Note 3 to the Company's annual audited consolidated financial statements for the year ended June 30, 2023 were consistently applied to all periods presented. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's independent auditors.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates, assumptions and judgments. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 4 in the Company's annual audited consolidated financial statements for the year ended June 30, 2023. They remained unchanged for the three and nine-month periods ended March 31, 2024.

These interim condensed consolidated financial statements have been prepared on a historical cost basis except for the investments, which are measured at fair value, and share-based compensation which is measured in accordance with IFRS 2, *Share-Based Payment*. They are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company operates ("functional currency"). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2023 annual audited consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on May 8, 2024.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

2. BASIS OF PREPARATION (continued)

Principles of consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. A subsidiary is an entity controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of its percentage of participation. The existence and effect of potential voting rights are considered when the Company controls another entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the interim condensed consolidated statement of earnings from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

3. Seasonality of operations

The third quarter is normally the Company's weakest quarter in terms of profitability due to the gradual ramp-up of operations after the shutdown of mining and exploration activities over the holiday season and the more difficult weather conditions in Canada.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

4. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

The depreciation expense of property, plant and equipment, depreciation of right-of-use assets and the amortization expense of intangible assets have been charged to the interim condensed consolidated statements of earnings as follows:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Cost of contract revenue	2,159	2,470	7,265	7,503
General and administrative expenses	205	260	701	752
Total depreciation and amortization	2,364	2,730	7,966	8,255

Principal expenses by nature

Cost of contract revenue, general and administrative expenses, foreign exchange loss (gain) and finance costs by nature are as follows:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Depreciation and amortization	2,364	2,730	7,966	8,255
Employee benefits expense	24,959	25,170	69,766	76,860
Cost of inventories	9,989	10,992	30,616	35,047
Interest on long-term debt	823	702	2,392	2,087
Interest on lease liabilities	53	14	130	77
Factoring charges and other interest	32	146	121	265
Other expenses	9,316	8,650	27,514	25,036
Total cost of contract revenue, general and administrative expenses, foreign exchange loss (gain) and finance costs	47,536	48,404	138,505	147,627
Cost of contract revenue	42,043	44,699	122,792	136,542
General and administrative expenses, foreign exchange loss (gain) and finance costs	5,493	3,705	15,713	11,085
Total cost of contract revenue, general and administrative expenses, foreign exchange loss (gain) and finance costs	47,536	48,404	138,505	147,627

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

5. INVESTMENTS

	Nine-month period ended March 31, 2024	Year ended June 30, 2023
	\$	\$
Investments in public companies, beginning of the year	320	146
Conversion of trade receivables	-	485
Proceeds from disposal of investments	(68)	-
Change in fair value of investments measured at fair value through profit or loss	(165)	(311)
Investments in public companies, end of the period	87	320

6. PROPERTY, PLANT AND EQUIPMENT

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Acquisition of property, plant and equipment	1,824	2,165	7,028	6,925
Proceeds from disposal of property, plant and equipment	(147)	(299)	(449)	(964)
Gain on disposal of property, plant and equipment	(22)	(175)	(176)	(453)

The gain on disposal of property, plant and equipment is included in cost of contract revenue.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

7. LONG-TERM DEBT

	March 31 2024	June 30 2023
	\$	\$
Loan of US\$3,000 (June 30, 2023: US\$2,000) authorized for a maximum amount of \$6,775 (US\$5,000), bearing interest at base rate plus 0.25%, effective rate as at March 31, 2024 of 9.25% (June 30, 2023: interest at base rate plus 0.25%, effective rate of 9.00%), maturing in November 2026, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below ^(d)	4,065	2,648
Loan authorized for a maximum amount of \$30,000, bearing interest at prime rate plus 2.00%, effective rate as at March 31, 2024 of 9.20% (June 30, 2023: interest at prime rate plus 1.50%, effective rate of 8.45%), maturing in November 2026, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below ^{(a) (b) (d)}	19,077	19,454
Loan, bearing interest at 6.50%, payable in monthly instalments of \$63, maturing in October 2042, secured by a first rank hypothec on a land and building ^{(c) (e)}	8,052	8,212
Loan of US\$290 (June 30, 2023: US\$1,160), bearing interest at prime rate plus 2.75%, effective rate as at March 31, 2023 of 11.25% (June 30, 2023: bearing interest at prime rate plus 2.75%, effective rate of 11.00%), payable in monthly instalments of \$131 (US\$97) (June 30, 2023 : \$128 (US\$97)), maturing in July 2024, secured by a third rank hypothec on the universality of all present and future assets	393	1,536
Loan of CLF 40 (June 30, 2023: CLF 42), bearing interest at rates of 3.30%, payable in monthly instalments of \$22 (CLF 0.43), maturing in February 2028, secured by land and building. ^(f)	2,001	2,488
	33,588	34,338
Current portion	(830)	(1,994)
	32,758	32,344

