



**Unaudited Interim Condensed Consolidated
Financial Statements**

First Quarter Fiscal 2025

(For the three-month periods ended September 30, 2024 and 2023)

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

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

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

	Notes	September 30 2024 (3 months) \$	September 30 2023 (3 months) \$
Contract revenue	18	48,435	44,317
Cost of contract revenue	3	41,057	40,169
Gross profit		7,378	4,148
Expenses (income)			
General and administrative expenses		3,508	3,961
Foreign exchange gain		(238)	(4)
Finance costs		760	854
Interest revenue		(421)	-
	3	3,609	4,811
Earnings (loss) before income taxes		3,769	(663)
Income tax expense (recovery)	11		
Current		1,149	34
Deferred		(541)	(263)
		608	(229)
Net earnings (loss)		3,161	(434)
Net earnings (loss) per share	10		
Basic		0.08	(0.01)
Diluted		0.08	(0.01)

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

For the three-month periods ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Net earnings (loss)	3,161	(434)
Other comprehensive earnings (loss)		
Cumulative translation adjustments	179	(493)
Other comprehensive earnings (loss), net of income tax of \$9 (September 30, 2023: \$(3))	179	(493)
Comprehensive earnings (loss)	3,340	(927)

ORBIT GARANT DRILLING INC.
Interim Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

Three-month period ended September 30, 2024					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
Balance as at July 1, 2024	(Note 10) 59,204	923	4,673	(4,571)	60,229
Total comprehensive earnings					
Net earnings	-	-	3,161	-	3,161
Other comprehensive earnings					
Cumulative translation adjustments	-	-	-	179	179
Other comprehensive earnings	-	-	-	179	179
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 10)	-	44	-	-	44
Total transactions with shareholders	-	44	-	-	44
Balance as at September 30, 2024	59,204	967	7,834	(4,392)	63,613

Three-month period ended September 30, 2023					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
Balance as at July 1, 2023	(Note 10) 59,204	981	5,786	(4,327)	61,644
Total comprehensive loss					
Net loss	-	-	(434)	-	(434)
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(493)	(493)
Other comprehensive loss	-	-	-	(493)	(493)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 10)	-	26	-	-	26
Total transactions with shareholders	-	26	-	-	26
Balance as at September 30, 2023	59,204	1,007	5,352	(4,820)	60,743

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

As at September 30, 2024 and June 30, 2024

(in thousands of Canadian dollars)

(Unaudited)

	Notes	September 30 2024	June 30 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		812	332
Trade and other receivables		34,267	30,530
Inventories		45,572	42,964
Income taxes receivable		539	537
Prepaid expenses		524	734
Current portion of long-term receivable	5	687	552
		82,401	75,649
Non-current assets			
Investments	4	1,617	1,411
Long-term receivable	5	1,437	1,692
Property, plant and equipment	6	33,743	33,394
Right-of-use assets		4,257	3,211
Intangible assets		205	211
Deferred tax assets		4,920	4,309
Total assets		128,580	119,877
LIABILITIES			
Current liabilities			
Trade and other payables		29,013	25,410
Income taxes payable		1,210	117
Current portion of long-term debt	7	466	450
Current portion of lease liabilities	8	1,277	1,060
		31,966	27,037
Non-current liabilities			
Long-term debt	7	30,463	30,909
Lease liabilities	8	2,538	1,702
		64,967	59,648
EQUITY			
Share capital	10	59,204	59,204
Equity-settled reserve		967	923
Retained earnings		7,834	4,673
Accumulated other comprehensive loss		(4,392)	(4,571)
Equity attributable to shareholders		63,613	60,229
Total liabilities and equity		128,580	119,877

Contingencies and commitments (notes 13 and 14)

APPROVED BY THE BOARD

 Pierre Alexandre, Director

 Nicole Veilleux, Director

ORBIT GARANT DRILLING INC.**Interim Condensed Consolidated Statements of Cash Flows**

For the three-month periods ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

