



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024



KPMG LLP

Tour KPMG

600 de Maisonneuve Blvd West, Suite 1500

Montréal, QC H3A 0A3

Canada

Telephone 514 840 2100

Fax 514 840 2187

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orbit Garant Drilling Inc.

Opinion

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

- the consolidated statements of financial position as at June 30, 2025 and June 30, 2024
- the consolidated statements of earnings (loss) and comprehensive earnings (loss) for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2025 and June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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



Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of the Existence of Inventories

Description of the matter

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

The Entity's inventories mainly include spare parts and consumables located on mining sites and warehouses. As at June 30, 2025, the Entity holds inventories of \$45.9 million. Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Why the matter is a key audit matter

We identified the assessment of the existence of inventories as a key audit matter given the magnitude of the inventories balance and due to the extent of audit effort needed in observing the inventory that is held in numerous locations and which represented area of higher assessed risk of material misstatement.

How the matter was addressed in the audit

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

For a selection of locations, we observed the Entity's physical inventory counts near year-end and performed independent test counts for a sample of items which we compared to the Entity's records.

Evaluation of expected credit loss of a long-term receivable

Description of the matter

We draw attention to Notes 3, 4, 9 and 24 to the consolidated financial statements.

The Entity had a long-term receivable with a carrying value before expected credit loss ("ECL") of \$3,478, including a past due balance of \$463, and an allowance for ECL of \$1,644. This long-term receivable is measured at amortized cost using the effective interest method. Since this long-term receivable has become credit-impaired during the year, the Entity has started to apply the effective interest rate to the amortized cost net of the ECL. The Entity measured the lifetime expected credit loss on this long-term receivable as the present value of all discounted cash shortfalls (the difference between the cash inflows due to the Entity in accordance with the contract and the cash inflows that the Company expects to receive).



Significant assumptions in determining the ECL included the:

- Probability of default based on historical data for comparable entities.
- Probability-weighting, timing and amount of expected cash shortfall under each scenario considered by the Entity, including reflecting the Entity's ability to execute its right to take possession of the asset given as guaranty under the contract.
- Discount rate used to determine the present value of all discounted cash shortfall.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

We compared the amount and timing of the Entity's estimated monthly expected cash receipts of the long-term receivable to actual monthly installments received from the buyer during the year and subsequent to year-end, and to past due amounts.

We challenged the consistency of the expected cash shortfall of the long-term receivable and of the probability-weighting assumption of the scenarios considered by the Entity to determine the ECL, with the information obtained from reading the Entity's internal communications to management and the Board of Directors, including information relating to the buyer's financial condition and history of default.

We evaluated the appropriateness of the discount rate assumption used by the Entity in the determination of the ECL by comparing to a discount rate range that was independently developed using publicly available market data for comparable entities.

We evaluated the appropriateness of the probability of default assumption used by the Entity in the determination of the ECL on the long-term receivable against publicly available default rate data for comparable entities.

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



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Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

September 24, 2025

ORBIT GARANT DRILLING INC.

Consolidated Statements of Earnings (Loss)

For the years ended June 30, 2025 and 2024

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

		Adjusted - Note 2	
	Notes	June 30 2025	June 30 2024
		\$	\$
Contract revenue	25	189,052	181,240
Cost of contract revenue	6	160,769	160,069
Gross profit		28,283	21,171
Expenses			
General and administrative expenses	6	16,713	16,443
Finance costs	6	2,872	3,474
Interest revenue	9	(1,301)	-
Foreign exchange (gain) loss		(46)	817
Reclassification of cumulative translation adjustments	2	-	1,358
Effect of the substantial modification of a receivable and expected credit loss	9	-	5,184
	6	18,238	27,276
Earnings (loss) before income taxes		10,045	(6,105)
Income tax expense (recovery)	18		
Current		1,607	187
Deferred		901	(3,910)
		2,508	(3,723)
Net earnings (loss)		7,537	(2,382)
Net earnings (loss) per share	17		
Basic		0.20	(0.06)
Diluted		0.20	(0.06)

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

For the years ended June 30, 2025 and 2024

(in thousands of Canadian dollars)

	June 30 2025	Adjusted - Note 2 June 30 2024
	\$	\$
Net earnings (loss)	7,537	(2,382)
Other comprehensive earnings (loss)		
Cumulative translation adjustments	309	(537)
Reclassification of cumulative translation adjustments to net earnings (loss) from disposal of subsidiaries	-	1,358
Other comprehensive earnings	309	821
Comprehensive earnings (loss)	7,846	(1,561)

ORBIT GARANT DRILLING INC.

Consolidated Statements of Changes in Equity

For the years ended June 30, 2025 and 2024

(in thousands of Canadian dollars)

Year ended June 30, 2025

	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 17)				
Balance as at July 1, 2024	59,204	923	2,759	(2,657)	60,229
Total comprehensive earnings					
Net earnings	-	-	7,537	-	7,537
Other comprehensive earnings					
Cumulative translation adjustments	-	-	-	309	309
Other comprehensive earnings	-	-	-	309	309
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 17)	-	222	-	-	222
Share buyback (Note 17)	(56)	-	-	-	(56)
Stock options exercised (Note 17)	255	(71)	-	-	184
Stock options cancelled (Note 17)	-	(74)	74	-	-
Total transactions with shareholders	199	77	74	-	350
Balance as at June 30, 2025	59,403	1,000	10,370	(2,348)	68,425

