FORAGE ORBIT GARANT DRILLING

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orbit Garant Drilling Inc.

Opinion

We have audited the consolidated financial statements of Orbit Garant Drilling Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at June 30, 2024 and June 30, 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2024 and June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30th, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the Accuracy of Mining Sites Inventories

Description of the matter

We draw attention to Note 3 and Note 7 to the consolidated financial statements.

The Entity's inventories mainly include spare parts and consumables. As at June 30, 2024, the Entity holds inventories of $42.96 million, a portion of which consists of mining site inventories. Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Why the matter is a key audit matter

We identified the assessment of the accuracy of mining sites inventories as a key audit matter. This matter represented an area of higher assessed risk of material misstatement given the magnitude of the inventory balance and the extent of audit effort needed to address the matter. In addition, significant auditor judgment was required in evaluating the results of our audit procedures over the first-in, first-out cost basis of the mining sites inventories.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We sorted mining sites inventories by items and by location, to calculate movements during the year for items held in inventory at year-end. We performed substantive analytical procedures over the first-in, first-out cost basis for these items, using data including purchase costs and mining sites inventories quantities at year-end. To evaluate the reliability of the data used in the substantive analytical procedures described above:

- we tested a sample of inventory purchases to invoices.
- for a selection of mining sites locations, we observed the Entity's physical inventory counts at year-end and performed independent test counts for a sample of items which we compared to the Entity's records.

Evaluation of the fair value and expected credit loss of a long-term receivable substantially modified

Description of the matter

We draw attention to Notes 3, 4, 9, 10 and 23 to the consolidated financial statements.

During the fiscal year 2024, the Entity entered into an asset sale agreement for the sale of inventories, property, plant and equipment for a total consideration amounting to $7,501, for which a short-term receivable was initially recognized. As at June 30, 2024, the Entity recorded the derecognition of the short-term receivable balance of $7,428 and the recognition of a new long-term receivable of $3,888 following a significant change in contractual payment terms of the receivable. The Company also recognized an expected credit loss ("ECL") on this receivable for an amount of $1,644 in the Consolidated Statements of Loss.

Significant assumptions in determining the fair value of the long-term receivable on the date of substantial modification included the discount rate.

Significant assumptions in determining the ECL included:

- Probability of default
- Probability-weighting and amount of expected cash shortfall under each scenario considered by the Entity, including reflecting the Entity's ability to execute its right to take procession of the asset given in guaranty under the contract.

Why the matter is a key audit matter

We identified the evaluation of the fair value and ECL of a long-term receivable substantially modified as a key audit matter. This matter represented an area of significant risk of material misstatement given the high degree of estimation uncertainty in determining the fair value and ECL of the long-term receivable substantially modified. In addition, significant auditor judgment was required in evaluating the results of our audit procedures due to the sensitivity of the Entity's determination of the fair value of the long-term receivable and ECL to minor changes to certain significant assumptions.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We compared the amount of the monthly expected cash receipts of the long-term receivable to actual monthly installments received from the buyer subsequent to the modification date and to the Entity's documentation of the modified payment terms agreed with the buyer.

We assessed that the timing of the expected cash receipts of the substantially modified long-term receivable and that the probability-weighting assumption of the scenarios considered by the Entity to determine the ECL–were consistent with the information obtained from reading the Entity's internal communications to management and the Board of Directors.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the Entity's:

- discount rate assumption used in its determination of the fair value the long-term receivable, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable entities
- probability of default assumption used in its determination of the ECL on the long-term receivable, by comparing it against publicly available default rate data for comparable entities.

We compared the amount of expected cash shortfalls assumption used by the Entity's in its determination of the ECL under the scenario that the Entity would execute its right to take procession of the asset given in guaranty under the contract to source documents of similar sale of assets transactions, as adjusted to take into account a liquidation basis.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Marie David.

KPMG LLP*

Montréal, Canada

September 19, 2024

*CPA auditor, public accountancy permit No. A131681

ORBIT GARANT DRILLING INC.

Consolidated Statements of Loss

For the years ended June 30, 2024 and 2023

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

	Notes	June 30 2024	June 30 2023
		$	$
Contract revenue	24	181,240	200,976
Cost of contract revenue			
Write-down of inventories from restructuring in Burkina Faso	6, 7	-	4,187
Other cost of contract revenue	6	160,872	178,459
		160,872	182,646
Gross profit		20,368	18,330
Expenses			
General and administrative expenses	6	15,640	16,444
Foreign exchange loss (gain)		1,110	(1,892)
Finance costs	6	3,474	3,349
Effect of the substantial modification of a receivable and expected credit loss	9	5,184	-
	6	25,408	17,901
(Loss) earnings before income taxes		(5,040)	429
Income tax expense (recovery)	17		
Current		187	475
Deferred		(3,910)	623
		(3,723)	1,098
Net loss		(1,317)	(669)
Net loss per share	16		
Basic		(0.04)	(0.02)
Diluted		(0.04)	(0.02)

ORBIT GARANT DRILLING INC.

Consolidated Statements of Comprehensive Loss

For the years ended June 30, 2024 and 2023

(in thousands of Canadian dollars)

	June 30 2024	June 30 2023
	$	$
Net loss	(1,317)	(669)
Other comprehensive loss		
Cumulative translation adjustments, net of income tax of $14 (June 30, 2023 : $62)	(244)	(275)
Other comprehensive loss	(244)	(275)
Comprehensive loss	(1,561)	(944)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Changes in Equity
For the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

Year ended June 30, 2024

		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
		$ (Note 16)	$	$	$	$
Balance as at July 1, 2023		59,204	981	5,786	(4,327)	61,644
Total comprehensive loss						
Net loss		-	-	(1,317)	-	(1,317)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(244)	(244)
Other comprehensive loss		-	-	-	(244)	(244)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 16)	-	146	-	-	146
Stock options cancelled		-	(204)	204	-	-
Total transactions with shareholders		-	(58)	204	-	146
Balance as at June 30, 2024		59,204	923	4,673	(4,571)	60,229

Year ended June 30, 2023

		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
		$ (Note 16)	$	$	$	$
Balance as at July 1, 2022		59,204	1,624	5,729	(4,052)	62,505
Total comprehensive loss						
Net loss		-	-	(669)	-	(669)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(275)	(275)
Other comprehensive loss		-	-	-	(275)	(275)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 16)	-	83	-	-	83
Stock options cancelled		-	(726)	726	-	-
Total transactions with shareholders		-	(643)	726	-	83
Balance as at June 30, 2023		59,204	981	5,786	(4,327)	61,644

