FORAGE ORBIT GARANT DRILLING

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR END AND FOURTH QUARTER FISCAL 2024

September 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with the audited consolidated financial statements for the fiscal years ended June 30, 2024 ("Fiscal 2024") and June 30, 2023 ("Fiscal 2023") and the notes thereto which are available on the SEDAR+ website at www.sedarplus.ca.

The Company's Fiscal 2024 audited consolidated financial statements and the accompanying notes ("Financial Statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except where otherwise noted.

In this MD&A, references to the "Company" or to "Orbit Garant" shall mean, as the context may require, either Orbit Garant Drilling Inc. or Orbit Garant Drilling Inc. together with its wholly owned subsidiaries.

This MD&A is dated September 19, 2024. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates and assumptions about: the markets in which the Company operates; the world economic climate as it relates to the mining industry; the Canadian economic environment; and the Company's ability to attract and retain customers and to manage its assets and operating costs. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Risks and uncertainties that could cause actual results, performance, or achievements to differ materially include the world economic climate as it relates to the mining industry, the Canadian economic environment, the Company's ability to attract and retain customers and manage its assets and operating costs, the political situation in certain jurisdictions, and the operating environments in which the Company operates.

Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A. For a more complete discussion of the risk factors that could cause the Company's actual results to materially differ from its current expectations, please refer to the Company's Annual Information Form dated September 19, 2024, accessible via www.sedarplus.ca.

NON-IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this MD&A do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. The Company uses non-IFRS measures including Adjusted Net Earnings (loss) before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), "Adjusted EBITDA Margin", "Adjusted Gross Profit" and "Adjusted Gross Margin". Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

For a description of how Orbit Garant defines these non-IFRS Measures and for reconciliations to the nearest IFRS measures for the periods presented in this MD&A, please see "Reconciliation of Non-IFRS Measures" on page 19.

FISCAL 2024 SUMMARY

- Revenue totalled $181.2 million, a decrease of 9.8% compared to $201.0 million in Fiscal 2023
- Gross margin increased to 11.2% from 9.1% in Fiscal 2023
- Adjusted gross margin [1] increased to 16.7% from 16.2% in Fiscal 2023
- Net loss was $1.3 million compared to $0.7 million in Fiscal 2023
- Net loss includes a negative $5.2 million non-cash impact from the substantial modification of a receivable and expected credit loss from the sale of assets in West Africa
- Adjusted EBITDA [1] decreased to $14.4 million from $19.1 million in Fiscal 2023

[1] See "Reconciliation of non-IFRS financial measures."

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 188 drill rigs and approximately 1,000 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate, and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Argentina, Kazakhstan, Burkina Faso, Ghana, and Guinea. The Company has international operating subsidiaries in Santiago, Chile and Georgetown, Guyana to support its current international operations. Following the decision to cease its operations in West Africa, the Company finalized its exit from West Africa in the fourth quarter of fiscal year 2024 ("Q4 2024").

Orbit Garant has a comprehensive infrastructure with vertically integrated manufacturing capabilities. The Company manufactures custom drill rigs and ancillary equipment for its own use and manufactures conventional drill rigs for third-party customers from its facilities in Val-d'Or, Québec and Sudbury, Ontario. Orbit Garant focuses on "specialized drilling", which refers to drilling projects that are in remote locations or, in the opinion of Management, because of the scope, complexity or technical nature of the work, cannot be undertaken by smaller conventional drilling companies.

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

For Fiscal 2024:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 42% of the Company's total revenue, compared to 41% in Fiscal 2023.
- Approximately 66% of the Company's revenues were generated by gold related operations, and approximately 34% were generated by base metal related and other operations, including 23% from copper related operations.
- Approximately 87% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 81% in Fiscal 2023. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 73% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 27% was generated from international drilling contracts, compared to 76% and 24% respectively in Fiscal 2023.

BUSINESS STRATEGY

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

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in Canada and other stable jurisdictions;
- Provide conventional, specialized, and geotechnical drilling services;
- Manufacture customized drill rigs and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the

Company's current implementation of computerized monitoring and control technologies;

- Provide training for the Company's personnel to continuously improve efficiency and to maintain the availability of a skilled labour force;
- Maintain a high level of health and safety standards throughout our operations and promote protection of the environment in the regions where we operate;
- Establish and maintain long-term relationships with customers; and
- Maintain a sound balance sheet and a disciplined management of our capital resources.

INDUSTRY OVERVIEW

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

Gold

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

At the time of this report, the spot price of gold was approximately US$2,590 per ounce, representing an increase of approximately 34% compared to a year ago and an increase of approximately 77% from its trailing five-year price low in November 2019. During September 2024, the spot price of gold has traded at record highs near US$2,600 per ounce.

Base Metals

Aluminum, copper, lead, nickel and zinc are the primary base metals. Base metals' prices generally reflect global economic conditions, as these metals are used primarily in infrastructure, industrial and manufacturing applications. Demand from emerging markets, particularly China and India, has a major influence on base metals markets. As emerging markets advance their economic development, their infrastructure and industrial bases expand. Further, residents typically become more affluent, driving increased demand for manufactured goods.

The spot prices of aluminum, copper and zinc are higher compared to 12 months ago, while the spot prices of nickel and lead are lower. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$3.72 per pound a year ago and at the time of this report was approximately US$4.26 per pound, an increase of approximately 15%. The spot price of copper, which reached a low of approximately US$2.10 per pound in March 2020 and a record high of approximately $5.16 per pound in May 2024, is currently above the mid-point of its trailing five-year price range. The spot prices of aluminum, lead and zinc are near the mid-points of their respective trailing five-year price ranges, while the spot price of nickel is near the lower end of its trailing five-year price range.