Year ended June 30, 2024

	Share capital	Equity-settled reserve	Retained earnings	Adjusted - Note 2 Accumulated other comprehensive loss	Adjusted - Note 2 Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 17)				
Balance as at June 30, 2023 - as reported	59,204	981	5,786	(4,327)	61,644
Reclassification of cumulative translation adjustments to net earnings (loss) from disposal of subsidiaries	-	-	(849)	849	-
Balance as at July 1, 2023 - adjusted - Note 2	59,204	981	4,937	(3,478)	61,644
Total comprehensive earnings (loss)					
Net loss	-	-	(2,382)	-	(2,382)
Other comprehensive earnings (loss)					
Cumulative translation adjustments	-	-	-	(537)	(537)
Reclassification of cumulative translation adjustments to net earnings (loss) from disposal of subsidiaries	-	-	-	1,358	1,358
Other comprehensive earnings	-	-	-	821	821
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 17)	-	146	-	-	146
Stock options cancelled (Note 17)	-	(204)	204	-	-
Total transactions with shareholders	-	(58)	204	-	146
Balance as at June 30, 2024	59,204	923	2,759	(2,657)	60,229

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.

Consolidated Statements of Financial Position

As at June 30, 2025 and June 30, 2024

(in thousands of Canadian dollars)

	Notes	June 30 2025	Adjusted - Note 2 June 30 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		3,488	332
Trade and other receivables	24	30,622	30,530
Inventories	7	45,937	42,964
Income taxes receivable		707	537
Prepaid expenses		644	734
Current portion of long-term receivable	9	1,374	552
Current portion of net investment in finance leases	10	55	-
		82,827	75,649
Non-current assets			
Investments	8	1,220	1,411
Long-term receivable	9	460	1,692
Net investment in finance leases	10	7	-
Property, plant and equipment	11	35,295	33,394
Right-of-use assets	12	6,966	3,211
Intangible assets	13	442	211
Deferred tax assets	18	3,425	4,309
Total assets		130,642	119,877
LIABILITIES			
Current liabilities			
Trade and other payables		28,761	25,410
Income taxes payable		801	117
Current portion of long-term debt	14	1,167	450
Current portion of lease liabilities	15	1,748	1,060
		32,477	27,037
Non-current liabilities			
Long-term debt	14	25,088	30,909
Lease liabilities	15	4,652	1,702
		62,217	59,648
EQUITY			
Share capital	17	59,403	59,204
Equity-settled reserve		1,000	923
Retained earnings		10,370	2,759
Accumulated other comprehensive loss		(2,348)	(2,657)
Equity attributable to shareholders		68,425	60,229
Total liabilities and equity		130,642	119,877

Contingencies and commitments and guarantees (notes 20 and 21)

APPROVED BY THE BOARD

Daniel Maheu, Director

Nicole Veilleux, Director

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.

Consolidated Statements of Cash Flows

For the years ended June 30, 2025 and 2024

(in thousands of Canadian dollars)

	Notes	June 30 2025 \$	Adjusted - Note 2 June 30 2024 \$
OPERATING ACTIVITIES			
Earnings (loss) before income taxes		10,045	(6,105)
Items not affecting cash			
Depreciation of property, plant and equipment	11	8,691	9,928
Depreciation of right-of-use assets	12	1,306	656
Amortization of intangible assets	13	78	147
Gain on disposal of property, plant and equipment	11	(515)	(2,195)
(Gain) loss on disposal of right-of-use assets	12	(4)	17
Effect of the substantial modification of a receivable and expected credit loss	9	-	5,184
Reclassification of cumulative translation adjustments	2	-	1,358
Share-based compensation	17	222	146
Finance costs	6	2,872	3,474
Interest revenue from long-term receivable	9	(1,301)	-
Net change in fair value of investments	8	191	341
		21,585	12,951
Changes in non-cash operating working capital items	19	651	(76)
Income taxes paid		(979)	(50)
Finance costs paid		(2,738)	(3,309)
		18,519	9,516
INVESTING ACTIVITIES			
Proceeds from disposal of investments	8	-	68
Collection of long-term receivable	9	1,710	71
Collection of net investment in finance leases	10	44	-
Acquisition of property, plant and equipment	11	(11,195)	(8,673)
Proceeds from disposal of property, plant and equipment		1,178	2,623
Acquisition of intangible assets	13	(309)	(69)
		(8,572)	(5,980)
FINANCING ACTIVITIES			
Proceeds from factoring		8,640	17,003
Repayment on factoring		(8,619)	(18,328)
Proceeds from long-term debt		118,895	98,315
Repayment of long-term debt		(124,164)	(101,171)
Financing fees paid		(56)	(217)
Repayment of lease liabilities		(1,499)	(1,160)
Proceeds from stock options exercised		184	-
Repurchase of common shares	17	(56)	-
		(6,675)	(5,558)
Effect of exchange rate variation on cash and cash equivalent		(116)	173
Increase (decrease) in cash and cash equivalents		3,156	(1,849)
Cash and cash equivalents, beginning of period		332	2,181
Cash and cash equivalents, end of period		3,488	332

See accompanying notes to consolidated financial statements.

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ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

1. DESCRIPTION OF BUSINESS

Orbit Garant Drilling Inc. (the "Company"), incorporated under the *Canada Business Corporations Act*, mainly operates a surface and underground diamond drilling business. The Company has operations in Canada 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The IFRS accounting policies set out below were consistently applied to all periods presented.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, assumptions and judgments. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 4.

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

These consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 24, 2025.