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Financial Position
As at June 30, 2024 and June 30, 2023
(in thousands of Canadian dollars)

	Notes	June 30 2024	June 30 2023
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		332	2,181
Trade and other receivables		30,530	30,538
Inventories	7	42,964	47,674
Income taxes receivable		537	580
Prepaid expenses		734	1,017
Current portion of long-term receivable	9	552	-
		75,649	81,990
Non-current assets			
Investments	8	1,411	320
Long-term receivable	9	1,692	-
Property, plant and equipment	10	33,394	41,156
Right-of-use assets	11	3,211	1,925
Intangible assets	12	211	296
Deferred tax assets	17	4,309	1,876
Total assets		119,877	127,563
LIABILITIES			
Current liabilities			
Trade and other payables		25,410	27,621
Income taxes payable		117	1
Factoring liability	23	-	1,449
Current portion of long-term debt	13	450	1,994
Current portion of lease liabilities	14	1,060	528
		27,037	31,593
Non-current liabilities			
Deferred tax liabilities	17	-	1,291
Long-term debt	13	30,909	32,344
Lease liabilities	14	1,702	691
		59,648	65,919
EQUITY			
Share capital	16	59,204	59,204
Equity-settled reserve		923	981
Retained earnings		4,673	5,786
Accumulated other comprehensive loss		(4,571)	(4,327)
Equity attributable to shareholders		60,229	61,644
Total liabilities and equity		119,877	127,563

Contingencies and commitments (notes 19 and 20)

APPROVED BY THE BOARD

(signed) Pierre Alexandre
Pierre Alexandre, Director

(signed) Nicole Veilleux
Nicole Veilleux, Director

ORBIT GARANT DRILLING INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2024 and 2023
(in thousands of Canadian dollars)

	Notes	June 30 2024	June 30 2023
		$	$
OPERATING ACTIVITIES			
(Loss) earnings before income taxes		(5,040)	429
Items not affecting cash			
Depreciation of property, plant and equipment	10	9,928	10,372
Depreciation of right-of-use assets	11	656	516
Amortization of intangible assets	12	147	207
Gain on disposal of property, plant and equipment	10	(2,195)	(484)
Loss on disposal of right-of-use assets	11	17	-
Effect of the substantial modification of a receivable and expected credit loss	9	5,184	-
Derecognition of right-of-use assets and lease liabilities	11, 14	-	(132)
Share-based compensation	16	146	83
Write-down of inventories from restructuring in Burkina Faso	6, 7	-	4,187
Finance costs	6	3,474	3,349
Net change in fair value of investments	8	341	311
		12,658	18,838
Changes in non-cash operating working capital items	18	(76)	(700)
Income taxes paid		(50)	(433)
Finance costs paid		(3,309)	(3,189)
		9,223	14,516
INVESTING ACTIVITIES			
Proceeds from disposal of investments	8	68	-
Collection of long-term receivable	9	71	-
Acquisition of property, plant and equipment	10	(8,673)	(9,257)
Proceeds from disposal of property, plant and equipment		2,623	996
Acquisition of intangible assets	12	(69)	(179)
		(5,980)	(8,440)
FINANCING ACTIVITIES			
Proceeds from factoring		17,003	16,633
Repayment on factoring		(18,328)	(16,798)
Proceeds from long-term debt		98,315	113,260
Repayment of long-term debt		(101,171)	(116,627)
Financing fees paid		(217)	(163)
Repayment of lease liabilities		(1,160)	(900)
		(5,558)	(4,595)
Effect of exchange rate variation on cash and cash equivalent		466	(318)
(Decrease) increase in cash and cash equivalent		(1,849)	1,163
Cash and cash equivalents, beginning of period		2,181	1,018
Cash and cash equivalents, end of period		332	2,181

See accompanying notes to consolidated financial statements.

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

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, the United States, 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 Febuary 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The IFRS accounting policies set out below were consistently applied to all periods presented.

The preparation of consolidated financial statements in conformity with IFRS 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.

These 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 consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 19, 2024.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

Principles of consolidation

The 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 consolidated statements of loss from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. Transactions denominated in a currency other than the functional currency of the Company or of a foreign subsidiary, are accounted for using the exchange rate prevailing on the transaction date. On each reporting date, monetary items denominated in a foreign currency are translated using the exchange rate prevailing on that date, and non-monetary items that are measured at historical cost are not adjusted. Exchange differences are recognized in net loss in the period during which they occur.

The assets and liabilities of foreign subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars by applying the exchange rate prevailing at the reporting date. Revenue and expense items are translated at the average exchange rate for the period. Exchange differences are recognized in Other comprehensive loss (“OCL”) under "Cumulative translation adjustments" and are accumulated in equity. The accumulated amount of exchange differences is reclassified in net loss upon loss of control of a foreign operation. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in OCL under "Cumulative translation adjustments" and are accumulated in equity.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company’s designation of such instruments. Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments (continued)

Asset/Liability	Classification
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Long-term receivable	Amortized cost
Investments	Fair value through profit or loss
Trade and other payables	Amortized cost
Factoring liability	Amortized cost
Long-term debt	Amortized cost

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net loss. However, for investments in equity instruments that are not held for trading, the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to net income, and no impairment is recognized in net income.

Financial liabilities measured at amortized cost

A financial liability is subsequently measured at amortized cost, using the effective interest method.

Financial liabilities measured at fair value

Financial liabilities measured at fair value are initially recognized at fair value and are remeasured at each reporting date with any changes therein recognized in net loss. The Company has no financial liabilities measured at fair value.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Trade and other receivables and Long term receivable

Trade and other receivables consist of amounts due from normal business activities. Long term receivables include amounts due outside the normal course of business whose term exceeds 12 months. An allowance for expected credit losses is maintained to reflect an impairment risk for trade and other receivables and long term receivable based on an expected credit loss model which factors in changes in credit quality since the initial recognition of receivable based on customer risk categories. Credit loss are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:
– the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
– the financial asset is more than 90 days past due.