	Notes	September 30 2024 (3 months) \$	September 30 2023 (3 months) \$
OPERATING ACTIVITIES			
Earnings (loss) before income taxes		3,769	(663)
Items not affecting cash			
Depreciation of property, plant and equipment		2,133	2,610
Depreciation of right-of-use assets		211	150
Amortization of intangible assets		15	64
Loss (gain) on disposal of property, plant and equipment	6	6	(69)
Share-based compensation	10	44	26
Finance costs		760	854
Net change in fair value of investments	4	(206)	81
		6,732	3,053
Changes in non-cash operating working capital items	12	(2,569)	(1,122)
Income taxes paid		(65)	(4)
Finance costs paid		(712)	(821)
		3,386	1,106
INVESTING ACTIVITIES			
Collection of long-term receivable	5	64	-
Acquisition of property, plant and equipment	6	(2,211)	(2,612)
Proceeds from disposal of property, plant and equipment	6	57	136
Acquisition of intangible assets		(9)	(26)
		(2,099)	(2,502)
FINANCING ACTIVITIES			
Proceeds from factoring		2,642	4,815
Repayment on factoring		(2,647)	(5,654)
Proceeds from long-term debt		25,100	22,100
Repayment of long-term debt		(25,612)	(19,993)
Financing fees paid		(13)	-
Repayment of lease liabilities		(315)	(280)
		(845)	988
Effect of exchange rate changes on cash and cash equivalents		38	(290)
Increase (decrease) in cash		480	(698)
Cash and cash equivalents, beginning of the period		332	2,181
Cash and cash equivalents, end of the period		812	1,483

See accompanying notes to interim condensed consolidated financial statements.

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ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

1. DESCRIPTION OF BUSINESS

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

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%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Orbit Garant Chile S.A.	100%
Orbit Garant Drilling Ghana Limited	100%
Perforación Orbit Garant Peru S.A.C.	100%
OGD Drilling (Guyana) Inc.	100%
Forage Orbit Garant BF S.A.S.	100%
Forage Orbit Garant Guinée SARLU	100%
Sarliaq-Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34"). The IFRS accounting policies that are set out in Note 3 to the Company's annual audited consolidated financial statements for the year ended June 30, 2024 were consistently applied to all periods presented. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's independent auditors.

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

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

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2024 annual audited consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on November 13, 2024.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

2. BASIS OF PREPARATION (continued)

Principles of consolidation

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

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

3. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Cost of contract revenue	2,141	2,567
General and administrative expenses	218	257
Total depreciation and amortization	2,359	2,824

Principal expenses by nature

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Depreciation and amortization	2,359	2,824
Employee benefits expense	23,255	22,400
Cost of inventories	11,161	10,337
Lease expense ^(a)	2,786	2,753
Interest on long-term debt	693	765
Interest on lease liabilities	56	29
Factoring charges and other interest	11	60
Other expenses	4,345	5,812
Total cost of contract revenue and expenses	44,666	44,980
Cost of contract revenue	41,057	40,169
Other expenses	3,609	4,811
Total cost of contract revenue and expenses	44,666	44,980

^(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.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

4. INVESTMENTS

	Three-month period ended September 30, 2024	Year ended June 30, 2024
	\$	\$
Investments in public companies, beginning of the year	1,411	320
Conversion of trade receivables	-	1,500
Proceeds from disposal of investments	-	(68)
Change in fair value of investments measured at fair value through profit or loss	206	(341)
Investments in public companies, end of the period	1,617	1,411

5. LONG-TERM RECEIVABLE

	Three-month period ended September 30, 2024	Year ended June 30, 2024
	\$	\$
Long-term receivable, beginning of year	2,244	-
Proceeds from disposal of inventories, property, plant and equipment	-	7,501
Interest revenue	421	-
Collection of long-term receivable including related interest revenue	(485)	(71)
Effect of the substantial modification of a receivable	-	(3,540)
Expected credit loss on long-term receivable	-	(1,644)
Foreign exchange differences	(56)	(2)
	2,124	2,244
Current portion	687	552
Balance, end of year	1,437	1,692

As at September 30, 2024, the carrying value of the long-term receivable before expected credit loss is \$3,768 (\$3,888 as at June 30, 2024) and the allowance for expected credit loss is \$1,644 (\$1,644 as at June 30, 2024). The long-term receivable is not past due.

6. PROPERTY, PLANT AND EQUIPMENT

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Acquisition of property, plant and equipment	2,211	2,612
Proceeds from disposal of property, plant and equipment	(57)	(136)
Loss (gain) on disposal of property, plant and equipment	6	(69)

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

7. LONG-TERM DEBT

	September 30 2024	June 30 2024
	\$	\$
Revolving credit facility of US\$3,000 (June 30, 2024: US\$3,000) authorized for a maximum amount of \$6,750 (US\$5,000), bearing interest at base rate plus 0.25%, effective rate as at September 30, 2024 of 8.75% (June 30, 2024: interest at base rate plus 0.25%, effective rate of 9.25%), 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)}	4,050	4,106
Revolving credit facility authorized for a maximum amount of \$30,000, bearing interest at prime rate plus 2.00%, effective rate as at September 30, 2024 of 8.45% (June 30, 2024: interest at prime rate plus 2.00%, effective rate of 8.95%), 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)}	16,822	17,189
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)}	7,939	7,996
Loan of CLF 38 (June 30, 2024: CLF 39), bearing interest at rates of 3.30%, payable in monthly instalments of \$22 (CLF 0.43), maturing in February 2028, secured by a land and bulding. ^(g)	2,118	2,068
	<u>30,929</u>	<u>31,359</u>
Current portion	<u>(466)</u>	<u>(450)</u>
	<u>30,463</u>	<u>30,909</u>