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

2. BASIS OF PREPARATION (continued)

The comparative figures have been adjusted in these consolidated financial statements to correct for immaterial errors in accounting for foreign exchange, including the reclassification of cumulative translation differences to net earnings for subsidiaries that have ceased their foreign operations' activities in accordance with IAS 21. The impact on the statements was as follows:

Caption	As previously reported	Adjustment	As adjusted
	\$	\$	\$
Consolidated Statements of Earnings (Loss)			
Foreign exchange (gain) loss	1,110	(293)	817
Reclassification of cumulative translation adjustments	-	1,358	1,358
Earnings (loss) before income taxes	(5,040)	(1,065)	(6,105)
Net earnings (loss)	(1,317)	(1,065)	(2,382)
Net loss per share (Basic and Diluted)	(0.04)	(0.02)	(0.06)
Consolidated Statements of Comprehensive Earnings (Loss)			
Cumulative translation adjustments	(244)	(293)	(537)
Reclassification of cumulative translation adjustments to net earnings (loss) from disposal of subsidiaries	-	1,358	1,358
Other comprehensive earnings	(244)	1,065	821
Consolidated Statements of Changes in Equity			
Retained earnings, beginning of year	5,786	(849)	4,937
Accumulated other comprehensive loss, beginning of year	(4,327)	849	(3,478)
Cumulative translation adjustments	(244)	(293)	(537)
Reclassification of cumulative translation differences to net earnings (loss) from disposal of subsidiaries	-	1,358	1,358
Net loss	(1,317)	(1,065)	(2,382)
Other comprehensive earnings	(244)	1,065	821
Retained earnings, end of year	4,673	(1,914)	2,759
Accumulated other comprehensive loss, end of year	(4,571)	1,914	(2,657)
Consolidated Statements of Financial Position			
Retained earnings	4,673	(1,914)	2,759
Accumulated other comprehensive loss	(4,571)	1,914	(2,657)
Consolidated Statements of Cash Flows			
Earnings (loss) before income taxes	(5,040)	(1,065)	(6,105)
Reclassification of cumulative translation adjustments	-	1,358	1,358
Cash flow from operations	9,223	293	9,516
Effect of exchange rate variation on cash and cash equivalent	466	(293)	173

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION

Principles of consolidation

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

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

Foreign currency translation

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

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

Financial instruments

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments (continued)

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

Financial assets measured at amortized cost

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

- (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

Financial assets measured at fair value

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

Financial liabilities measured at amortized cost

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

Financial liabilities measured at fair value

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

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

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

Amortized cost and effective interest method

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Trade and other receivables and Long term receivable

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

Subsequently, the Long term receivables is measured at amortized cost using the effective interest method and adjusted for interest and collection of long term receivable. In calculating the present value of collection of long term receivable, the Company uses the rate representing the market risk at the long term receivable commencement date. The interest on financial assets that are not purchased or originated credit-impaired instruments is calculated by using the effective interest method, which shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently have become credit-impaired. For those financial assets, the Company apply the effective interest rate to the amortised cost, which is net of the impairment, of the financial asset in subsequent reporting periods.

Impairment of financial assets

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

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

Inventories

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

Investments

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Property, plant and equipment

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

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

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

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

Property, plant and equipment (continued)

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

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

Impairment of non-financial assets

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

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

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Income taxes

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

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

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

Leases

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

Right-of-use assets on leases

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

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

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

Lease liabilities

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Revenue recognition

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

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

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

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

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

Share options

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

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Notes to Consolidated Financial Statements

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

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

A) CRITICAL 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 tax assets

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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

5. STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED

A) ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2024 and have had no significant impact on the Company's Consolidated Financial Statements:

- 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)

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 21 (amended) – The Effect of Changes in Foreign Exchange Rates - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not, effective for periods beginning on or after January 1, 2025.
- 2) IFRS 18 (amended) – Presentation and Disclosure of Financial Statements - The standard replaces IAS 1, Presentation of Financial Statements, and includes requirements for the presentation and disclosure of information in financial statements, such as the presentation of subtotals within the statement of operations and the disclosure of management-defined performance measures within the financial statements.

The adoption of the amendment to IAS 21 is not expected to have a significant impact on the Consolidated Financial Statements. The Company is currently in the process of assessing the impact the adoption of IFRS 18 will have on the Consolidated Financial Statements.

6. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	June 30 2025	June 30 2024
	\$	\$
Cost of contract revenue	9,159	9,815
General and administrative expenses	916	916
Total depreciation and amortization	10,075	10,731

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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6. EXPENSES BY NATURE (continued)

Principal expenses by nature

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

	June 30 2025	Adjusted - Note 2 June 30 2024
	\$	\$
Depreciation and amortization	10,075	10,731
Employee benefits expense	96,166	93,108
Cost of inventories	40,729	40,415
Lease expense ^(a)	12,166	10,824
Interest on long-term debt	2,316	3,144
Interest on lease liabilities	363	185
Factoring charges and other interest	193	145
Reclassification of cumulative translation adjustments	-	1,358
Effect of the substantial modification of a receivable and expected credit loss	-	5,184
Other expenses	16,999	22,251
Total cost of contract revenue and expenses	179,007	187,345
Cost of contract revenue	160,769	160,069
Other expenses	18,238	27,276
Total cost of contract revenue and expenses	179,007	187,345

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

7. INVENTORIES

	June 30 2025	June 30 2024
	\$	\$
Spare parts	15,032	14,410
Consumables	29,472	27,507
Other	1,433	1,047
	45,937	42,964

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

During the year, an amount of \$40,729 (2024: \$40,415) has been accounted for a cost of inventories recognized as an expense and included in cost of contract revenue.

During the year, an amount of \$679 (2024: nil) has been accounted for as a write-down of inventories as a result of net realizable value being lower than cost. As at June 30, 2025 and 2024, no amount has been accounted as a reversal of a write-down of inventory.