Expected credit loss is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all discounted cash shortfalls (the difference between the cash inflows due to the Company in accordance with the contract and the cash inflows that the Company expects to receive). Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Inventories

The Company maintains an inventory of operating supplies, motors, drill rods and drill bits on mining sites and warehouses. These inventories are valued at the lower of cost and net realizable value. Net realizable value is determined using the estimated selling price less estimated costs to complete the sale. Cost is determined on the first-in, first-out basis. Used and revised inventories are adjusted to reflect consumption and the level of refurbishment. The amount of any write-down of inventories can be reversed when the circumstances that led to the write-down no longer exist.

Investments

Investments in publicly traded securities are classified as fair value through profit or loss. Fair value through profit or loss investments are recorded at fair value, with changes in fair value recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the acquisition costs, net of government grants and investment tax credits, or manufacturing costs, including preparation, installation and testing costs. The manufacturing costs for drilling equipment include the material, direct labour and indirect specific costs.

Significant improvements are capitalized and amortized over the useful life of the asset.

Property, plant and equipment are recorded at cost and depreciation is calculated using the straight-line method based on their estimated useful life using the following periods:

	Useful life	Residual value
Buildings and components	5 to 40 years	-
Drilling equipment	5 to 10 years	0 - 20%
Vehicles	5 years	-
Other	3 to 10 years	-

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Property, plant and equipment (continued)

The depreciation is calculated on the cost of an asset less its residual value and begins when the property, plant and equipment are ready for their intended use. Land is not depreciated.

Depreciation methods, residual values and the useful lives of significant property, plant and equipment are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGU"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Company reviews, at the end of each reporting period, whether events or circumstances have occurred to indicate that the carrying amounts of its non-financial assets with finite useful lives may be less than their recoverable amounts.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for non-financial assets with finite useful lives and intangible assets having an indefinite useful life, can be reversed through the consolidated statements of loss to the extent that the carrying amount at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits. A deferred tax expense or benefit is recognized in other comprehensive loss or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive loss or directly in equity in the same or a different period.

In the course of the Company's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and due to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets on leases

Right-of-use assets are initially measured at cost, comprised of the initial measurement of the corresponding lease liabilities, lease payments made on or before the commencement date and any initial direct costs incurred, less any lease incentives received. They are subsequently depreciated on a straight-line basis on the lease term and reduced by impairment losses, if any. If it is reasonably certain that the Company will exercise the purchase options, the underlying asset is depreciated on the basis of its estimated useful life. Right-of-use assets may also be adjusted to reflect the re-measurement of related lease liabilities.

The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease terms range from 3 to 5 years for land and buildings and from 1 to 5 years for vehicles.

The Company has elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index and the exercise price of a purchase option reasonably certain to be exercised. Subsequently, the lease liability is measured at amortized cost using the effective interest method and adjusted for interest and lease payments. In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequently, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to exercise a purchase option for the underlying asset.

Revenue recognition

The Company performs various types of drilling services within the mining and minerals industry. Contracts entered into cover services that involve different processes and continuous drilling services activities in a sequential set of mobilization, drilling, and demobilization activities, which are invoiced to the customer as those activities progress. These activities and processes are accounted for as separate performance obligations.

Revenue from services rendered is recognized in the Consolidated Statement of Operations over time. The Company has a contractual right to consideration from a customer for an amount that corresponds directly with the value to the customer of the performance completed to date. As a result, the Company recognizes revenue based on the actual activities performed at the related contract rate.

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value-added taxes.

Customers are generally invoiced on a semi-monthly or monthly basis. Payment is received according to standard payment terms, which range generally between 30 to 60 days.

Contract prepayments are recorded as deferred revenue until performance is achieved and are credited against contract billings in accordance with the contract terms.

Share options

The Company uses the fair value method under IFRS 2 to account for share options. In accordance with this method, compensation cost is measured at the fair value of the option at the grant date using the Black-Scholes option pricing model and is amortized to earnings over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity-settled reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest and is net of share options cancelled prior to being vested. When unexercised share options are forfeited or expired, the amounts are transferred to retained earnings.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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 ACCOUTING ESTIMATES

Long-term receivable

On initial recognition, the Company recognizes the long-term receivable at fair value, estimated as the present value of contractual cash flows over the agreement term, discounted using a rate that reflects the risk associated to the counterparty and rates prevailing on the market for such instruments.

The carrying amount of the long-term receivable is presented net of an allowance for expected credit loss. The probability of default considered in the estimate is based on historical data for comparable entities. Loss given default (LGD) reflects the Company's ability to execute its right to take possession of the assets given in guarantee under the contract. The amount and timing of cash flows expected to be recovered upon a default event is based on probability-weighted scenarios and the actual cash shortfall may differ from the resulting estimated expected credit loss. Management will review the appropriateness of the allowance for expected credit loss at the earliest of each reporting period, or when new information becomes available that may give rise to a change in conditions or assumptions initially used in the estimation.

Income taxes and deferred income tax assets

The Company determines its income tax expense and its income tax assets and liabilities based on its interpretation of applicable tax legislation, including tax treaties between the various countries in which it operates, as well as underlying rules and regulations. Such interpretations involve judgments and estimates that may be challenged in government tax audits, to which the Company is regularly subject. New information may also become available, which would cause the Company to change its judgment regarding the adequacy of existing income tax assets and liabilities. Any such changes will have an impact on net loss for the period in which they occur.

In the calculation of income taxes and deferred tax assets and liabilities, estimates must be used to determine the appropriate rates and amounts, and to take into account the probability of realization of tax assets. Deferred tax assets also reflect the benefit of unused tax losses and deductions that can be carried forward to reduce current income taxes in future years. This assessment requires the Company to make significant estimates in determining whether or not it is probable that the deferred tax assets can be recovered from future taxable income and therefore, that they can be recognized in the Company's consolidated financial statements. The Company relies, among other things, on its past experience to make this assessment.

B) JUDGMENTS

Impairment of non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. 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.

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.