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

7. LONG-TERM DEBT (continued)

- (a) The Loans bear interest at either (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant. In addition, the Company incurs commitment fees, varying between 0.35% to 0.84%. The rate is variable based on the quarterly calculation of a financial ratio and can vary from (a) prime rate plus 0.50% to 2.75% or (b) banker's acceptance rate plus 1.50% to 3.75%.
- (b) As at March 31, 2024, an unamortized amount of \$223 (\$146 as at June 30, 2023), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.
- (c) As at March 31, 2024, an unamortized amount of \$116 (\$121 as at June 30, 2023), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.
- (d) On March 26, 2024, the Company signed an amendment to the fifth amended and restated credit agreement with National Bank of Canada in respect of the Credit Facility. The Credit Facility consists of a revolving credit facility in the amount of \$30,000 along with a revolving credit facility in the amount of US\$5,000, that will expire November 2, 2026. In addition, the Company's obligations under the US\$5,000 revolving credit facility are guaranteed by EDC.
- (e) On September 9, 2022, the Company entered into a additional loan agreement with the Business Development Bank of Canada (the "BDC Loan Agreement") for a term loan in the principal amount of \$8,470. The loan bears interest at a fixed rate of 6.50% per year since November 2023, has a duration of 240 consecutive monthly payments from November 2022 until October 2042. The Company's obligations under the BDC Loan Agreement are secured by a first ranking hypothec on the land and building serving as the Company's head office located in Val-d'Or.
- (f) As at March 31, 2024, an unamortized amount of \$23 (\$34 as at June 30, 2023), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

Under the terms of the long-term debt agreements, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 9). As at March 31, 2024, the Company was compliant with its financial covenants (June 30, 2023: the Company was compliant with its financial covenants).

As at March 31, 2024, the prime rate in Canada was 7.20% for Canadian loans (6.95% as at June 30, 2023), the prime rate in United States was 8.50% and the base rate in the United States was 9.00% for US loans (8.25% and 8.75%, respectively as at June 30, 2023).

As at March 31, 2024, principal payments required in the next years are as follows:

	\$
Within one year	830
Later than one year and no later than five years	26,316
More than five years	6,804
	<u>33,950</u>

Long-term debt before unamortized financing costs by currency and by term are as follows:

As at March 31, 2024		Within	Later than one	Later than
\$000s	Total	one year	and no later than	five years
	\$	\$	five years	\$
CAN	27,468	238	20,426	6,804
US (US\$3,290)	4,458	393	4,065	-
Chilean UF (CLF 40)	2,024	199	1,825	-
	<u>33,950</u>	<u>830</u>	<u>26,316</u>	<u>6,804</u>

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

8. LEASE LIABILITIES

The summary of the activity related to the lease liabilities for the three-month and nine-month periods ended March 31, 2024 and 2023 is as follows:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Lease liabilities recognized, beginning of period	2,970	2,011	1,219	2,066
Additions	243	-	2,531	382
Finance cost	53	14	130	77
Payment of lease liabilities, including related finance costs	(396)	(253)	(1,006)	(770)
Variable lease payment adjustment ^(a)	-	1	1	6
Reassessment of the lease term	(69)	(821)	(69)	(821)
Foreign exchange differences	(12)	4	(17)	16
	2,789	956	2,789	956
Current portion	1,033	591	1,033	591
Balance, end of period	1,756	365	1,756	365

^(a) The variable lease payments depend on an index or a rate.