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

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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8. INVESTMENTS

	June 30 2025	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	(191)	(341)
Investments in public companies, end of the year	1,220	1,411

The Company holds common shares in publicly traded companies. These shares are classified as fair value through profit or loss and are reported at fair value, reflecting their quoted share price at the reporting date. The change in fair value of investments is included in general and administrative expenses. The original cost is \$2,385 (\$2,385 as at June 30, 2024).

9. LONG-TERM RECEIVABLE

The summary of the activity related to the long-term receivable for the years ended June 30, 2025 and 2024 is as follows:

	June 30 2025	June 30 2024
	\$	\$
Long-term receivable, beginning of year	2,244	-
Proceeds from disposal of inventories, property, plant and equipment ^(a)	-	7,501
Interest revenue	1,301	-
Collection of long-term receivable including related interest revenue	(1,710)	(71)
Change in effect of the substantial modification of a receivable ^(b)	-	(3,540)
Change in expected credit loss on long-term receivable ^(b)	-	(1,644)
Foreign exchange differences	(1)	(2)
	1,834	2,244
Current portion	1,374	552
Balance, end of year	460	1,692

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

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

As at June 30, 2025, the carrying value of the long-term receivable before expected credit loss is \$3,478 (\$3,888 as at June 30, 2024) and the allowance for expected credit loss is \$1,644 (\$1,644 as at June 30, 2024). During the year, the long-term receivable became credit-impaired and the situation remains unchanged as at June 30, 2025 (The long-term receivable was not credit-impaired as at June 30, 2024). As at June 30, 2025, the long-term receivable past due is 463 \$ including interest.

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

10. NET INVESTMENT IN FINANCE LEASES

The summary of the activity related to the net investment in finance leases for the year ended June 30, 2025 is as follows:

	June 30 2025
	\$
Net investment in finance leases, beginning of year	-
Proceeds from disposal of property, plant and equipment	107
Interest revenue	8
Collection of net investment in finance leases including related interest revenue	(53)
	62
Current portion	55
Balance, end of period	7

Lease payments receivable in the next years are as follows:

	June 30 2025
	\$
Within one year	60
Later than one year and no later than five years	7
	67
Less: discounting impact	(5)
Present value of lease payments receivable	62

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Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	\$	\$	\$	\$	\$	\$
Balance as at July 1, 2024	2,258	11,590	83,312	26,296	1,832	125,288
Additions	-	435	8,206	2,538	16	11,195
Transfer from right-of-use assets (note 12)	-	-	-	122	-	122
Disposals and write-offs ⁽¹⁾	-	-	(1,634)	(1,313)	(4)	(2,951)
Effect of movements in exchange rates	13	6	155	12	2	188
Balance as at June 30, 2025	2,271	12,031	90,039	27,655	1,846	133,842

Accumulated Depreciation

Balance as at July 1, 2024	-	6,786	65,490	18,076	1,542	91,894
Depreciation	-	435	5,164	3,046	46	8,691
Transfer from right-of-use assets (note 12)	-	-	-	10	-	10
Disposals and write-offs ⁽¹⁾	-	-	(1,063)	(1,116)	(3)	(2,182)
Effect of movements in exchange rates	-	2	122	8	2	134
Balance as at June 30, 2025	-	7,223	69,713	20,024	1,587	98,547

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	\$	\$	\$	\$	\$	\$
Balance as at July 1, 2023	2,466	11,691	95,877	25,148	2,083	137,265
Additions	-	178	4,587	3,784	124	8,673
Transfer from right-of-use assets (note 12)	-	-	-	1,042	-	1,042
Disposals and write-offs ⁽¹⁾	-	(182)	(15,671)	(3,482)	(342)	(19,677)
Effect of movements in exchange rates	(208)	(97)	(1,481)	(196)	(33)	(2,015)
Balance as at June 30, 2024	2,258	11,590	83,312	26,296	1,832	125,288

Accumulated Depreciation

Balance as at July 1, 2023	-	6,563	70,306	17,432	1,808	96,109
Depreciation	-	416	6,152	3,287	73	9,928
Transfer from right-of-use assets (note 12)	-	-	-	280	-	280
Disposals and write-offs ⁽¹⁾	-	(159)	(9,650)	(2,779)	(308)	(12,896)
Effect of movements in exchange rates	-	(34)	(1,318)	(144)	(31)	(1,527)
Balance as at June 30, 2024	-	6,786	65,490	18,076	1,542	91,894

June 30, 2024:

Net book value	2,258	4,804	17,822	8,220	290	33,394
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June 30, 2025:

Net book value	2,271	4,808	20,326	7,631	259	35,295
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⁽¹⁾ A gain on disposal of property, plant and equipment totalling \$515 for the year ended June 30, 2025 (a gain of \$2,195 for the year ended June 30, 2024) is included in cost of contract revenue.

Drilling equipment includes construction work in progress for an amount of \$664 (\$474 as at June 30, 2024).