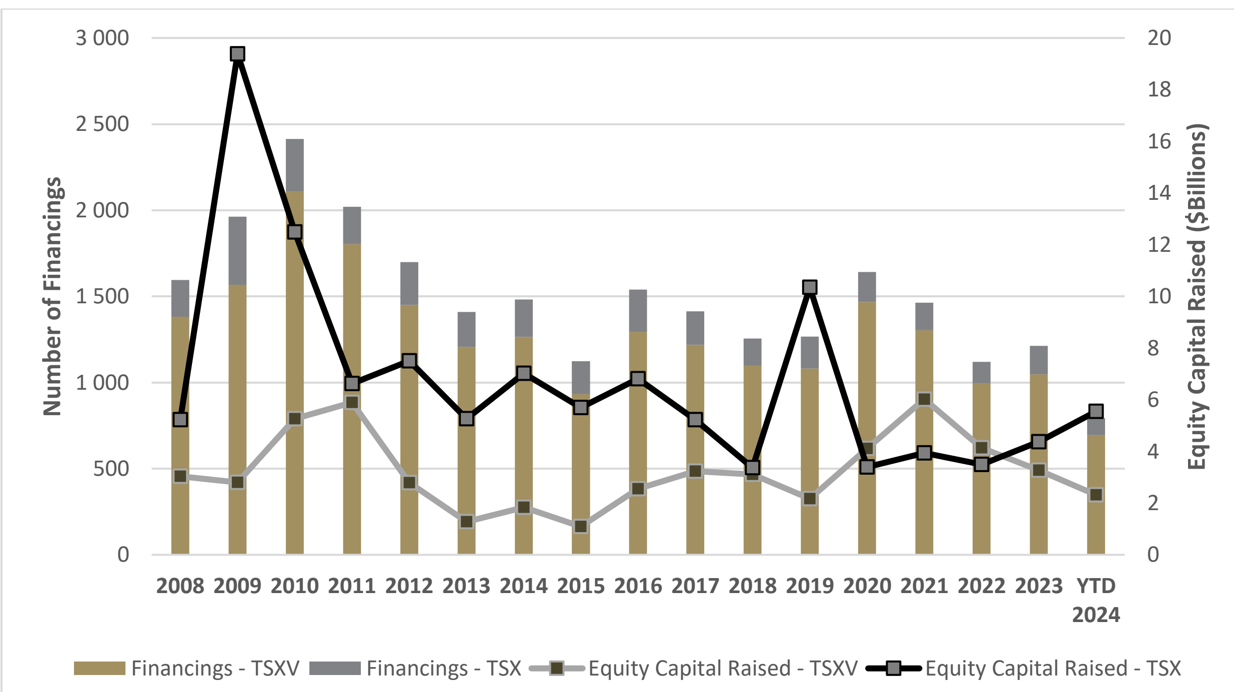
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short-term mismatches between supply and demand, and other factors. At the time of this report, the spot price of iron ore was approximately US$92 per tonne, compared to approximately US$122 per tonne one year ago. In May 2021, the spot price of iron ore reached a record high of approximately US$233 per tonne.

Market Participants

Over the last 12 months, gold prices have been favourable for mining companies seeking to raise capital to fund exploration and/or development activities. Prices for the primary base metals have been mixed over the last 12 months. However, the price of copper, the flagship base metal, has remained favourable for mining companies seeking to raise capital. Mining financing activity in the first seven months of 2024 was slightly lower than the comparable period in 2023, but the total amount of equity capital raised was higher. While gold and copper prices are currently strong, junior mining companies continue to face challenging financing conditions.

TSX / TSX-V Mining Sector Financings (2008 to August 31, 2024)



Mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange ("TSX-V") completed 794 financings and raised $7.9 billion of equity capital during the first eight months of 2024, according to TMX Group. Those figures include a large $1.6 billion equity offering completed by First Quantum Minerals Ltd. By comparison, mining companies listed on the two exchanges completed 818 financings and raised $5.1 billion of equity capital during the first eight months of 2023. In the comparable period of 2022, they completed 753 financings and raised $4.8 billion of equity capital.

According to a report from S&P Global Market Intelligence (March 2024), global exploration budgets for nonferrous metals totaled $12.8 billion in 2023, a decline of approximately 3% from 2022 levels. Despite the year-over-year decline, the total for 2023 represents the second highest annual level since 2013. For 2024, S&P expects nonferrous exploration budgets to decline by approximately 5% from 2023 levels, citing concerns about global economic growth.

OVERALL PERFORMANCE

Results of operations for the year ended June 30, 2024

FISCAL YEARS ENDED JUNE 30 * ($millions)		Fiscal 2024	Fiscal 2023	2024 vs. 2023 Variance
Revenue *		**181.2**	201.0	**(19.8)**
Gross profit *		**20.4**	18.3	**2.1**
Gross margin (%)		**11.2**	9.1	**2.1**
Adjusted gross margin (%) (1)		**16.7**	16.2	**0.5**
Net earnings (loss) *		**(1.3)**	(0.7)	**(0.5)**
Net earnings (loss) per common share	- Basic ($)	**(0.04)**	(0.02)	**(0.02)**
	- Diluted ($)	**(0.04)**	(0.02)	**(0.02)**
Adjusted EBITDA * (2)		**14.4**	19.1	**(4.7)**

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

Orbit Garant had 188 drill rigs as at June 30, 2024, compared to 212 drill rigs at the end of Fiscal 2023. During Fiscal 2024, twelve conventional drill rigs were dismantled, eleven were sold in Burkina Faso and one computerized drill rig was sold to a current major mining customer in Chile. Orbit Garant currently has 43 drill rigs outfitted with computerized monitoring control technology.

During Fiscal 2023, Orbit Garant made the decision to exit Burkina Faso due to the significant additional investment required to generate an acceptable return on investment, as well as the increased security concerns within the country. The Company completed its final drilling program in Burkina Faso during the Company's second quarter of Fiscal 2024 ("Q2 2024"). As a result of this restructuring initiative, Orbit Garant recognized a write-down of inventories based on: i) the fair value less cost of disposal for a portion of inventories, and ii) the estimated sales less cost to complete for inventory expected to be consumed until the end of the contract. Fair value was determined using industry knowledge. The restructuring resulted in a one-time, non-cash write-down of $4.2 million to reduce inventory to net realizable value, recognized in the Company's fourth quarter of Fiscal 2023.