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

5. STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED

A) ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2023 and have had no significant impact on the Company's Consolidated Financial Statements:

1) IAS 1 (amended) – Presentation of Financial Statements – (amendment – disclosure of material versus significant policies)
2) IAS 8 (amended) – Accounting Policies, Changes in Accounting Estimates and Errors – (amendment – definition of accounting estimates)
3) IAS 12 (amended) – Income Taxes - (amendment – deferred tax related to assets and liabilities arising from a single transaction)

B) NOT YET ADOPTED

The Company has not applied the following IASB standard amendment that has been issued, but is not yet effective:

1) IAS 1 (amended) – Presentation of Financial Statements – (amendment – Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants, effective for periods beginning on or after January 1, 2024)

The Company is currently in the process of assessing the impact the adoption of the above amendment will have on the Consolidated Financial Statements.

6. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	June 30 2024	June 30 2023
	$	$
Cost of contract revenue	9,815	10,069
General and administrative expenses	916	1,026
Total depreciation and amortization	10,731	11,095

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

6. EXPENSES BY NATURE (continued)

Principal expenses by nature

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

	June 30 2024	June 30 2023
	$	$
Depreciation and amortization	10,731	11,095
Employee benefits expense	93,108	102,494
Cost of inventories	40,415	44,305
Lease expense [a]	10,824	9,469
Write-down of inventories from restructuring in Burkina Faso	-	4,187
Effect of the substantial modification of a receivable and expected credit loss	5,184	-
Interest on long-term debt	3,144	2,908
Interest on lease liabilities	185	92
Factoring charges and other interest	145	349
Other expenses	22,544	25,648
Total cost of contract revenue and expenses	186,280	200,547
Cost of contract revenue	160,872	182,646
Other expenses	25,408	17,901
Total cost of contract revenue and expenses	186,280	200,547

[a] This amount consists of lease payments related with short term lease agreements. No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

7. INVENTORIES

	June 30 2024	June 30 2023
	$	$
Spare parts	14,410	17,019
Consumables	27,507	30,132
Other	1,047	523
	42,964	47,674

Spare parts mainly include motors and machine parts. Consumables mainly include limited life tools, rods, hammers, wire lines and casings.

The cost of inventories recognized as an expense and included in cost of contract revenue has been recorded as follows:

June 30 2024	June 30 2023
$	$
40,415	44,305

During the year, an amount of nil (2023: $4,187) has been accounted for as a write-down of inventories in Burkina Faso as a result of net realizable value being lower than cost. As at June 30, 2024 and 2023, no amount has been accounted as a reversal of a write-down of inventory.

The Company's credit facilities are in part secured by a general assignment of the Company's inventories.

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

8. INVESTMENTS

	June 30 2024	June 30 2023
	$	$
Investments in public companies, beginning of the year	320	146
Conversion of trade receivables	1,500	485
Proceeds from disposal of investments	(68)	-
Change in fair value of investments measured at fair value through profit or loss	(341)	(311)
Investments in public companies, end of the year	1,411	320

The Company holds common shares in publicly traded companies. These shares are classified as fair value through profit or loss and are reported at fair value, reflecting their quoted share price at the reporting date. The change in fair value of investments is included in general and administrative expenses. The original cost is $2,385 ($940 as at June 30, 2023).

9. LONG-TERM RECEIVABLE

The summary of the activity related to the long-term receivable for the years ended June 30, 2024 is as follows:

	June 30 2024
	$
Long-term receivable, beginning of year	-
Proceeds from disposal of inventories, property, plant and equipment [(a)]	7,501
Collection of long-term receivable	(71)
Effect of the subtantial modification of a receivable [(b)]	(3,540)
Expected credit loss on long-term receivable [(b)]	(1,644)
Foreign exchange differences	(2)
	2,244
Current portion	552
Balance, end of year	1,692

[(a)] During fiscal year 2024, the Company entered into an agreement to sell inventories for an amount of $1,161, and property, plant and equipment, for an amount of $6,340, located in West Africa and recorded a short-term receivable as compensation, for an amount of $7,501. A gain on disposal of property, plant and equipment totalling $296 is included in cost of contract revenue related to this transaction. This information is presented as a non-monetary transaction in the consolidated statements of cash flows.

[(b)] As at June 30, 2024, the Company recorded the derecognition of the short-term receivable of $7,428 and the recognition of a new long-term receivable of $3,888 following a significant change in contractual payment terms of the receivable. The new contractual terms provide monthly instalments of US$135 bearing no interests, which were discounted using a rate of 45%, representing the market risk and using a duration equal to the number of monthly instalments necessary to recover the full amount of the initial compensation. The effect of this substantial modification of the receivable is a loss of $3,540 included in the expenses of the Consolidated Statements of Loss. The Company also recognized an expected credit loss on this receivable for an amount of $1,644 in the Consolidated Statements of Loss.

As at June 30, 2024, the carrying value of the long-term receivable before expected credit loss is $3,888 and the allowance for expected credit loss is $1,644. The long-term receivable is not past due.

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

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2023	2,466	11,691	95,877	25,148	2,083	137,265
Additions	-	178	4,587	3,784	124	8,673
Transfer from right-of-use assets (note 11)	-	-	-	1,042	-	1,042
Disposals and write-offs (1)	-	(182)	(15,671)	(3,482)	(342)	(19,677)
Effect of movements in exchange rates	(208)	(97)	(1,481)	(196)	(33)	(2,015)
Balance as at June 30, 2024	2,258	11,590	83,312	26,296	1,832	125,288
Accumulated Depreciation						
Balance as at July 1, 2023	-	6,563	70,306	17,432	1,808	96,109
Depreciation	-	416	6,152	3,287	73	9,928
Transfer from right-of-use assets (note 11)	-	-	-	280	-	280
Disposals and write-offs (1)	-	(159)	(9,650)	(2,779)	(308)	(12,896)
Effect of movements in exchange rates	-	(34)	(1,318)	(144)	(31)	(1,527)
Balance as at June 30, 2024	-	6,786	65,490	18,076	1,542	91,894

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2022	2,206	11,433	91,093	22,094	2,063	128,889
Additions	-	224	4,031	4,961	41	9,257
Transfer from right-of-use assets (note 11)	-	-	170	29	-	199
Disposals and write-offs (1)	-	(92)	(2,664)	(2,034)	(90)	(4,880)
Effect of movements in exchange rates	260	126	3,247	98	69	3,800
Balance as at June 30, 2023	2,466	11,691	95,877	25,148	2,083	137,265
Accumulated Depreciation						
Balance as at July 1, 2022	-	6,182	63,257	16,305	1,742	87,486
Depreciation	-	422	6,976	2,875	99	10,372
Transfer from right-of-use assets (note 11)	-	-	41	29	-	70
Disposals and write-offs (1)	-	(83)	(2,280)	(1,915)	(90)	(4,368)
Effect of movements in exchange rates	-	42	2,312	138	57	2,549
Balance as at June 30, 2023	-	6,563	70,306	17,432	1,808	96,109
June 30, 2023:						
Net book value	2,466	5,128	25,571	7,716	275	41,156
June 30, 2024:						
Net book value	2,258	4,804	17,822	8,220	290	33,394

(1) A disposal cost of $14,753 and accumulated depreciation of $8,709 are related to the disposal of property, plant and equipment located in West Africa (Note 9).