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Notes to Consolidated Financial Statements

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12. RIGHT-OF-USE ASSETS

	Buildings and components	Drilling equipment	Vehicles	Total
Cost	\$	\$	\$	\$
Balance as at July 1, 2024	1,360	-	2,634	3,994
Additions	966	2,996	1,406	5,368
Disposals and write-offs	(360)	-	(132)	(492)
Variable lease payment adjustment	-	-	14	14
Transferred to property, plant and equipment (Note 11)	-	-	(122)	(122)
Effect of movements in exchange rates	5	(47)	2	(40)
Balance as at June 30, 2025	1,971	2,949	3,802	8,722

Accumulated Depreciation

Balance as at July 1, 2024	233	-	550	783
Depreciation	333	352	621	1,306
Disposals and write-offs	(218)	-	(100)	(318)
Transferred to property, plant and equipment (Note 11)	-	-	(10)	(10)
Effect of movements in exchange rates	-	(4)	(1)	(5)
Balance as at June 30, 2025	348	348	1,060	1,756

	Buildings and components	Drilling equipment	Vehicles	Total
Cost	\$	\$	\$	\$
Balance as at July 1, 2023	1,037	-	2,249	3,286
Additions	1,256	-	1,514	2,770
Disposals and write-offs	(933)	-	-	(933)
Variable lease payment adjustment	-	-	5	5
Reassessment of the lease term	-	-	(69)	(69)
Transferred to property, plant and equipment (Note 11)	-	-	(1,042)	(1,042)
Effect of movements in exchange rates	-	-	(23)	(23)
Balance as at June 30, 2024	1,360	-	2,634	3,994

Accumulated Depreciation

Balance as at July 1, 2023	917	-	444	1,361
Depreciation	249	-	407	656
Disposals and write-offs	(933)	-	-	(933)
Transferred to property, plant and equipment (Note 11)	-	-	(280)	(280)
Effect of movements in exchange rates	-	-	(21)	(21)
Balance as at June 30, 2024	233	-	550	783

June 30, 2024:

Net book value	1,127	-	2,084	3,211
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June 30, 2025:

Net book value	1,623	2,601	2,742	6,966
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A loss disposal of right-of-use-assets totalling \$4 for the year ended June 30, 2025 (A loss disposal of right-of-use-assets totalling \$17 for the year ended June 30, 2024) is included in cost of contract revenue. A gain disposal of right-of-use-assets totalling \$8 for the year ended June 30, 2025 (A gain disposal of right-of-use-assets totalling nil for the year ended June 30, 2024) is included in general and administrative expenses.

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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13. INTANGIBLE ASSETS

	Software	Patents	Technological planning and design	Total
Cost	\$	\$	\$	\$
Balance as at July 1, 2024	2,466	64	-	2,530
Additions	68	30	211	309
Effect of movements in exchange rates	1	-	-	1
Balance as at June 30, 2025	2,535	94	211	2,840

Accumulated Depreciation

Balance as at July 1, 2024	2,298	21	-	2,319
Depreciation	58	10	10	78
Effect of movements in exchange rates	1	-	-	1
Balance as at June 30, 2025	2,357	31	10	2,398

	Software	Patents	Technological planning and design	Total
Cost	\$	\$	\$	\$
Balance as at July 1, 2023	2,449	48	-	2,497
Additions	53	16	-	69
Disposals and write-offs	(22)	-	-	(22)
Effect of movements in exchange rates	(14)	-	-	(14)
Balance as at June 30, 2024	2,466	64	-	2,530

Accumulated Depreciation

Balance as at July 1, 2023	2,187	14	-	2,201
Depreciation	140	7	-	147
Disposals and write-offs	(17)	-	-	(17)
Effect of movements in exchange rates	(12)	-	-	(12)
Balance as at June 30, 2024	2,298	21	-	2,319

June 30, 2024:

Net book value	168	43	-	211
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June 30, 2025:

Net book value	178	63	201	442
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ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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

14. LONG-TERM DEBT

	June 30 2025	June 30 2024
	\$	\$
Revolving credit facility authorized for a maximum amount of \$30,000, bearing interest at prime rate plus 0.50%, effective rate as at June 30, 2025 of 5.45% (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)}	13,883	17,189
Loan, bearing interest at 6.50%, payable in monthly instalments of \$63 including interest, maturing in October 2042, secured by a first rank hypothec on a land and building ^{(c) (f)}	7,764	7,996
Revolving credit facility authorized for a maximum amount of \$6,822 (US\$5,000), bearing interest at base rate plus 0.25%, effective rate as at June 30, 2025 of 8.25% (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)}	-	4,106
Loan of \$2,672 (US\$1,958), bearing interest at rates of 8.12%, payable in monthly instalments of \$57 (US\$42) plus interest, maturing in May 2029, secured by a second rank hypothec on the universality of all present and future assets ^{(g) (i)}	2,644	-
Loan of CLF 35 (June 30, 2024: CLF 39), bearing interest at rates of 3.30%, payable in monthly instalments of \$24 (CLF 0.43), maturing in February 2028, secured by land and building. ^(h)	1,964	2,068
	26,255	31,359
Current portion	(1,167)	(450)
	25,088	30,909

(a) The Revolving credit facility bears interest at either (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant. In addition, the Corporation incurs commitment fees, varying between 0.35% to 0.84%. The rate is variable based on the quarterly calculation of a financial ratio and can vary from (a) prime rate plus 0.50% to 2.75% or (b) banker's acceptance rate plus 1.50% to 3.75%.

(b) As at June 30, 2025, an unamortized amount of \$117 (\$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 June 30, 2025, an unamortized amount of \$108 (\$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 June 30, 2025, the borrowing base for the Credit Facility was \$30,000 and US\$5,000 and the available amounts were \$16,000 and US\$4,610.