Orbit Garant subsequently made the decision to not renew its drilling contract in Guinea, which was completed at the end of Q2 2024, as the Company determined that it was no longer financially viable to maintain drilling activities in West Africa considering its exit from Burkina Faso.

Sale of Assets in West Africa

During fiscal year 2024, the Company entered into an agreement to sell its inventories, for an amount of $1.2 million, and its property, plant and equipment, for an amount of $6.3 million, located in West Africa and recorded a short-term receivable as compensation, for an amount of $7.5 million.

As at June 30, 2024, for accounting purposes, the Company recorded a derecognition of the short-term receivable and the recognition of a new long-term receivable of $3.9 million following a significant change in contractual payment terms of the receivable. The effect of this substantial modification of the receivable is a loss of $3.5 million 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 $1.7 million in the Consolidated Statements of Loss.

Going forward, Orbit Garant expects to primarily focus on its operations in Canada and Chile. The Company expects that its exit from West Africa will have a positive impact on its future gross margins.

SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30 *($millions)	Fiscal 2024	Fiscal 2023	Fiscal 2022
Contract revenue			
Drilling Canada *	132.6	152.1	145.2
Drilling International *	48.6	48.9	50.3
Total *	181.2	201.0	195.5
Gross profit *	20.4	18.3	13.7
Gross margin (%)	11.2	9.1	7.0
Adjusted gross margin (%) (1)	16.7	16.2	12.2
Net earnings (loss) *	(1.3)	(0.7)	(6.6)
Net earnings (loss) per common share ($)	(0.04)	(0.02)	(0.18)
Net earnings (loss) per common share diluted ($)	(0.04)	(0.02)	(0.18)
Total assets *	119.9	127.6	137.1
Long-term debt including current portion *	31.4	34.3	36.9
Lease liabilities including current portion*	2.8	1.2	2.1
Adjusted EBITDA * (2)	14.4	19.1	10.0
Adjusted EBITDA margin (%) (2)	7.9	9.5	5.1
Total metres drilled (million)	1.3	1.6	1.8

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

RESULTS OF OPERATIONS

FISCAL 2024 COMPARED TO FISCAL 2023

Contract Revenue

Revenue in Fiscal 2024 totalled $181.2 million, a decrease of 9.8%, compared to $201.0 million in Fiscal 2023. The decline was primarily attributable to a reduction of drilling activity on certain projects in Canada.

Canada revenue totalled $132.6 million in Fiscal 2024, a decrease of 12.8% compared to $152.1 million in Fiscal 2023. The decline was primarily attributable to reduced drilling activity on certain projects in Canada due to customer decisions to temporarily suspend or reduce drilling activity on certain projects throughout the first half of Fiscal 2024. The Company gradually resumed operations on these drilling projects and all of these projects had fully resumed by January 2024. Orbit Garant elected to retain its drilling personnel on these temporarily suspended or reduced drilling projects, given the competitive workforce market and in anticipation of the gradual resumption of these projects.

International revenue totalled $48.6 million in Fiscal 2024, a decrease of 0.4%, compared to $48.9 million in Fiscal 2023. The decline was primarily due to a reduction of drilling activity in Guinea, Burkina Faso and Guyana, partially offset by increased drilling activity in Chile.

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

Gross profit for Fiscal 2024 was $20.4 million, compared to $18.3 million in Fiscal 2023. Gross margin was 11.2% compared to 9.1% in Fiscal 2023. Depreciation expenses of $9.9 million are included in cost of contract revenue for Fiscal 2024, compared to depreciation expenses and the write-down of inventories from restructuring of $10.1 million and $4.2 million, respectively, in Fiscal 2023. Adjusted gross margin, excluding depreciation expenses, was 16.7% in Fiscal 2024, compared to adjusted gross margin, excluding depreciation expenses and write-down of inventories from restructuring, of 16.2% in Fiscal 2023.

The increase in gross profit, gross margin, and adjusted gross margin primarily reflects the increase in drilling revenue in Chile and the cessation of drilling activities in West Africa, which was unprofitable, partially offset by the decline in drilling activity on certain projects in Canada, as discussed above**.**

General and Administrative Expenses

General and administrative (G&A) expenses were $15.6 million, or 8.6% of revenue, in Fiscal 2024, compared to $16.4 million or 8.2% of revenue in Fiscal 2023.

Operating Results

Earnings from operations for Fiscal 2024 were $ 8.3 million, compared to $5.7 million in Fiscal 2023.

Drilling Canada's operating earnings totalled $6.1 million in Fiscal 2024, compared to operating earnings of $16.2 million in Fiscal 2023. Drilling Canada's operating earnings in Fiscal 2024 were negatively impacted by the reduction of drilling activity in Canada during the first half of Fiscal 2024, as discussed above, and costs related to retaining key personnel on suspended or reduced drilling projects and related project ramp-up costs.

Drilling International's operating earnings were $2.2 million in Fiscal 2024, compared to an operating loss of $10.5 million in Fiscal 2023. The positive variance was primarily attributable to increased drilling activity in Chile and the cessation of the drilling activity in West Africa, which was unprofitable, partially offset by certain costs related to the termination of the drilling activity in Guinea.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $1.1 million in Fiscal 2024, compared to a foreign exchange gain of $1.9 million in Fiscal 2023.

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

Adjusted EBITDA was $ 14.4 million for Fiscal 2024, a decrease of $4.7 million compared to adjusted EBITDA of $19.1 million in Fiscal 2023. The decrease reflects the reduction of drilling activity in Canada due to project suspensions or reductions during the first half of Fiscal 2024, and the costs related to retaining key personnel on these projects and ramping them back up. The Company also had a $3.0 million negative variation in foreign exchange in Fiscal 2024. These negative factors were partially offset by increased operating earnings in Orbit Garant's international drilling segment.