A gain on disposal of property, plant and equipment totalling $2,195 for the year ended June 30, 2024 (a gain of $484 for the year ended June 30, 2023) is included in cost of contract revenue.

Drilling equipment includes construction work in progress for an amount of $474 ($225 as at June 30, 2023).

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

11. RIGHT-OF-USE ASSETS

		Buildings and components	Vehicles	Total
Cost		$	$	$
Balance as at July 1, 2023		1,037	2,249	3,286
Additions		1,256	1,514	2,770
Disposals and write-offs		(933)	-	(933)
Variable lease payment adjustment		-	5	5
Reassessment of the lease term		-	(69)	(69)
Transferred to property, plant and equipment	(Note 10)	-	(1,042)	(1,042)
Effect of movements in exchange rates		-	(23)	(23)
Balance as at June 30, 2024		1,360	2,634	3,994
Accumulated Depreciation				
Balance as at July 1, 2023		917	444	1,361
Depreciation		249	407	656
Disposals and write-offs		(933)	-	(933)
Transferred to property, plant and equipment	(Note 10)	-	(280)	(280)
Effect of movements in exchange rates		-	(21)	(21)
Balance as at June 30, 2024		233	550	783

		Buildings and components	Vehicles	Total
Cost		$	$	$
Balance as at July 1, 2022		1,671	1,625	3,296
Additions		-	852	852
Disposals and write-offs		-	(62)	(62)
Variable lease payment adjustment		-	6	6
Reassessment of the lease term		(634)	-	(634)
Transferred to property, plant and equipment	(Note 10)	-	(199)	(199)
Effect of movements in exchange rates		-	27	27
Balance as at June 30, 2023		1,037	2,249	3,286
Accumulated Depreciation				
Balance as at July 1, 2022		592	316	908
Depreciation		270	246	516
Disposals and write-offs		-	(62)	(62)
Reassessment of the lease term		55	-	55
Transferred to property, plant and equipment	(Note 10)	-	(70)	(70)
Effect of movements in exchange rates		-	14	14
Balance as at June 30, 2023		917	444	1,361
June 30, 2023:				
Net book value		120	1,805	1,925
June 30, 2024:				
Net book value		1,127	2,084	3,211

A Loss on disposal of right-of-use-assets totalling $17 for the year ended June 30, 2024 ($0 for the year ended June 30, 2023) is included in cost of contract revenue.

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

12. INTANGIBLE ASSETS

	Software	Patents	Total
Cost	$	$	$
Balance as at July 1, 2023	2,449	48	2,497
Additions	53	16	69
Disposals and write-offs	(22)	-	(22)
Effect of movements in exchange rates	(14)	-	(14)
Balance as at June 30, 2024	2,466	64	2,530
Accumulated Depreciation			
Balance as at July 1, 2023	2,187	14	2,201
Depreciation	140	7	147
Disposals and write-offs	(17)	-	(17)
Effect of movements in exchange rates	(12)	-	(12)
Balance as at June 30, 2024	2,298	21	2,319

	Software	Patents	Total
Cost	$	$	$
Balance as at July 1, 2022	2,254	48	2,302
Additions	179	-	179
Effect of movements in exchange rates	16	-	16
Balance as at June 30, 2023	2,449	48	2,497
Accumulated Depreciation			
Balance as at July 1, 2022	1,974	8	1,982
Depreciation	201	6	207
Effect of movements in exchange rates	12	-	12
Balance as at June 30, 2023	2,187	14	2,201
June 30, 2023:			
Net book value	262	34	296
June 30, 2024:			
Net book value	168	43	211

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

13. LONG-TERM DEBT

	June 30 2024	June 30 2023
	$	$
Revolving credit facility of US$3,000 (June 30, 2023: US$2,000) authorized for a maximum amount of $6,844 (US$5,000), bearing interest at base rate plus 0.25%, effective rate as at June 30, 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) (e)]	4,106	2,648
Revolving credit facility authorized for a maximum amount of $30,000, bearing interest at prime rate plus 2.00%, effective rate as at June 30, 2024 of 8.95% (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)]	17,189	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) (f)]	7,996	8,212
Loan of US$1,160 as at June 30, 2023, bearing interest at prime rate plus 2.75%, effective rate as at June 30, 2023 of 11.00%	-	1,536
Loan of CLF 39 (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. [(g)]	2,068	2,488
	31,359	34,338
Current portion	(450)	(1,994)
	30,909	32,344

(a) The Revolving credit facility bears 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 Corporation 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 June 30, 2024, an unamortized amount of $211 ($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 June 30, 2024, an unamortized amount of $114 ($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. Availability under Credit Facility is subject to borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. As at June 30, 2024, the borrowing base for the Credit Facility was $27,440 and US$5,000 and the undrawn amounts were $10,040 and US$345.

13. LONG-TERM DEBT (continued)

(e) As at June 30, 2024, the Company had utilized US$1,655 (June 30, 2023: US$932) of this facility for outstanding stand-by letters of credit.

(f) 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.

(g) As at June 30, 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 15). As at June 30, 2024, the Company was compliant with its financial covenants (June 30, 2023: the Company was compliant with its financial covenants).