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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14. LONG-TERM DEBT (continued)

- (e) As at June 30, 2025, the Company had utilized US\$390 (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. The Company's long-term debt under the BDC Loan Agreement including the current portion amounted to \$7,872 as at June 30, 2025 (\$8,110 as at June 30, 2024).
- (g) On November 29, 2024, the Company entered into the EDC Loan Agreement, which provides for a term loan in the principal amount of US\$2,000. This loan bears interest at a fixed rate of 8.12% per year, has a 4-year term and is repayable by way of 48 consecutive monthly payments from June 2025 until May 2029. The Company's obligations under the EDC Loan Agreement are: a) secured by a second ranking hypothec on the universality of all present and future assets; and (b) guaranteed on a solidary (joint and several) basis by certain of our subsidiaries. The Company's long-term debt under the EDC Loan Agreement including the current portion amounted to US\$1,958 (\$2,672) as at June 30, 2025 (nil as at June 30, 2024).
- (h) As at June 30, 2025, an unamortized amount of \$17 (\$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.
- (i) As at June 30, 2025, an unamortized amount of \$28 (nil 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 16). As at June 30, 2025, the Company was compliant with its financial covenants (June 30, 2024: the Company was compliant with its financial covenants).

As at June 30, 2025, the prime rate in Canada was 4.95% for Canadian loans (6.95% as at June 30, 2024) and the prime rate in United States was 7.50% and the base rate in the United States was 8.00% for US loans (8.50% and 9.00% respectively as at June 30, 2024).

As at June 30, 2025, principal payments required in the next years are as follows:

	\$
Within one year	1,167
Later than one year and no later than five years	18,938
More than five years	6,420
	<u>26,525</u>

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

As at June 30, 2025		Within	Later than one	
\$000s	Total	one year	but no later than	Later than
	\$	\$	five years	five years
			\$	\$
CAN	21,872	254	15,198	6,420
US (US\$1,958)	2,672	682	1,990	-
Chilean UF (CLF 35)	1,981	231	1,750	-
	<u>26,525</u>	<u>1,167</u>	<u>18,938</u>	<u>6,420</u>

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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14. LONG-TERM DEBT (continued)

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

	2025	2024
	\$	\$
Balance, beginning of year	31,359	34,338
Net change in the revolving credit facility	(7,549)	(859)
Increase in other long-term debts	2,795	-
Repayment of other long-term debts	(515)	(1,997)
Financing fees related to loans	(56)	(217)
Amortization of financing fees related to loans	134	165
Impact of the change in foreign exchange rates on the foreign currency debts	87	(71)
Balance, end of year	26,255	31,359

15. LEASE LIABILITIES

The summary of the activity related to the lease liabilities for the years ended June 30, 2025 and 2024 is as follows:

	2025	2024
	\$	\$
Lease liabilities recognized, beginning of year	2,762	1,219
Additions	5,368	2,770
Disposals	(28)	-
Finance costs	363	185
Payment of lease liabilities, including related finance costs	(1,862)	(1,345)
Variable lease payment adjustment	14	5
Reassessment of lease term	(150)	(69)
Foreign exchange differences	(67)	(3)
	6,400	2,762
Current portion	1,748	1,060
Balance, end of year	4,652	1,702

Lease payments required in the next years are as follows:

	June 30 2025
	\$
Within one year	2,190
Later than one year and no later than five years	4,912
Later than five years	385
	7,487
Less: discounting impact	(1,087)
Present value of lease payments	6,400

ORBIT GARANT DRILLING INC.

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16. CAPITAL MANAGEMENT

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

The Company's capital structure is as follows:

	June 30 2025	Adjusted - Note 2 June 30 2024
	\$	\$
Long-term debt	26,255	31,359
Lease liabilities	6,400	2,762
Share capital	59,403	59,204
Equity-settled reserve	1,000	923
Retained earnings	10,370	2,759
Accumulated other comprehensive loss	(2,348)	(2,657)
Cash and cash equivalents	(3,488)	(332)
	97,592	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 June 30, 2025, as mentioned in Note 14, the Company complied with its financial 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.

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

For the years ended June 30, 2025 and 2024

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17. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

	June 30, 2025		June 30, 2024	
	Number of shares	\$	Number of shares	\$
Common shares				
Balance, beginning of the year	37,372,756	59,204	37,372,756	59,204
Movement in share capital:				
Share buyback ^(a)	(68,916)	(56)	-	-
Stock options exercised	276,000	255	-	-
Balance, end of the year	37,579,840	59,403	37,372,756	59,204

^(a) During the current fiscal year, the Company initiated its Normal Course Issuer Bid ("NCIB"), ending October 30, 2025. For the year ended June 30, 2025, the Company repurchased and cancelled 68,916 common shares at a cost of \$56 and an average price of \$0.82 per share.

Net earnings (loss) per share

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

	June 30		June 30	
	2025		2024	
Net earnings (loss) per share - basic				
Net earnings (loss) attributable to common shareholders	\$	7,537	\$	(2,382)
Weighted average basic number of common shares outstanding		37,395,763		37,372,756
Net earnings (loss) per share - basic	\$	0.20	\$	(0.06)

	June 30		June 30	
	2025		2024	
Net earnings (loss) per share - diluted				
Net earnings (loss) attributable to common shareholders	\$	7,537	\$	(2,382)
Weighted average basic number of common shares outstanding		37,395,763		37,372,756
Adjustment to average number of common share - stock options		669,156		-
Weighted average diluted number of common shares outstanding		38,064,919		37,372,756
Net earnings (loss) per share - diluted	\$	0.20	\$	(0.06)

ORBIT GARANT DRILLING INC.

Notes to Consolidated Financial Statements

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17. SHARE CAPITAL (continued)

Stock option plan

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

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

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

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

	June 30, 2025		June 30, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding at the beginning of the year	2,190,000	0.72	1,960,000	0.95
Granted during the year	530,000	0.83	590,000	0.57
Exercised during the year ^(a)	(276,000)	0.67	-	-
Cancelled during the year	(291,000)	0.90	(360,000)	1.74
Outstanding at end of the year	2,153,000	0.73	2,190,000	0.72
Exercisable at end of the year	1,056,326	0.76	1,253,331	0.84

^(a) For the year ended June 30, 2025, the weighted average market share price at the date of exercise was \$1.61.