Financial Expenses

Interest costs related to long-term debt, lease liabilities and bank charges were $3.5 million in Fiscal 2024, compared to $3.4 million during Fiscal 2023, reflecting general interest rate increases.

Sale of Assets in West Africa

Orbit Garant entered into an agreement to sell its inventories and its property, plant and equipment located in West Africa and recorded a receivable totalling $7.5 million as compensation. During Q4 2024 the Company has also recorded the effect of the substantial modification of a receivable and expected credit loss totalling $5.2 million, as discussed above.

Income Tax (recovery)

Income tax recovery was $3.7 million in Fiscal 2024, compared to an income tax expense of $1.1 million in Fiscal 2023. The effective tax rate for Fiscal 2024 results primarily from the recognition of previously unrecognized deductible temporary differences and tax losses of prior periods, partially offset by no deferred tax assets being recognized for international operations.

Net Loss

Net loss for Fiscal 2024 was $1.3 million, or $0.04 per share, compared to a net loss of $0.7 million, or $0.02 per share, in Fiscal 2023. The net loss in Fiscal 2024 reflects a $5.2 million effect of the substantial modification of a receivable and expected credit loss on the sale of assets located in West Africa, the reduction of drilling activity in Canada due to project suspensions or reductions and costs related to retaining key personnel on these projects and ramping the projects back up, as discussed above. A $3.0 million negative variation in foreign exchange also factored in the net loss. These negative factors were partially offset by a $3.7 million income tax recovery in Fiscal 2024 compared to a $1.1 million income tax expense in Fiscal 2023.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2024				Fiscal 2023			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		45.3	48.2	43.4	44.3	46.8	49.3	51.6	53.3
Gross profit (1)*		7.3	6.2	2.8	4.1	0.7	4.6	6.8	6.2
Gross margin %		16.1	12.8	6.4	9.4	1.4	9.4	13.1	11.7
Net earnings (loss) *		(1.2)	2.0	(1.7)	(0.4)	(4.1)	0.2	2.1	1.1
Net earnings (loss) per common share ($)	- Basic	(0.04)	0.05	(0.05)	-	(0.11)	0.01	0.05	0.03
	- Diluted	(0.04)	0.05	(0.05)	-	(0.11)	0.01	0.05	0.03

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

SEASONALITY

The Company's quarterly revenue reflects certain seasonal factors. In underground drilling operations, scheduled mine shutdowns over holiday and summer periods at some locations reduce revenue during these periods. In domestic and international surface drilling operations, weather conditions often cause drilling programs to pause, or to be planned around seasonal fluctuations.

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2024 ("Q4 2024"), COMPARED TO THE FOURTH QUARTER OF FISCAL 2023 ("Q4 2023")

Contract Revenue

Revenue for Q4 2024 totalled $45.3 million, a decrease of 3.0% compared to $46.8 million for Q4 2023.

Canada revenue totalled $32.8 million in Q4 2024, an increase of 0.9% compared to $32.6 million in Q4 2023. Canada revenue was negatively affected by financing difficulties for the junior and intermediate mining companies, resulting in lower drilling activity than previous years, whereas Q4 2023 was negatively impacted by project suspensions due to forest fires.

International revenue totalled $12.5 million in Q4 2024 compared to $14.2 million in Q4 2023. The decrease was primarily attributable to the cessation in drilling activity in West Africa, partially offset by increased drilling activity in Chile.

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

Gross profit for Q4 2024 was $7.3 million compared to $0.7 million in Q4 2023. Gross margin for Q4 2024 was 16.1% compared to 1.4% in Q4 2023. The increase in gross profit and gross margin reflects the $4.2 million write-down of inventories from restructuring recorded in Q4 2023 and the improved profitability of the Company's international operations in Q4 2024. Depreciation expenses totalling $2.5 million, are included in the cost of contract revenue for Q4 2024, compared to depreciation expenses and a write-down of inventories from restructuring totalling $2.6 million and $4.2 million, respectively, for Q4 2023. Adjusted gross margin, excluding depreciation expenses, was 21.7% in Q4 2024, compared to adjusted gross margin, excluding depreciation expenses and the write-down of inventories from restructuring, of 15.9% in Q4 2023.

The increase in adjusted gross margin was primarily attributable to the Company's increased drilling activity in Chile during the quarter, and the cessation of drilling activities in West Africa, which were unprofitable.

General and Administrative Expenses

G&A expenses were $4.0 million, or 8.9% of revenue, in Q4 2024, compared to $5.1 million, or 10.9% of revenue, in Q4 2023.

Operating Results (Loss)

Earnings from operations for Q4 2024 were $4.4 million compared to a loss from operations of $3.5 million in Q4 2023.

Drilling Canada's operating earnings totalled $2.1 million in Q4 2024, compared to earnings of $1.3 million in Q4 2023.

Drilling International's operating earnings totalled $2.3 million in Q4 2024, compared to an operating loss of $4.8 million in Q4 2023. The positive variation in operating results was primarily attributable to the $4.2 million write-down of inventories from restructuring recorded in Q4 2023, increased drilling activity in Chile and the cessation of drilling activities in West Africa, as discussed above.

Foreign Exchange (Gain) Loss

Foreign exchange gain was $0.4 million in Q4 2024, compared to a foreign exchange loss of $0.8 million in Q4 2023.

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

Adjusted EBITDA totalled $6.4 million in Q4 2024, compared to adjusted EBITDA of $1.8 million in Q4 2023. The increase was primarily attributable to increased operating earnings from the international drilling segment.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.8 million in Q4 2024, compared to $0.9 million in Q4 2023.

Sale of Assets in West Africa

During Q4 2024, the Company has also recorded the effect of the substantial modification of a receivable and expected credit loss totalling $5.2 million, as discussed above.