As at June 30, 2024, the prime rate in Canada was 6.95% for Canadian loans (6.95% as at June 30, 2023) and 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 June 30, 2024, principal payments required in the next years are as follows:

	$
Within one year	450
Later than one year and no later than five years	24,507
More than five years	6,750
	31,707

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

As at June 30, 2024 $000s	Total	Within one year	Later than one but no later than five years	Later than five years
	$	$	$	$
CAN	25,510	238	18,522	6,750
US (US$3,000)	4,106	-	4,106	-
Chilean UF (CLF 39)	2,091	212	1,879	-
	31,707	450	24,507	6,750

Reconciliation of movements of long-term debt to cash flows arising from financing activities:

	2024	2023
	$	$
Balance, beginning of year	34,338	36,924
Net change in the revolving credit facility	(859)	(9,318)
Increase in other long-term debts	-	8,470
Repayment of other long-term debts	(1,997)	(2,519)
Financing fees related to loans	(217)	(163)
Amortization of financing fees related to loans	165	160
Impact of the change in foreign exchange rates on the foreign currency debts	(71)	784
Balance, end of year	31,359	34,338

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

14. LEASE LIABILITIES

The summary of of the activity related to the lease liabilities for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
	$	$
Lease liabilities recognized, beginning of year	1,219	2,066
Additions	2,770	852
Finance costs	185	92
Payment of lease liabilities, including related finance costs	(1,345)	(992)
Variable lease payment adjustment	5	6
Reassessment of lease term	(69)	(821)
Foreign exchange differences	(3)	16
	2,762	1,219
Current portion	1,060	528
Balance, end of year	1,702	691

Lease payments required in the next years are as follows:

	June 30 2024
	$
Within one year	1,236
Later than one year and no later than five years	1,884
Later than five years	-
	3,120
Less: discounting impact	(358)
Present value of lease payments	2,762

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

15. 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:

	June 30 2024	June 30 2023
	$	$
Long-term debt	31,359	34,338
Lease liabilities	2,762	1,219
Factoring liability	-	1,449
Share capital	59,204	59,204
Equity-settled reserve	923	981
Retained earnings	4,673	5,786
Accumulated other comprehensive loss	(4,571)	(4,327)
Cash and cash equivalents	(332)	(2,181)
	94,018	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 June 30, 2024, as mentioned in Note 13, the Company complied with its financial 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.

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

16. 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.

	June 30, 2024		June 30, 2023	
Common shares	Number of shares	$	Number of shares	$
Balance, beginning of the year	37,372,756	59,204	37,372,756	59,204
Shares issued:	-	-	-	-
Balance, end of the year	37,372,756	59,204	37,372,756	59,204

Net loss per share

Diluted net loss per common share was calculated based on net loss divided by the average number of common shares outstanding using the treasury stock method. For 2023 and 2024, stock options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

Net loss per share - basic	June 30 2024	June 30 2023
Net loss attributable to common shareholders	$ (1,317)	$ (669)
Weighted average basic number of common shares outstanding	37,372,756	37,372,756
Net loss per share - basic	$ (0.04)	$ (0.02)

Net loss per share - diluted	June 30 2024	June 30 2023
Net loss attributable to common shareholders	$ (1,317)	$ (669)
Weighted average basic number of common shares outstanding	37,372,756	37,372,756
Adjustment to average number of common share - stock options	-	-
Weighted average diluted number of common shares outstanding	37,372,756	37,372,756
Net loss per share - diluted	$ (0.04)	$ (0.02)

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

16. SHARE CAPITAL (continued)

Stock option plan

On June 26, 2008, the Company established an equity-settled option plan (the Stock Option Plan), which is intended to aid in attracting, retaining and motivating the Company's officers, employees, directors and consultants. The Stock Option Plan has been prepared in accordance with the TSX's policies on listed company security-based compensation arrangements. Persons eligible to be granted options under the option plan are: any director, officer or employee of the Company or of any subsidiary company controlled by any such person or a family trust of which at least one trustee is any such person and all of the beneficiaries of which are such person and his or her spouse or children.

The aggregate number of common shares which may be issued from treasury upon the exercise of options under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares. The number of common shares which may be reserved for issuance pursuant to options granted under the Stock Option Plan, together with common shares reserved for issuance from treasury under any other employee-related plan of the Company, or options for services granted by the Company to any one person, shall not exceed 5% of the then aggregate issued and outstanding common shares.

The Board of Directors, through the recommendation of the Corporate Governance and Compensation Committee, manages the Stock Option Plan and determines, among other things, optionees, vesting periods, exercise price and other attributes of the options, in each case pursuant to the Stock Option Plan, applicable securities legislation and the rules of the TSX. Options vest at a rate ranging from 20% to 33% per annum commencing 12 months after the date of grant and expire no later than 7 years after the grant date. Options are forfeited when the option holder ceases to be a director, officer or employee of the Company. The exercise price for any option may not be less than the fair market value (the closing price of the common shares on the TSX on the last trading day on which common shares traded prior to such day, or the average of the closing bid and ask prices over the last five trading days, if no trades accrued over that period) of the common shares at the time of the grant of the option.

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

	June 30, 2024		June 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	1,960,000	0.95	3,243,500	1.24
Granted during the year	590,000	0.57	550,000	0.53
Cancelled during the year	(360,000)	1.74	(1,833,500)	1.34
Outstanding at end of the year	2,190,000	0.72	1,960,000	0.95
Exercisable at end of the year	1,253,331	0.84	1,202,005	1.13

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

16. SHARE CAPITAL (continued)

The following table summarizes information on share options outstanding as at June 30, 2024:

Range of exercise price $	Number of options outstanding at June 30, 2024	Weighted average remaining life (years)	Weighted average exercise price $	Number of options exercisable at June 30, 2024	Weighted average exercise price $
0.50 - 1.49	2,190,000	2.64	0.72	1,253,331	0.84
	2,190,000			1,253,331	

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	3.54% to 3.87%	2.99% to 3.52%
Expected life (years)	3	3
Expected volatility (based on historical volatility)	61.75% to 66.76%	61.89% to 72.29%
Expected dividend yield	0%	0%
Fair value of options granted	$0.38 to $0.44	$0.25 to $0.30

During the years 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:

	June 30 2024	June 30 2023
	$	$
Expense related to share-based compensation	146	83

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

17. INCOME TAXES

Income tax expense (recovery) comprises the following:

	June 30 2024	June 30 2023
Current tax	$	$
Current year	157	419
Prior years adjustments	30	56
	187	475
Deferred tax		
Current year	(3,887)	646
Prior years adjustements	(23)	(23)
	(3,910)	623
	(3,723)	1,098