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

7. LONG-TERM DEBT (continued)

- (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 September 30, 2024, an unamortized amount of \$178 (\$211 as at June 30, 2024), 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 September 30, 2024, an unamortized amount of \$113 (\$114 as at June 30, 2024), 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 September 27, 2024, the Company signed the second 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 September 30, 2024, the borrowing base for the Credit Facility was \$27,746 and US\$5,000 and the undrawn amounts were \$10,746 and US\$345.
- (e) As at September 30, 2024, the Company had utilized US\$1,655 (June 30, 2024: US\$1,655) 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 September 30, 2024, an unamortized amount of \$22 (\$23 as at June 30, 2024), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

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

As at September 30, 2024, the prime rate in Canada was 6.45% for Canadian loans (6.95% as at June 30, 2024), the prime rate in United States was 8.00% and the base rate in the United States was 8.50% for US loans (8.50% and 9.00%, respectively as at June 30, 2024).

As at September 30, 2024, principal payments required in the next years are as follows:

	\$
Within one year	466
Later than one year and no later than five years	24,107
Later than five years	6,669
	<u>31,242</u>

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

As at September 30, 2024	Total	Within one year	Later than one but no later than five years	Later than five years
\$000s	\$	\$	\$	\$
CAN	25,052	242	18,141	6,669
US (US\$3,000)	4,050	-	4,050	-
Chilian UF (CLF 38)	2,140	224	1,916	-
	<u>31,242</u>	<u>466</u>	<u>24,107</u>	<u>6,669</u>

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

8. LEASE LIABILITIES

The summary of the activity related to the lease liabilities for the three-month periods ended September 30, 2024 and 2023 is as follows:

	September 30 2024	September 30 2023
	\$	\$
Lease liabilities recognized, beginning of period	2,762	1,219
Additions	1,339	1,150
Finance costs	56	29
Payment of lease liabilities, including related finance costs	(371)	(309)
Variable lease payment adjustment	2	-
Foreign exchange differences	27	(3)
	3,815	2,086
Current portion	1,277	873
Balance, end of period	2,538	1,213

Lease payments required in the next years are as follows:

	September 30 2024
	\$
Within one year	1,524
Later than one year and no later than five years	2,841
Later than five years	4
	4,369
Less: discounting impact	(554)
Present value of lease payments	3,815

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

9. CAPITAL MANAGEMENT

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

The Company's capital structure is as follows:

	September 30 2024	June 30 2024
	\$	\$
Long-term debt	30,929	31,359
Lease liabilities	3,815	2,762
Share capital	59,204	59,204
Equity-settled reserve	967	923
Retained earnings	7,834	4,673
Accumulated other comprehensive loss	(4,392)	(4,571)
Cash and cash equivalents	(812)	(332)
	97,545	94,018

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 September 30, 2024, as mentioned in Note 7, the Company complied with its covenants (June 30, 2024: 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.

10. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

10. SHARE CAPITAL (continued)

Net earnings (loss) per share

Diluted net earnings per common share was calculated based on net earnings (loss) divided by the average number of common shares outstanding using the treasury shares method. For the numbers in the three-month period ended September 30, 2023, stock options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

	September 30 2024 (3 months)	September 30 2023 (3 months)
Net earnings (loss) per share - basic		
Net earnings (loss) attributable to common shareholders	\$ 3,161	\$ (434)
Weighted average basic number of common shares outstanding	37,372,756	37,372,756
Net earnings (loss) per share - basic	\$ 0.08	\$ (0.01)

	September 30 2024 (3 months)	September 30 2023 (3 months)
Net earnings (loss) per share - diluted		
Net earnings (loss) attributable to common shareholders	\$ 3,161	\$ (434)
Weighted average basic number of common shares outstanding	37,372,756	37,372,756
Adjustment to average number of common shares - stock options	123,059	-
Weighted average diluted number of common shares outstanding	37,495,815	37,372,756
Net earnings (loss) per share - diluted	\$ 0.08	\$ (0.01)

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

	September 30, 2024 (3 months)		September 30, 2023 (3 months)	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the period	2,190,000	0.72	1,960,000	0.95
Cancelled during the period	-	-	-	-
Outstanding at end of the period	2,190,000	0.72	1,960,000	0.95
Exercisable at end of the period	1,253,331	0.84	1,202,005	1.13