Income Tax (recovery)

Income tax recovery was $1.2 million in Q4 2024, compared to a tax recovery of $2.1 million in Q4 2023. The effective tax rate for Q4 2024 results primarily from no deferred tax assets being recognized for international operations partially offset by the recognition of previously unrecognized deductible temporary differences and tax losses of prior periods

Net Loss

Net loss for Q4 2024 was $1.2 million, or $0.04 per share, compared to a net loss of $4.1 million, or $0.11 per share, in Q4 2023. The net loss in Q4 2024 was primarily attributable to the $5.2 million effect of the substantial modification of a receivable and expected credit loss, as discussed above.

EFFECT OF EXCHANGE RATE

The Company realizes portions of its business activities in the following foreign currencies: US dollars ("US $"), Chilean Pesos ("CLP"), Ghanaian cedi ("GHS"), West African Francs ("XOF"), and Guinean Francs ("GNF"), and is thus exposed to foreign exchange fluctuations. Orbit Garant does not actively manage this risk.

As at June 30, 2024, and 2023, the Company had the following amounts of cash and accounts receivable in foreign currencies and has provided the respective impact on earnings before income taxes ("EBIT") in Canadian dollars, if the corresponding foreign exchange rates were to change by plus or minus 10%:

As at June 30, 2024 (millions)	US $	CLP	GHS	XOF	GNF
Cash	0.1	60.5	-	7.9	0.9
Accounts receivable	0.5	6,138.5	-	-	-
EBIT impact +/- 10% CAD$	0.1	-	-	-	-

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

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes paid), was $12.7 million in Fiscal 2024, compared to $18.8 million in Fiscal 2023.

The change in non-cash operating working capital items was an outflow of $0.1 million, compared to an outflow of $0.7 million in Fiscal 2023. The change in non-cash operating working capital in Fiscal 2024 was primarily attributable to:

- $3.0 million related to an increase in accounts receivable,
- $0.3 million related to a decrease in accounts payable, partially offset by
- $2.9 million related to a decrease in inventory, and
- $0.3 million related to a decrease in prepaid expenses.

Investing Activities

Cash used in investing activities totalled $6.0 million in Fiscal 2024, compared to $8.4 million in Fiscal 2023. During Fiscal 2024, $8.7 million was used for the acquisition of property, plant and equipment and intangible assets, partially offset by a cash inflow of $2.6 million on disposal of investments, property plant and equipment. During Fiscal 2023, $9.4 million was used for the acquisition of property, plant and equipment, intangible assets and for deposits on purchased equipment, partially offset by a cash inflow of $1.0 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2024, the Company repaid a net amount of $5.3 million of its factoring liability, long-term debt and lease liabilities, compared to $4.4 million during Fiscal 2023.

Orbit Garant's primary sources of liquidity are cash flows from operations and borrowings under a credit facility (the "Credit Facility") with National Bank of Canada Inc., in its capacity as agent ("National Bank"). On November 2, 2023, the Company entered into a fifth amended and restated credit agreement with National Bank in respect of the Credit Facility (the "Credit Agreement") and on March 26, 2024, the Company and National Bank entered into an amendment to the Credit Agreement. The Credit Facility consists of a $30.0 million revolving credit facility, and a US$5.0 million revolving credit facility guaranteed by Export Development Canada ("EDC"). The Credit Facility expires on November 2, 2026.

Orbit Garant repaid a net amount of $0.7 million in Fiscal 2024 on its Credit Facility, compared to $9.3 million in Fiscal 2023. The Company's long-term debt, under the Credit Facility, including US$3.0 million ($4.1 million) drawn from the US$5.0 million revolving credit facility and the current portion, was $21.5 as at June 30, 2024, compared to $22.2 million as at June 30, 2023.

As at June 30, 2024, the Company's working capital totalled $48.9 million, compared to $50.4 million as at June 30, 2023. Orbit Garant's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future needs for capital expenditures and repayment of its debt obligations. Orbit Garant's principal capital expenditures are related to the acquisition of drill rigs and related drilling equipment.

Sources of Financing

As at June 30, 2024, the Company complied with all covenants in the Credit Agreement, in the loan agreement with EDC (the "EDC Loan") and in the loan agreement (the "BDC Loan Agreement") with the Business Development Bank of Canada ("BDC"). The Company expects that availability under the Credit Facility will continue to provide it with sufficient liquidity to fund its working capital and capital asset acquisition requirements.

Orbit Garant's primary sources of liquidity are cash flows from operations and borrowings under its Credit Facility. The Credit Facility matures on November 2, 2026. As at June 30, 2024, the Company had drawn $21.5 million ($22.2 million as at June 30, 2023) under the Credit Facility.

Availability under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. Except as noted below, all of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility. In addition, the Company's obligations under the US$5.0 million revolving credit facility are guaranteed by EDC. As at June 30, 2024, the borrowing base for the Credit Facility was 27.4 million and US$5.0 million and the undrawn amounts were $10.0 million and US$0.3 million.

The Credit Agreement contains covenants that limit Orbit Garant's ability to undertake certain actions without prior approval of the Lender, including: i) mergers, liquidations, dissolutions and changes of ownership; ii) the incurrence of additional indebtedness; iii) encumbering the Company's assets; iv) guarantees, loans, investments and acquisitions that may be made by the Company; v) investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; vi) capital expenditures exceeding mutually agreed upon limits; and vii) certain asset sales. The Credit Agreement also contains a number of financial covenants that the Company must comply with.

In February 2021, OG Chile, entered into a financing agreement with Banco Scotiabank for a total of approximately $2.6 million in order to purchase the office building it had rented for several years. This agreement bears interest at a rate of 3.3% per annum, has a term of 84 months and is guaranteed by OG Chile's real estate assets. Orbit Garant's long-term debt under this financing agreement, including current portion, amounted to $2.1 million as at June 30, 2024 ($2.5 million as at June 30, 2023).