Lease payments required in the next years are as follows:

	March 31 2024
	\$
Within one year	1,210
Later than one year and no later than five years	1,940
	3,150
Less: discounting impact	(361)
Present value of lease payments	2,789

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

9. CAPITAL MANAGEMENT

The Company includes long-term debt, lease liabilities, factoring liability, share capital, equity-settled reserve, retained earnings, accumulated other comprehensive loss and cash and cash equivalents in its definition of capital.

The Company's capital structure is as follows:

	March 31 2024	June 30 2023
	\$	\$
Long-term debt	33,588	34,338
Lease liabilities	2,789	1,219
Factoring liability	1,251	1,449
Share capital	59,204	59,204
Equity-settled reserve	879	981
Retained earnings	5,847	5,786
Accumulated other comprehensive loss	(4,894)	(4,327)
Cash and cash equivalents	(813)	(2,181)
	97,851	96,469

The Company's objective when managing its capital structure is to maintain financial flexibility in order to i) preserve access to capital markets; ii) meet financial obligations; and iii) finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debts.

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants, such as Senior debt to earnings before income taxes, interest, depreciation and amortization ratio, Senior debt to capitalization ratio and fixed charge coverage ratio. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. As at March 31, 2024, as mentioned in Note 7, the Company complied with its covenants (June 30, 2023: the Company was compliant with its financial covenants).

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary, dependent on various factors.

The Company's objectives with regards to capital management remain unchanged from the prior year.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except for data per share and option data)

(Unaudited)

10. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

Common shares, participating and voting, without nominal or par value

Preferred shares rights privileges, restrictions and conditions must be adopted before their issuance by a resolution of the Board of Directors of the Company.

	Nine-month period ended March 31, 2024		Year ended June 30, 2023	
	Number of shares	\$	Number of shares	\$
Common shares				
Balance, beginning of the period	37,372,756	59,204	37,372,756	59,204
Shares issued:	-	-	-	-
Balance, end of the period	37,372,756	59,204	37,372,756	59,204

Net earnings (loss) per share

Diluted net earnings (loss) per common share was calculated based on net earnings (loss) divided by the average number of common shares outstanding using the treasury shares method. For the numbers in the cumulative current periods, share options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Net earnings (loss) per share - basic				
Net earnings (loss) attributable to common shareholders	\$ 1,965	\$ 197	\$ (143)	\$ 3,397
Weighted average basic number of common shares outstanding	37,372,756	37,372,756	37,372,756	37,372,756
Net earnings (loss) per share - basic	\$ 0.05	\$ 0.01	\$ -	\$ 0.09

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Net earnings (loss) per share - diluted				
Net earnings (loss) attributable to common shareholders	\$ 1,965	\$ 197	\$ (143)	\$ 3,397
Weighted average basic number of common shares outstanding	37,372,756	37,372,756	37,372,756	37,372,756
Adjustment to average number of common share - stock options	7,386	17,591	-	9,561
Weighted average diluted number of common shares outstanding	37,380,142	37,390,347	37,372,756	37,382,317
Net earnings (loss) per share - diluted	\$ 0.05	\$ 0.01	\$ -	\$ 0.09

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended March 31, 2024 and 2023

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10. SHARE CAPITAL (continued)

All stock options outstanding are granted to directors, officers and employees. Details regarding the stock options outstanding are as follows:

	March 31, 2024 (9 months)		March 31, 2023 (9 months)	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the period	1,960,000	0.95	3,243,500	1.24
Granted during the period	515,000	0.56	550,000	0.53
Cancelled during the period	(360,000)	1.74	(1,113,500)	1.41
Outstanding at end of the period	2,115,000	0.72	2,680,000	1.03
Exercisable at end of the period	1,163,336	0.82	1,693,669	1.21

The following table summarizes information on share options outstanding as at March 31, 2023:

Range of exercise price \$	Outstanding at March 31, 2024	Weighted average remaining life (years)	Weighted average exercise price \$	Exercisable at March 31, 2024	Weighted average exercise price \$
0.50 - 1.49	1,163,336	2.81	0.72	1,163,336	0.82
	1,163,336			1,163,336	

The Company's calculations of the fair value of options granted were made using the Black-Scholes option-pricing model. The following table summarizes the grant date fair value calculations with weighted average assumptions:

	Granted in 2024	Granted in 2023
Risk-free interest rate	3.87%	2.99% to 3.52%
Expected life (years)	3	3
Expected volatility (based on historical volatility)	66.76%	61.89% to 72.29%
Expected dividend yield	0%	0%
Fair value of options granted	\$0.38	\$0.25 to \$0.30

During the periods mentioned below, the total expense related to share-based compensation to employees and directors has been recorded and presented in general and administrative expenses as follows:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Expense related to share-based compensation	43	32	102	75

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11. INCOME TAXES

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Earnings (loss) before income taxes	\$ 670	\$ 941	\$ (2,638)	\$ 6,576
Statutory rates	26.50%	26.50%	26.50%	26.50%
Income taxes based on statutory rates	178	249	(699)	1,743
Increase (decrease) of income taxes due to the following:				
Non-deductible expenses	19	18	66	53
Non-deductible share-based compensation expense	11	9	27	20
Difference of income tax rates between territories	(80)	38	(51)	85
Withholdings taxes	4	294	16	294
Income tax assets unrecognized	342	454	540	972
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(1,742)	-	(2,374)	-
Non-taxable portion of capital gain	(26)	28	(12)	(78)
Prior years adjustments	-	(379)	(23)	98
Other	(1)	33	15	(8)
Total income tax expense	(1,295)	744	(2,495)	3,179

12. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Restricted cash	\$ -	\$ (22)	\$ -	\$ (893)
Trade and other receivables	(7,919)	(2,546)	(7,272)	2,759
Inventories	1,533	1,971	1,140	(1,771)
Prepaid expenses	(103)	(67)	106	(94)
Trade and other payables	5,715	(2,639)	7,138	(7,804)
	(774)	(3,303)	1,112	(7,803)

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13. CONTINGENCIES

The Company is subject to various claims that arise in the normal course of business. Management believes that adequate provisions have been made in the accounts where appropriate. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Company.

14. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring between 2024 and 2025 which call for total lease payments of \$65 for the rental of offices and \$58 for the rental of drilling equipment. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The lease payments under these lease agreements for the next two years amount to \$54 for 2024 and \$69 for 2025.

Guarantees

As at March 31, 2024, the Company issued some bank guarantees in favor of customers for a total amount of \$2,734 (June 30, 2023: \$762), maturing between July 2024 and January 2025. For the nine-month periods ended March 31, 2024 and 2023, the Company has not made any payments in connection with these guarantees.

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15. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

The Company entered into the following transactions with its related companies and with persons related to directors:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Revenues	\$ 37	\$ 7	\$ 109	\$ 20
Expenses	7	21	16	95

As at March 31, 2024, an amount of \$0 was receivable resulting from these transactions (June 30, 2023: \$0).

In addition, for the nine-month period ended March 31, 2024, repayments of a lease liability totalling \$69 were made to Dynamitage Castonguay Ltd. (March 31, 2023: \$63).

Transactions with associate parties

The Company entered into the following transactions with its associate parties in Note 1:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Revenues	\$ 8,953	\$ 6,982	\$ 24,752	\$ 25,109

As at March 31, 2024, trade and other receivables included an amount receivable of \$2,593 from one of the Company's associates (June 30, 2023: \$3,612).

As at March 31, 2024, the investment in an associate totaled \$0 in the interim condensed consolidated statements of financial position (June 30, 2023: \$0).

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

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16. KEY MANAGEMENT COMPENSATION

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

The compensation recognized for the key management remuneration and director's fees is analysed as follows :

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Salaries and fees	197	191	609	728
Share-based compensation	30	20	72	45
	227	211	681	773

17. FINANCIAL INSTRUMENTS

The Company is exposed to various risks related to its financial assets and liabilities. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them, from previous years, unless otherwise stated in this note.

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.

Fair value

The fair value of cash and cash 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.

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17. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The methodology used to measure the Company's financial instruments accounted for at fair value is determined based on the following hierarchy:

Level	Basis for determination of fair value
Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability.
Level 3	Inputs for the asset or liability that are not based on observable market

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at March 31, 2024, the investments are measured at fair value and are classified as a Level 1 financial instrument as the fair value is determined using quoted prices in the active markets.