	June 30 2024	June 30 2023
	$	$
(Loss) earnings before income taxes	(5,040)	429
Statutory rates	26.50%	26.50%
Income taxes based on statutory rates	(1,336)	114
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	84	71
Non-deductible share-based compensation expense	38	22
Difference of income tax rates between territories	(171)	39
Withholding taxes	22	355
Income tax assets unrecognized	2,908	1,107
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(5,283)	(643)
Non-taxable portion of capital gain	8	(6)
Prior years adjustments	7	33
Other	-	6
Total income tax expense	(3,723)	1,098

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

17. INCOME TAXES (continued)

Deferred income taxes are based on differences between the accounting and tax values of assets and liabilities and consist of the following at the dates presented:

	July 1 2023	Recognized in statements of loss	Exchange rate variation	June 30 2024
	$	$	$	$
Deferred income tax assets:				
Intangible assets	23	(4)	-	19
Loss carried forward	369	3,899	-	4,268
Non-deductible provisions	1,705	136	(241)	1,600
Investments	83	47	-	130
Total deferred income tax assets	2,180	4,078	(241)	6,017
Deferred income tax liabilities:				
Property, plant and equipment	1,595	168	(55)	1,708
Total deferred income tax liabilities	1,595	168	(55)	1,708
Net deferred income tax assets	585	3,910	(186)	4,309

	July 1 2022	Recognized in statements of loss	Exchange rate variation	June 30 2023
	$	$	$	$
Deferred income tax assets:				
Intangible assets	29	(6)	-	23
Loss carried forward	639	(270)	-	369
Non-deductible provisions	1,519	(78)	264	1,705
Investments	41	42	-	83
Total deferred income tax assets	2,228	(312)	264	2,180
Deferred income tax liabilities:				
Property, plant and equipment	1,249	311	35	1,595
Total deferred income tax liabilities	1,249	311	35	1,595
Net deferred income tax assets	979	(623)	229	585

As presented in the consolidated statements of financial position:

	June 30 2024	June 30 2023
	$	$
Deferred tax assets	4,309	1,876
Deferred tax liabilities	-	(1,291)
Net deferred tax assets	4,309	585

As at June 30, 2024, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future. The Company recognized a deferred income tax asset on certain non-capital losses because it is probable that sufficient taxable profit will be available from future oprations.

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

17. INCOME TAXES (continued)

Tax losses, for which no deferred tax assets were recognized, expire as follows:

	Ghana	Guinea	Burkina Faso
	$	$	$
June 30, 2025	-	2,590	5,854
June 30, 2027	-	2,415	8,606
June 30, 2028	83	-	3,972
June 30, 2029	64	-	3,265

18. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2024	June 30 2023
	$	$
Trade and other receivables	(2,957)	9,565
Inventories	2,901	(1,583)
Prepaid expenses	277	88
Trade and other payables	(297)	(8,770)
	(76)	(700)

During fiscal year 2024, the Company received common shares from a publicly traded company as settlement for its trade and other receivables account in the amount of $1,500. This information is presented as a non-monetary transaction in the consolidated statements of cash flows.

19. 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.

20. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring beetween 2025 and 2026 which call for total lease payments of $233 for the rental of offices and $41 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 $270 for 2025 and $4 for 2026.

Guarantees

As at June 30, 2024, the Company issued some bank guarantees in favor of customers for a total amount of $3,434 (year ended June 30, 2023: $762), maturing beetween August 2024 and May 2025. For the years ended June 30, 2023 and 2024, the Company has not made any payments in connection with these guarantees.

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

21. 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:

	June 30 2024	June 30 2023
	$	$
Revenues	151	35
Expenses	24	96

As at June 30, 2024, an amount of $6 was receivable resulting from these transactions (June 30, 2023: nil).

In addition, for the twelve-month period ended June 30, 2024, repayments of a lease liability totalling $93 were made to Dynamitage Castonguay Ltd. (June 30, 2023 : $84).

Transactions with an associate party

The Company entered into the following transactions with Sarliaq-Orbit Garant Inc.:

	June 30 2024	June 30 2023
	$	$
Revenues	33,308	35,845

As at June 30, 2024, trade and other receivables included an amount receivable of $2,801 from Sarliaq-Orbit Garant Inc. (June 30, 2023: $3,612).

As at June 30, 2024, investment in an associate totalling nil in financial statement (June 30, 2023: nil).

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.

22. KEY MANAGEMENT COMPENSATION

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

	June 30 2024	June 30 2023
	$	$
Salaries and fees	995	1,195
Share-based compensation	104	62
	1,099	1,257

23. 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.

23. FINANCIAL INSTRUMENTS (continued)

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.

Currency risk

The Company realizes a part of its activities in US dollars (US $), in Chiliean Pesos (CLP), in Ghanaian cedi (GHS cedi), in West African Francs (XOF) and in Guinean Francs (GNF). The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2024:

	US $	CLP	GHS cedi	XOF	GNF
	$000s	$000s	000s	000s	000s
Cash and equivalents	107	60,524	-	7,858	881
Trade receivables	461	6,138,539	-	-	-
Current portion of long-term receivable	403	-	-	-	-
Accounts payable and accrued liabilities	(178)	(1,884,308)	-	(287,032)	(3,061,140)
Current portion of long-term debt and lease liabilities	-	(312,297)	-	-	-
Net balance exposure	793	4,002,458	-	(279,174)	(3,060,259)
Equivalent in Canadian dollars	1,085	5,776	-	(624)	(480)

The Company has estimated that a 10% variation in the foreign exchange rates would have caused a corresponding annual change in net loss and comprehensive loss of:

	US $	CLP	GHS cedi	XOF	GNF
Change in net earnings (loss)	80	-	-	-	-
Change in other comprehensive income (loss)	-	425	-	(21)	(35)
Net exposure in Canadian dollars	80	425	-	(21)	(35)

The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2023:

	US $	CLP	GHS cedi	XOF	GNF
	$000s	$000s	000s	000s	000s
Cash and equivalents	209	177,555	35	565,705	2,566,859
Trade receivables	405	2,797,346	-	182,741	7,036,228
Accounts payable and accrued liabilities	(203)	(1,207,881)	(18)	(354,793)	(5,865,745)
Current portion of long-term debt and lease liabilities	(1,181)	(160,996)	-	-	-
Net balance exposure	(770)	1,606,024	17	393,653	3,737,342
Equivalent in Canadian dollars	(1,019)	2,650	-	865	568

The Company has estimated that a 10% variation in the above foreign exchange rates would have caused a corresponding annual change in net loss and comprehensive loss of:

	US $	CLP	GHS cedi	XOF	GNF
Change in net earnings (loss)	(75)	-	-	-	-
Change in other comprehensive income (loss)	-	195	-	64	42
Net exposure in Canadian dollars	(75)	195	-	64	42

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

23. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada ("EDC") on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of certain accounts receivable. As at June 30, 2024, the amount of the insurance coverage from EDC represents 4% of the accounts receivable (4% as at June 30, 2023).