On September 9, 2022, Orbit Garant entered into the BDC Loan Agreement, which provides for a term loan in the principal amount of $8.47 million. This loan bears interest at a fixed rate of 6.50% per year, has a 20-year term and is repayable by way of 240 consecutive monthly payments from November 2022 until October 2042. The fixed interest rate was reduced by 0.20% in November 2023, following the Company's compliance with certain financial covenants. Orbit Garant's obligations under the BDC Loan Agreement are: (a) secured by a first ranking immovable hypothec on the building serving as the Company's head office in Val-d'Or, Quebec; and (b) guaranteed on a solidary (joint and several) basis by certain of the Company's subsidiaries. Orbit Garant's long-term debt under the BDC Loan Agreement, including the current portion, amounted to $8.1 million as at June 30, 2024 ($8.3 million as at June 30, 2023).

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

As at June 30, 2024, the Company had future contractual obligations as follows:

($000s)	Total	Within 1 year	2-3 years	4-5 years	Subsequent years
Long-term debt	37,637	1,036	23,578	2,976	10,047
Lease liabilities	3,120	1,236	1,484	400	-
Short-term leases	274	270	4	-	-
Total	41,031	2,542	25,066	3,376	10,047

OUTSTANDING SECURITIES AS AT SEPTEMBER 19, 2024

Number of common shares	37,372,756
Number of options	2,190,000
Fully diluted	39,562,756

During Fiscal 2024, the Company issued 590,000 options and cancelled 360,000 options.

RELATED PARTY TRANSACTIONS

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

During Fiscal 2024, and Fiscal 2023, the Company entered into the following transactions with its related company and with persons related to directors:

($000s)	Fiscal 2024	Fiscal 2023
Revenue	151	35
Expenses	24	96

As at June 30, 2024, a negligible amount was a receivable resulting from these transactions (a negligible amount as at June 30, 2023)

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

Key management personnel and directors' transactions

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

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

($000s)	Fiscal 2024	Fiscal 2023
Salaries and fees	995	1,195
Share-based compensation	104	62
Total	1,099	1,257

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The material accounting policies information is described in note 2 of the Fiscal 2024 audited consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the Company's Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date and amounts of revenues and expenses for the relevant period. Although Management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant, or which are complex, are presented as follows:

A- CRITICAL ACCOUNTING ESTIMATES

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 taxes

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.

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.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

EBITDA, adjusted EBITDA and adjusted EBITDA margin:	EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of (i) the write-down of inventories from restructuring in Burkina Faso and (ii) the effect of the substantial modification of a receivable and expected credit loss. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.
Adjusted gross profit and adjusted gross margin:	Adjusted gross profit is defined as gross profit excluding depreciation and write-down of inventories from restructuring in Burkina Faso. Adjusted gross margin is defined as the percentage of adjusted gross profit to contract revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

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

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited) (in millions of dollars)	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net loss for the period	(1.2)	(4.1)	(1.3)	(0.7)	(6.6)
Add:					
Finance costs	0.8	0.9	3.5	3.4	2.2
Income tax expense (recovery)	(1.2)	(2.1)	(3.7)	1.1	3.2
Depreciation and amortization	2.8	2.9	10.7	11.1	11.2
EBITDA	1.2	(2.4)	9.2	14.9	10.0
Write-down of inventories from restructuring in Burkina Faso	-	4.2	-	4.2	-
Effect of the substantial modification of a receivable and expected credit loss	5.2	-	5.2	-	-
Adjusted EBITDA	6.4	1.8	14.4	19.1	10.0
Contract revenue	45.3	46.8	181.2	201.0	195.5
Adjusted EBITDA margin (%) (1)	14.1	3.8	7.9	9.5	5.1

(1) Adjusted EBITDA, divided by contract revenue X 100

Adjusted Gross Profit and Adjusted Gross Margin

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

Reconciliation of Adjusted Gross Profit and Adjusted Gross Margin

(unaudited) (in millions of dollars)	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Contract revenue	45.3	46.8	181.2	201.0	195.5
Cost of contract revenue	38.0	46.2	160.9	182.7	181.7
Less:					
depreciation	(2.5)	(2.6)	(9.9)	(10.1)	(10.0)
write-down of inventories from restructuring in Burkina Faso	-	(4.2)	-	(4.2)	-
Direct costs	35.5	39.4	151.0	168.4	171.7
Adjusted gross profit	9.8	7.4	30.2	32.6	23.8
Adjusted gross margin (%) (1)	21.7	15.9	16.7	16.2	12.2

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

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 19, 2024. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

Pandemics, Force Majeure, and Natural Disasters

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

Risk Related to Structure to the Business and Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies, which in turn, are driven significantly by commodity prices. There is a continued risk that low commodity prices could substantially reduce future exploration and drilling expenditures by mining companies, which in turn, could result in a decline in the demand for the drilling services offered by the Company and would materially impact the Company's revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

The operating and financial performance of Orbit Garant is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as monetary and regulatory policies. Deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance and condition, cash flows and growth prospects of the Company.

Reliance on and Retention of Employees

In addition to the availability of capital for equipment, a key limiting factor in the growth of drilling services companies is the supply of qualified drillers, on whom the Company relies upon to operate its drills. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its customers through price increases.

Increased Cost of Sourcing Consumables

When bidding on an underground drilling contract, the cost of sourcing consumables is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to an increase in the cost of consumables and labor during that period. A material increase in the cost of labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Country Risks

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

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

Tax Risks

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

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

Leverage and Restrictive Covenants

Orbit Garant entered into the Credit Agreement in order to provide it with credit facilities to fund, among other things, working capital and acquisitions. The degree to which Orbit Garant is leveraged could have important consequences, including: i) Orbit Garant's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; ii) a significant portion of Orbit Garant's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; and iii) certain of Orbit Garant's borrowings (including borrowings under the Credit Agreement) will be at variable rates of interests, which exposes Orbit Garant to the risk of increased interest rates which may have an adverse effect on Orbit Garant's financial condition.

The Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's Management with respect to certain business matters. These covenants place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the Credit Agreement will mature no later than November 2, 2026. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant or available on acceptable terms, in an amount sufficient to repay the Credit Agreement at maturity or to fund Orbit Garant's needs thereafter. This could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Acquisitions

Orbit Garant may, from time to time, consider business acquisitions. It may be exposed to business risks or liabilities for which it may not be fully indemnified or insured. The ongoing integration of existing and new computer systems, equipment and personnel may impact the success of the acquisitions. Any issues arising from the integration of the acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of the Company's existing operations. If this happens, it may have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Supply of Consumables

If the Company should grow, it could put pressure on its ability to manufacture or otherwise obtain new drills and consumables required to conduct the Company's drilling operations. This could constrain Orbit Garant's ability to increase its capacity and increase or maintain revenue and profitability.

Competition

The Company faces competition from several large drilling services companies and many smaller, regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period and have substantially greater financial and other resources than the Company has. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability, and growth opportunities. The capital cost to acquire drilling rigs is relatively low, enabling competitors to finance expansion and providing opportunity for new competitors to enter the market. This dynamic exposes the Company to the risk of reduced market share and scope for geographic growth, as well as lower revenue and margin for its existing business.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company will lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence, and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process.

Ability to Sustain and Manage Growth

Orbit Garant's ability to grow will depend on several factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as Brazil, Russia, India and China ("BRIC") economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's Management personnel and likely will require the Company to recruit additional management personnel.

There can be no assurance that the Company will be able to: i) manage its expanding operations (including any acquisitions) effectively; ii) sustain or accelerate its growth or that such growth, if achieved, will result in profitable operations; iii) attract and retain sufficient management personnel necessary for continued growth; or, iv) successfully make strategic investments or acquisitions. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Future Acquisition Strategy

Orbit Garant could grow through acquisitions in addition to organic growth. There is considerable competition within the drilling services industry for attractive acquisition targets. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations. Additionally, the Company cannot give assurances that it will be able to secure the adequate financing on acceptable terms to pursue this strategy.

Customer Contracts

The Company's surface drilling customer contracts are typically for a term of six (6) to twelve (12) months and its underground drilling customer contracts are typically for a term of one to two years and can be cancelled by the customer on short notice in prescribed circumstances with limited or no amounts payable to the Company. There is a risk that existing contracts may not be renewed or replaced. The failure to renew or replace some or all these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, consolidation by the Company's customers could materially and adversely affect the Company's results of operations and financial condition.

International Expansion and Instability

Expansion internationally entails additional political and economic risk. Some of the countries and areas targeted by the Company for expansion are undergoing industrialization and urbanization and do not have the economic, political or social stability that many developed nations now possess. Other countries have experienced political or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other barriers. There is a risk that the Company's operations, assets, employees, or repatriation of revenue could be impaired or adversely affected by factors related to the Company's international expansion and have a material adverse effect on the financial performance, financial condition, cash flow and growth prospects of the Company.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property, equipment, release of hazardous substances to the environment and interruption or suspension of drill site operation due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings, and damage to the Company's reputation.

In addition, poor or failed internal processes, people, or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues. The number and significance of the changes and the possibility that the Company may not be able to successfully implement the changes made, may adversely affect the performance of the business and its financial condition, cash flows and growth prospects of the Company.

Currency Exposure

Orbit Garant conducts some of its activities in US $, CLP, GHS, XOF and GNF and is thus exposed to foreign exchange fluctuations. As at June 30, 2024, the Company had the following currency risk exposure related to financial assets and liabilities in US $, CLP, GHS, XOF, and GNF of approximately: $1.1, $0.5, $0.2, $(0.6) and $(0.5) million, respectively ($(1.0), $2.7, $0.0, $0.9 and $0.6 million, in Canadian dollars respectively in Canadian dollars as at June 30, 2023). This exposure could change in the future and a significant portion of our revenue could potentially be denominated in currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on our financial performance.

Business Interruptions

Business interruptions can occur because of a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues or product input supply bottlenecks. In addition, the Company operates in a variety of geographic locations, some of which are prone to inclement weather conditions, natural or other disasters including forest fires. The occurrence of such conditions or any business interruption could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Risk to the Company's Reputation

Risks to the Company's reputation could include any negative publicity, whether true or not, and could cause a decline in the Company's customer base and have a material adverse impact on the Company's financial performance, financial condition, cash flows and growth prospects. All risks have an impact on reputation, and as such, reputational risk cannot be managed in isolation from other types of risk. Every employee and representative of the Company is charged with upholding its strong reputation by complying with all applicable policies, legislation and regulations as well as creating positive experiences with the Company's customers, stakeholders, and the public.

Corruption, Bribery and Fraud

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

Environment, Health and Safety Requirements and Related Considerations

The Company's operations are subject to a broad range of federal, provincial, state and local laws and regulations as well as permits and other approvals, including those relating to the protection of the environment and workers' health and safety governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), storage, handling, disposal and clean-up of dangerous goods and hazardous materials such as chemicals, remediation of releases and workers' health and safety in Canada and elsewhere (the ''Environment, Health and Safety Requirements''). As a result of the Company's operations, it may be involved from time to time in administrative and judicial proceedings and inquiries relating to Environment, Health, and Safety Requirements. Future proceedings or inquiries could have a material adverse effect on the Company's business, financial condition, and results of operations.

The activities at clients' worksites may involve operating hazards that can result in personal injury and loss of life. There can be no assurance that the Company's insurance will be sufficient or effective under all circumstances or against all claims or hazards to which it may be subject or that it will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which it is not fully insured could adversely affect the Company's results of operations. In addition, if the Company is seen not to adequately implement health and safety and environmental policies, its relationships with its customers may deteriorate, which may result in the loss of contracts and restrict its ability to obtain new contracts.

Climate Change Risk

Orbit Garant operates in various regions and jurisdictions where environmental laws are evolving and may be different according to each jurisdiction. Several governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased cost in some of the Company's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters including forest fires, resource shortages and changing sea levels could have an adverse financial impact on operations located in the regions where these conditions occur.