As at March 31, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	813	813			
Trade and other receivables	36,516	36,516			
Financial assets measured at fair value					
Investments	87	87	87	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	32,570	32,570			
Factoring Liability	1,251	1,251			
Long-term debt	33,588	32,676	-	32,676	-

As at June 30, 2023	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	2,181	2,181			
Trade and other receivables	30,538	30,538			
Financial assets measured at fair value					
Investments	320	320	320	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	27,621	27,621			
Factoring Liability	1,449	1,449			
Long-term debt	34,338	33,494	-	33,494	-

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the three and nine month periods ended March 31, 2024.

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18. SEGMENTED INFORMATION

The Company is separated into two geographical reportable segments: Canada and International (US, Central and South America and West Africa). The elements of the results and the financial situation are divided between the segments, based on destination of contracts or profits. Data by geographical areas follow the same accounting rules as those used for the consolidated accounts. Transfers between segments are carried out at market prices.

Operational sectors are presented using the same criteria as for the production of the internal report to the chief operating decision maker, who allocates the resources and evaluates the performance of the operational sectors. The chief operating decision maker is considered to be the President and Chief Executive Officer, who evaluates the performance of both segments by the revenues of ordinary activities from external clients and earnings (loss) from operations.

Data relating to each of the Company's reportable operating segments are presented as follows:

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Contract revenue	\$	\$	\$	\$
Canada	37,188	38,523	99,752	119,591
International ⁽¹⁾	11,018	10,822	36,115	34,612
	48,206	49,345	135,867	154,203
Earnings (loss) from operations				
Canada	3,068	4,211	4,049	14,897
International	218	(2,148)	(91)	(5,745)
	3,286	2,063	3,958	9,152
General and corporate expenses ⁽²⁾	1,708	260	3,953	147
Finance costs	908	862	2,643	2,429
Income tax expense	(1,295)	744	(2,495)	3,179
	1,321	1,866	4,101	5,755
Net earnings (loss)	1,965	197	(143)	3,397
⁽¹⁾ The International operating segment included				
Chilean revenue	9,826	7,549	28,575	21,137
West African revenue	38	2,662	5,960	10,571

⁽²⁾ General and corporate expenses include expenses for corporate offices, share options, foreign exchange loss (gain) and certain unallocated costs.

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
Depreciation and amortization	\$	\$	\$	\$
Canada	1,922	1,678	5,617	5,045
International	237	792	1,649	2,458
Total depreciation and amortization included in earnings (loss) from operations	2,159	2,470	7,266	7,503
Unallocated and corporate assets	205	260	700	752
Total depreciation and amortization	2,364	2,730	7,966	8,255

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18. SEGMENTED INFORMATION (continued)

	As at March 31, 2024	As at June 30, 2023
	\$	\$
Identifiable assets		
Canada	96,739	89,456
Chile	22,147	20,476
West Africa	8,885	14,461
International - Other	3,468	3,170
	<u>131,239</u>	<u>127,563</u>
Property, plant and equipment		
Canada	28,051	27,386
Chile	5,705	6,297
West Africa	6,385	7,308
International - Other	341	165
	<u>40,482</u>	<u>41,156</u>
Right-of-use assets		
Canada	2,814	1,850
Chile	342	41
West Africa	-	11
International - Other	-	23
	<u>3,156</u>	<u>1,925</u>
Intangible assets		
Canada	204	256
Chile	7	30
West Africa	6	10
	<u>217</u>	<u>296</u>

	March 31 2024 (3 months)	March 31 2023 (3 months)	March 31 2024 (9 months)	March 31 2023 (9 months)
	\$	\$	\$	\$
Non-current assets acquisitions				
Canada	1,516	1,672	7,737	6,037
International	548	464	1,623	1,040
Unallocated and corporate assets	14	163	255	357
	<u>2,078</u>	<u>2,299</u>	<u>9,615</u>	<u>7,434</u>

19. SUBSEQUENT EVENTS

On April 18, 2024, the Company entered into an agreement with a customer to settle part of its trade accounts receivable balance with the issuance of common shares for an amount of \$1,500. This transaction will reduce trade accounts receivables and increase investments in the Consolidated Statements of Financial Position.