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17. SHARE CAPITAL (continued)

The following table summarizes information on share options outstanding as at June 30, 2025:

Range of exercise price \$	Number of options outstanding at June 30, 2025	Weighted average remaining life (years)	Weighted average exercise price \$	Number of options exercisable at June 30, 2025	Weighted average exercise price \$
0.50 - 0.99	1,897,000	2.96	0.68	800,326	0.66
1.00 - 1.49	256,000	0.97	1.07	256,000	1.07
	2,153,000			1,056,326	

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

	Granted in 2025	Granted in 2024
Risk-free interest rate	3.04%	3.54% to 3.87%
Expected life (years)	3	3
Expected volatility (based on historical volatility)	62.02%	61.75% to 66.76%
Expected dividend yield	0%	0%
Fair value of options granted	\$0.54	\$0.38 to \$0.44

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

	June 30 2025	June 30 2024
	\$	\$
Expense related to share-based compensation	222	146

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18. INCOME TAXES

Income tax expense (recovery) comprises the following:

	June 30 2025	June 30 2024
Current tax	\$	\$
Current year	1,312	157
Prior years adjustments	295	30
	1,607	187
Deferred tax		
Current year	900	(3,887)
Prior years adjustments	1	(23)
	901	(3,910)
	2,508	(3,723)
	June 30 2025	June 30 2024
	\$	\$
Earnings (loss) before income taxes	10,045	(6,105)
Statutory rates	26.50%	26.50%
Income taxes based on statutory rates	2,662	(1,618)
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses and other permanent differences	(89)	366
Non-deductible share-based compensation expense	59	38
Difference of income tax rates between territories	(21)	(171)
Withholding taxes	14	22
Change in unrecognized temporary differences	169	2,908
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(576)	(5,283)
Non-taxable portion of capital gain	(5)	8
Prior years adjustments	296	7
Other	(1)	-
Total income tax expense	2,508	(3,723)

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18. INCOME TAXES (continued)

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

	July 1 2024	Recognized in statements of earnings (loss)	Exchange rate variation	June 30 2025
	\$	\$	\$	\$
Deferred income tax assets:				
Intangible assets	19	(17)	-	2
Loss carried forward	4,268	(980)	-	3,288
Non-deductible provisions	1,600	139	26	1,765
Lease liabilities	883	940	19	1,842
Investments	130	26	-	156
Total deferred income tax assets	6,900	108	45	7,053
Deferred income tax liabilities:				
Property, plant and equipment	2,591	1,009	28	3,628
Total deferred income tax liabilities	2,591	1,009	28	3,628
Net deferred income tax assets	4,309	(901)	17	3,425

	July 1 2023	Recognized in statements of earnings (loss)	Exchange rate variation	June 30 2024
	\$	\$	\$	\$
Deferred income tax assets:				
Intangible assets	23	(4)	-	19
Loss carried forward	369	3,899	-	4,268
Non-deductible provisions	1,705	136	(241)	1,600
Lease liabilities	742	232	(91)	883
Investments	83	47	-	130
Total deferred income tax assets	2,922	4,310	(332)	6,900
Deferred income tax liabilities:				
Property, plant and equipment	2,337	400	(146)	2,591
Total deferred income tax liabilities	2,337	400	(146)	2,591
Net deferred income tax assets	585	3,910	(186)	4,309

As at June 30, 2025, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future. The Company recognized a deferred income tax asset on certain non-capital losses because it is probable that sufficient taxable profit will be available from future operations.

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18. INCOME TAXES (continued)

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

	Guinea	Burkina Faso
	\$	\$
June 30, 2027	2,415	7,303
June 30, 2028	676	3,972
June 30, 2029	-	3,265

19. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2025	June 30 2024
	\$	\$
Trade and other receivables	104	(2,957)
Inventories	(2,500)	2,901
Prepaid expenses	90	277
Trade and other payables	2,957	(297)
	651	(76)

20. 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.

21. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring between 2026 and 2028 which call for total lease payments of \$606 for the rental of offices. 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 three years amount to \$552 for 2026, \$32 for 2027 and \$22 for 2028.

Guarantees

As at June 30, 2025, the Company issued some bank guarantees in favor of customers for a total amount of \$5,836 (year ended June 30, 2024: \$3,434), maturing between July 2025 and October 2026. For the years ended June 30, 2024 and 2025, the Company has not made any payments in connection with these guarantees.

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22. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

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

	June 30 2025	June 30 2024
	\$	\$
Revenues	172	151
Expenses	62	24

As at June 30, 2025, an amount of \$8 was receivable resulting from these transactions (June 30, 2024: \$6).

In addition, for the twelve-month period ended June 30, 2025, repayments of a lease liability totalling \$111 were made to Dynamitage Castonguay Ltd. (June 30, 2024 : \$93).

Transactions with an associate party

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

	June 30 2025	June 30 2024
	\$	\$
Revenues	32,820	33,308

As at June 30, 2025, trade and other receivables included an amount receivable of \$2,706 from Sarliaq-Orbit Garant Inc. (June 30, 2024: \$2,801).

As at June 30, 2025, investment in an associate totalling nil in financial statement (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.

23. KEY MANAGEMENT COMPENSATION

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

	June 30 2025	June 30 2024
	\$	\$
Salaries and fees	1,491	1,047
Share-based compensation	158	104
	1,649	1,151

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24. 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.