Insurance Limits

The Company maintains property, general liability, and business interruption insurance. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will always be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Legislative and Regulatory Changes

Changes to any of the laws, rules, regulations, or policies affecting the business of the Company would have an impact on the Company's business and may significantly and adversely affect the operations and financial performance of the Company.

Legal and Regulatory Risk

The mining and drilling industries are highly regulated by legal, environmental and health and safety regulations. Failure to comply with such regulations could lead to penalties, including fines or suspension of operations which could have a significant impact on the financial strength and future earnings potential of the Company. Furthermore, the Company's mineral exploration customers are also subject to similar legal, regulatory, health and safety regulations which could materially affect their decision to go ahead with mineral exploration or mine development and thereby indirectly negatively impact the Company.

Cyber-Security Risk

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

Risk Related to Structure and Common Shares

Equity Market Risks

There is a risk associated with any investment in shares. The market price of securities such as the Common Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating performance of the issuers or the industries in which they operate. Consequently, the trading price of the Common Shares may fluctuate.

Influence of Existing Shareholders

As at September 19, 2024, Pierre Alexandre, President and CEO, holds or controls, directly or indirectly, approximately 24% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation, or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

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

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

Dilution

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

Dividend Payments

Orbit Garant does not expect to pay dividends as it intends to use cash for future growth or debt repayment. In addition, the Credit Agreement places restrictions on the ability of Orbit Garant to declare or pay dividends.

Credit Risk

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

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

As at June 30, 2024, 78% (72% as at June 30, 2023) of the trade accounts receivable are aged as current and 4% are impaired (3% as at June 30, 2023).

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

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

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings. The Company does not enter derivatives to manage credit risk.

Interest Rate Risk

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

As at June 30, 2024, the Company estimates that a 100-basis point increase or decrease in interest rates would have caused a corresponding annual variation in net earnings (loss) and comprehensive earnings (loss) of $ 0.2 million ($0.2 million as at June 30, 2023).

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 stock markets and individual equity movements and determines the appropriate course of actions to be taken by the Company.

Fair Value

The fair value of cash and equivalents, trade and other receivables, trade and other payables and factoring liability is approximately equal to their carrying values due to their short-term maturity.

The fair value of the long-term 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.

OUTLOOK

Customer demand from major and intermediate mining companies for mineral drilling services in Canada remains generally strong, while demand from junior exploration and some intermediate mining companies is being negatively impacted by current macroeconomic factors which have restricted their access to capital. The strong sustained demand from major and intermediate mining companies has resulted in increased wage costs for experienced drillers in Canada. Global inflation in costs for supplies and materials has also impacted the mineral drilling industry. To offset increased wage costs in Canada and the higher costs of supplies and materials globally, the Company was able to adjust its pricing on several of its drilling contracts during the first half of Fiscal 2023. However, customer pricing pressure has since limited the Company's ability to negotiate pricing. Management believes the current weakness in demand from junior exploration companies is having a negative impact on industry pricing.

Management believes that the long-term outlook for drilling in the gold industry is positive, as many mining companies are facing declining reserves. Accordingly, increased spending on exploration and mine development will be required for the industry to remain viable. The current strong price of gold supports exploration and development spending on gold projects. Management believes that Orbit Garant is well positioned to benefit from increased drilling services demand in the gold sector as it generated approximately 66% of its revenue from gold related projects during Fiscal 2024.

S&P Global Market Intelligence forecasts that gold production in Canada will rise at a compound annual growth rate of 9% between 2023 and 2027. Orbit Garant generated approximately 73% of its revenue from its Canadian operations in Fiscal 2024 and is well positioned to benefit from the positive outlook for the gold mining sector in Canada. An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately $0.74 US dollars.

The long-term market sentiment for copper is positive due to tight supply-demand fundamentals and its important role in the electrification of the global economy. Many industry analysts expect that declining global copper reserves may necessitate increased exploration and development spending for copper over the coming years. Orbit Garant is well positioned for increased spending on copper exploration and development projects due to its presence in Chile, which is the global leader in copper production.

Orbit Garant's international operations provide enhanced market, customer and commodity diversification, as well as increased access to higher-margin specialized drilling activity. The Company is currently working on projects in Chile and Guyana in South America. During Q4 2024, the Company renewed two large copper drilling contracts in Chile with senior mining companies. One of these contract renewals is for a period of three years, with a customer option to extend the contract for an additional two years. The other contract renewal, which represents Orbit Garant's largest contract in Chile, is for a period of five years.

Orbit Garant completed its final drilling contracts in Burkina Faso and Guinea in West Africa during Q2 2024 and thereafter entered into an agreement to sell its remaining equipment in the region to a local drilling company and recorded a receivable as compensation, for an amount of $7.5 million. The Company subsequently recorded a substantial modification of a receivable and expected credit loss totalling $5.2 million. Management expects that the Company's exit from West Africa will have a positive impact on operating margins.

Management believes the Company's proprietary computerized monitoring and control drilling technology will increasingly be an important contributor in reducing both labour and consumable drilling costs, enhancing driller training and productivity rates, and improving safety. Orbit Garant currently has 43 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have demonstrated a significant increase in productivity rates compared to conventional drill rigs. Orbit Garant's customers have responded positively to this improved performance, which has led to new or renewed underground drilling contracts for longer terms.

Looking ahead, Orbit Garant intends to primarily focus on its drilling operations in Canada and Chile, prioritizing longer-term, specialized drilling contracts with major and intermediate customers. The Company will continue to focus on: disciplined management of its variable cost structure and cash, optimizing its drill rig utilization, increasing productivity rates, technology innovation, driller training, retaining key personnel, and maintaining strong health and safety standards.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at June 30, 2024, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2024.

The CEO and the CFO are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company, have been detected. Therefore, no matter how well designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During Fiscal 2024, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirmed there were no changes to the ICFR that have occurred during the year which materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As at June 30, 2024, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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