The carrying amounts for accounts receivable are net of allowances for expected credit loss, which are estimated based on aging analysis of receivables, past experience, current conditions and forecasts of future economic conditions as well as specific risks associated with the customer, including information of a forward-looking nature and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

The allowance for expected credit loss is established based on the Company's best estimate on the recovery of balances for which collection may be uncertain. Uncertainty of collection may become apparent from various indicators, such as a deterioration of the credit situation of a given client or delay in collection when the aging of invoices exceeds the normal payment terms. Management regularly reviews accounts receivable and assesses the appropriateness of the allowance for expected credit loss. The Company is also exposed to credit risk on the gross long-term receivable (note 9).

The aging of trade receivable balances and the allowance for expected credit loss as at June 30, 2024 and June 30, 2023 were as follows:

	June 30 2024	June 30 2023
	$	$
Current	23,668	21,989
Past due 0-30 days	3,919	2,955
Past due more than 30 days	1,996	3,913
Total trade receivables	29,583	28,857
Less: allowance for expected credit loss	980	905
	28,603	27,952

The change in the allowance for expected credit loss on trade receivables is detailed below:

	June 30 2024	June 30 2023
	$	$
Balance at beginning of year	905	281
Change in allowance, other than write-offs and recoveries	225	930
Write-offs of accounts receivable	-	(273)
Recoveries	-	(26)
Foreign exchange translation differences	(150)	(7)
Balance at end of year	980	905

As at June 30, 2024, 78% (June 30, 2023: 72%) of the trade and other receivables are aged as current and 4% are impaired (June 30, 2023: 3%). Given that expected credit losses are minimal, the expected credit losses by trade accounts receivable aging have not been presented.

Two major customers represent more than 10% of the trade accounts receivable, 41% as at June 30, 2024 (June 30, 2023, Three majors customers represented 41% of trade accounts receivable).

23. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Two majors customers represent more than 10% of total contract revenue, at 33% for the year ended June 30, 2024 (year ended June 30, 2023, one major customer represented 18%).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings.

The Company does not enter into derivatives to manage credit risk.

Interest rate risk

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

As at June 30, 2024, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual variation in net loss and comprehensive loss of $158 (June 30, 2023, $175).

Equity market risk

The Company is subject to equity market risk by owning common shares of publicly traded companies.

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 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 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 receivable is determined using an evaluation of the estimated market value using a discount rate, adjusted for the customer's own credit risk, that reflects current market conditions.

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.

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

23. 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 data.

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 June 30, 2024, the investments are measured at fair value and are classified as a Level 1 financial instrument as their fair value is determined using quoted prices in the active markets.

As at June 30, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	332	332			
Trade and other receivables	30,530	30,530			
Long-term receivable	2,244	2,244			
Financial assets measured at fair value					
Investments	1,411	1,411	1,411	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	25,410	25,410			
Long-term debt	31,359	30,585	-	30,585	-

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 year ended June 30, 2024.

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

23. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance costs and principal repayments on its debt instruments. It is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In Note 13 are details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The Company enters into receivable purchase agreements (commonly referred to as "factoring agreements") with different banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice less a charge between 0.60% and 1.23%. As at June 30, 2024, trade receivables include nil related to factored accounts ($1,449 as at June 30, 2023).

The following table present the undiscounted contractual cash flows including principal and interest payments for the financial liabilities based on their remaining contractual maturities:

					As at June 30, 2024
	Total	0 - 1 year	2 - 3 years	4 - 5 years	More than 5 years
	$	$	$	$	$
Trade and other payables	25,410	25,410	-	-	-
Long-term debt	37,637	1,036	23,578	2,976	10,047
Lease liabilities	3,120	1,236	1,484	400	-
	66,167	27,682	25,062	3,376	10,047

24. 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.

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

24. SEGMENTED INFORMATION (continued)

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

	June 30 2024	June 30 2023
Contract revenue	$	$
Canada	132,598	152,134
International [1]	48,642	48,842
	181,240	200,976
Earnings (loss) from operations		
Canada	6,118	16,235
International (including write-down of inventory from restructuring in Burkina Faso of nil in 2024 ($4,187 in 2023))	2,230	(10,570)
	8,348	5,665
General and corporate expenses related to head office[2]	4,730	1,887
Finance costs	3,474	3,349
Effect of the substantial modification of a receivable and expected credit loss	5,184	-
Income tax expense	(3,723)	1,098
	9,665	6,334
Net loss	(1,317)	(669)

[1] The International operating segment included Chilean revenue	39,571	30,091

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

	June 30 2024	June 30 2023
Depreciation and amortization		
Canada	7,526	6,743
International	2,289	3,326
Total depreciation and amortization included in earnings (loss) from operations	9,815	10,069
Unallocated and corporate assets	916	1,026
Total depreciation and amortization	10,731	11,095

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

24. SEGMENTED INFORMATION (continued)

	As at June 30, 2024	As at June 30, 2023
	$	$
Identifiable assets		
Canada	89,881	89,456
Chile	23,591	20,476
International - Other (3)	6,405	17,631
	119,877	127,563
Property, plant and equipment		
Canada	27,359	27,386
Chile	5,704	6,297
International - Other (3)	331	7,473
	33,394	41,156
Right-of-use assets		
Canada	2,686	1,850
Chile	294	41
International - Other (3)	231	34
	3,211	1,925
Intangible assets		
Canada	204	256
Chile	7	30
International - Other (3)	-	10
	211	296

(3) The amounts for West Africa in the comparative period have been recast with the amounts of International - Other.

	June 30 2024	June 30 2023
	$	$
Non-current assets acquisitions		
Canada	9,044	8,779
International	2,200	1,065
Unallocated and corporate assets	268	444
	11,512	10,288