Currency risk

The Company realizes a part of its activities in US dollars (US \$) and in Chilean Unit of Account (CLF). The Company's exposure to currency risk other than the functional currency on its consolidated financial statements was as follows as at June 30, 2025:

	USD/CAD	CLF/CLP	USD/GYD
Net exposure on monetary assets (liabilities)	(865)	(2,330)	549
Impact on earnings before income taxes ^(a)	(64)	(171)	40

^(a) The Company has estimated that a 10% variation in the foreign exchange rates would have caused a corresponding annual change in net earnings (loss).

Credit risk

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

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada ("EDC") on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of certain accounts receivable. As at June 30, 2025, the amount of the insurance coverage from EDC represents 3% of the accounts receivable (4% as at June 30, 2024).

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

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

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24. FINANCIAL INSTRUMENTS (continued)

The aging of trade receivable balances and the allowance for expected credit loss as at June 30, 2025 and June 30, 2024 were as follows:

	June 30 2025	June 30 2024
	\$	\$
Current	28,169	23,668
Past due 0-30 days	915	3,919
Past due more than 30 days	2,499	1,996
Total trade receivables	31,583	29,583
Less: allowance for expected credit loss	1,255	980
	30,328	28,603

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

	June 30 2025	June 30 2024
	\$	\$
Balance at beginning of year	980	905
Change in allowance, other than write-offs and recoveries	53	225
Write-offs of accounts receivable	(11)	-
Recoveries	(32)	-
Foreign exchange translation differences	265	(150)
Balance at end of year	1,255	980

As at June 30, 2025, 89% (June 30, 2024: 78%) of the trade and other receivables are aged as current and 4% are impaired (June 30, 2024: 4%). Given that expected credit losses are minimal, the expected credit losses by trade accounts receivable aging have not been presented.

One major customer represent more than 10% of the trade accounts receivable, 32% as at June 30, 2025 (June 30, 2024, Two major customers represented 41% of trade accounts receivable).

Two majors customers represent more than 10% of total contract revenue, at 35% for the year ended June 30, 2025 (year ended June 30, 2024, two majors customer represented 33%).

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

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

Interest rate risk

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

As at June 30, 2025, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual variation in net earnings (loss) and comprehensive loss of \$103 (June 30, 2024, \$158).

Equity market risk

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

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the markets and individual equity movements, and determines the appropriate course of actions to be taken by the Company.

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24. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

As at June 30, 2025, the investments are measured at fair value and are classified as a Level 1 financial instrument as their fair value is determined using quoted prices in the active markets.

As at June 30, 2025	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	3,488	3,488			
Trade and other receivables	30,622	30,622			
Long-term receivable	1,834	1,834			
Financial assets measured at fair value					
Investments	1,220	1,220	1,220	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	28,761	28,761			
Long-term debt	26,255	26,578	-	26,578	-
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 year ended June 30, 2025.

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24. FINANCIAL INSTRUMENTS (continued)

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.

Liquidity risk

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

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

The Company enters into receivable purchase agreements (commonly referred to as "factoring agreements") with different banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice less a charge between 0.52% and 0.61%. As at June 30, 2025, trade receivables include nil related to factored accounts (nil as at June 30, 2024).

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

As at June 30, 2025					
	Carrying value	Total	0 - 1 year	Later than one year and no later than five years	More than five years
	\$	\$	\$	\$	\$
Trade and other payables	28,761	28,761	28,761	-	-
Long-term debt	26,255	31,940	1,733	20,855	9,352
Lease liabilities	6,400	7,487	2,190	4,912	385
	61,416	68,188	32,684	25,767	9,737

25. 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.

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25. SEGMENTED INFORMATION (continued)

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

	Adjusted - Note 2	
	June 30 2025	June 30 2024
Contract revenue	\$	\$
Canada	136,051	132,598
International ⁽¹⁾	53,001	48,642
	189,052	181,240
Earnings from operations		
Canada	7,143	6,440
International	7,744	1,908
	14,887	8,348
General and corporate expenses related to head office ⁽²⁾	3,271	4,437
Finance costs	2,872	3,474
Interest revenue	(1,301)	-
Reclassification of cumulative translation adjustments	-	1,358
Effect of the substantial modification of a receivable and expected credit loss	-	5,184
Income tax expense	2,508	(3,723)
	7,350	10,730
Net earnings (loss)	7,537	(2,382)
 ⁽¹⁾ The International operating segment included		
Chilean revenue	44,377	39,571
 ⁽²⁾ General and corporate expenses include expenses for corporate offices, share options, foreign exchange (gain) loss and certain unallocated costs.		
Depreciation and amortization		
Canada	7,460	7,526
International	1,699	2,289
Total depreciation and amortization included in earnings		
(loss) from operations	9,159	9,815
Unallocated and corporate assets	916	916
Total depreciation and amortization	10,075	10,731

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25. SEGMENTED INFORMATION (continued)

	As at June 30, 2025	As at June 30, 2024
	\$	\$
Identifiable assets		
Canada	90,849	89,881
Chile	32,598	23,591
International - Other	7,195	6,405
	130,642	119,877
Property, plant and equipment		
Canada	25,723	27,359
Chile	9,454	5,704
International - Other	118	331
	35,295	33,394
Right-of-use assets		
Canada	3,824	2,686
Chile	2,957	294
International - Other	185	231
	6,966	3,211
Intangible assets		
Canada	413	204
Chile	29	7
	442	211
	June 30	June 30
	2025	2024
	\$	\$
Non-current assets acquisitions		
Canada	7,766	9,044
International	8,371	2,200
Unallocated and corporate assets	735	268
	16,872	11,512