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

10. SHARE CAPITAL (continued)

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

Range of exercise price \$	Outstanding at September 30, 2024	Weighted average remaining life (years)	Weighted average exercise price \$	Exercisable at September 30, 2024	Weighted average exercise price \$
0.50 - 0.99	1,920,000	2.48	0.67	983,331	0.77
1.00 - 1.49	270,000	1.72	1.07	270,000	1.07
	2,190,000			1,253,331	

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Expense related to share-based compensation	44	26

11. INCOME TAXES

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Earnings (loss) before income taxes	3,769	(663)
Statutory rates	26.50%	26.50%
Income taxes based on statutory rates	999	(176)
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	12	29
Non-deductible share-based compensation expense	12	7
Difference of income tax rates between territories	(13)	(4)
Withholding taxes	3	4
Income tax assets unrecognized	172	60
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(570)	(107)
Non-taxable portion of capital gain	(7)	(43)
Other	-	1
Total income tax expense (recovery)	608	(229)

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2024 and 2023

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

(Unaudited)

12. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Trade and other receivables	(3,311)	(2,232)
Inventories	(2,392)	(3,530)
Prepaid expenses	212	168
Trade and other payables	2,922	4,472
	(2,569)	(1,122)

13. CONTINGENCIES

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

14. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring between 2025 and 2026 which call for total lease payments of \$150 for the rental of offices and \$23 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 \$169 for 2025 and \$4 for 2026.

Guarantees

For the three-month period ended September 30, 2024, the Company issued some bank guarantees in favor of customers for a total amount of \$6,030 (June 30, 2024: \$3,434), maturing between October 2024 and August 2025. For the three-month periods ended September 30, 2024 and 2023, the Company has not made any payments in connection with these guarantees.

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15. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
Revenues	\$ 47	\$ 28
Expenses	4	7

As at September 30, 2024, an amount of \$7 was receivable resulting from these transactions (June 30, 2024: \$6).

In addition, for the three-month period ended September 30, 2024, repayments of a lease liability totalling \$24 were made to Dynamitage Castonguay Ltd. (for the three-month period ended September 30, 2023: \$21).

Transactions with an associate party

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
Revenues	\$ 8,659	\$ 8,285

As at September 30, 2024, trade and other receivables included an amount receivable of \$2,966 from one of the Company's associates (June 30, 2024: \$2,801).

As at September 30, 2024, the investment in an associate totaled nil in the interim condensed consolidated statements of financial position (June 30, 2024: 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.

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16. KEY MANAGEMENT COMPENSATION

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

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Salaries and fees	226	201
Share-based compensation	32	19
	<u>258</u>	<u>220</u>

17. FINANCIAL INSTRUMENTS

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

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.

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17. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

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

As at September 30, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	812	812			
Trade and other receivables	34,267	34,267			
Long-term receivable	2,124	2,124			
Financial assets measured at fair value					
Investments	1,617	1,617	1,617	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	29,013	29,013			
Long-term debt	30,929	30,168	-	30,168	-
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	-

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the three-month period ended September 30, 2024.

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18. SEGMENTED INFORMATION

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

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

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
Contract revenue	\$	\$
Canada	35,385	32,954
International ⁽¹⁾	13,050	11,363
	48,435	44,317
Earnings (loss) from operations		
Canada	2,293	1,388
International	2,123	(185)
	4,416	1,203
General and corporate expenses ⁽²⁾	308	1,012
Finance costs	760	854
Interest revenue	(421)	-
Income tax expense	608	(229)
	1,255	1,637
Net earnings (loss)	3,161	(434)
⁽¹⁾ The International operating segment included Chilean revenue	10,603	7,998

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

	September 30 2024 (3 months)	September 30 2023 (3 months)
Depreciation and amortization	\$	\$
Canada	1,870	1,807
International	271	761
Total depreciation and amortization included in earnings from operations	2,141	2,568
Unallocated and corporate assets	218	256
Total depreciation and amortization	2,359	2,824

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18. SEGMENTED INFORMATION (continued)

	As at September 30, 2024	As at June 30, 2024
	\$	\$
Identifiable assets		
Canada	94,821	89,881
Chile	25,902	23,591
International - Other	7,857	6,405
	128,580	119,877
Property, plant and equipment		
Canada	27,285	27,359
Chile	6,144	5,704
International - Other	314	331
	33,743	33,394
Right-of-use assets		
Canada	2,961	2,686
Chile	1,080	294
International - Other	216	231
	4,257	3,211
Intangible assets		
Canada	199	204
Chile	6	7
	205	211
	September 30 2024 (3 months)	September 30 2023 (3 months)
	\$	\$
Non-current assets acquisitions		
Canada	2,306	3,184
International	1,235	459
Unallocated and corporate assets	18	145
	3,559	3,788