FORAGE **ORBIT GARANT** DRILLING

2020 ANNUAL REPORT

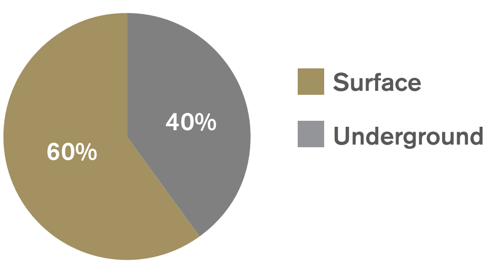
STRONG CANADIAN FOUNDATION | EXPANDING GLOBAL PRESENCE

PROFILE

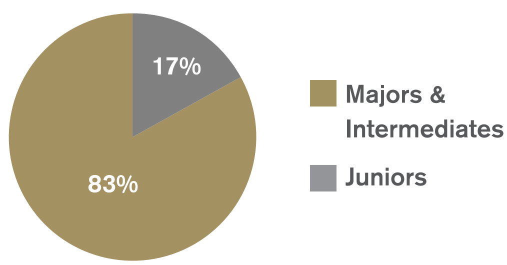
Headquartered in Val-d'Or, Quebec, Orbit Garant Drilling (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 231 drill rigs and more than 1,100 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies.

MARKET POSITION (BY PERCENTAGE OF REVENUE[1])

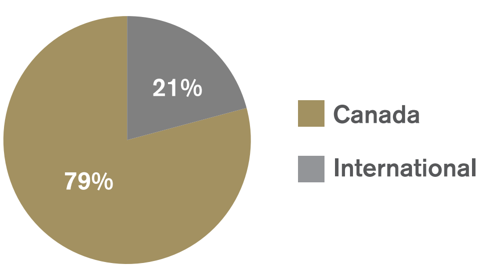
DRILLING ACTIVITY



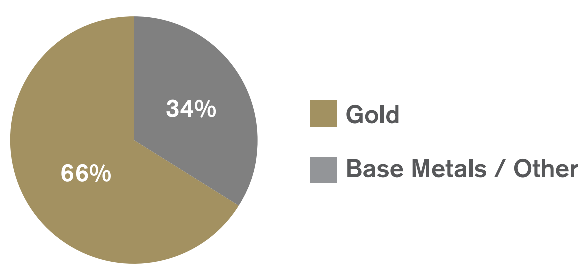
CUSTOMERS



REGIONS



RESOURCE EXPOSURE



1. For the year ended June 30, 2020

To our shareholders,

We entered fiscal 2020 with positive momentum as demand for drilling services in Canada was steadily increasing compared to fiscal 2019, reflecting the strengthening price of gold and the resulting improved access to capital for mining companies. For the first half of fiscal 2020, our revenue increased 15% compared to the same period in fiscal 2019, while our gross profit and EBITDA were up 10.0% and 40.7%, respectively. This growth was driven by the strong performance of our Canadian operations, which more than offset a 4.1% decline in revenue from our international operations that reflected the completion of a multi-year drilling contract in Chile in the fourth quarter of fiscal 2019, in addition to civil protests in Chile and regional security concerns in Burkina Faso.

Our positive momentum in our domestic drilling business continued into our third quarter of fiscal 2020, and the outlook for our international operations was improving, up until we were impacted by the COVID-19 outbreak. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. Governments responded by implementing emergency measures to minimize the spread of the virus, including the temporary shutdown of businesses deemed to be non-essential. Our operations were significantly impacted by these measures, as a number of our drilling projects were put on hold or postponed. In Quebec, as a result of the provincial government's order to minimize non-essential business activity, our operations were suspended from March 24 until April 20, 2020, at which time they were permitted to resume in a gradual manner. In addition, our drilling activities on certain projects in Nunavut Territory and Ontario were temporarily reduced or suspended. Our international drilling operations were also affected, either as a result of government restrictions on certain business activities, or customer decisions to reduce or delay certain projects in this challenging environment.

In response to the pandemic, we acted quickly in implementing precautionary measures across our operations to prioritize the health and safety of our employees and the communities in which we operate. As part of our business continuity plan, we implemented multiple initiatives to lower our costs and manage our liquidity position during this period of reduced drilling activity, including a reduction in capital expenditures and reduced investment in working capital. Importantly, we implemented these measures without impacting our ability to ramp up our business as market conditions improve.

Further, effective April 1st, our senior management team and directors agreed to a temporary 15% reduction in their remuneration to support the Company. We also amended or modified the financing agreements with our lenders and secured financing in Chile through our Chilean subsidiary, thereby generating additional financial flexibility. As at our fiscal year-end, we complied with all covenants in our Credit Facility and our EDC Loan Agreement, and we expect to continue to remain in compliance given the amendments with our lenders.

We also recorded $3.6 million dollars in financial support from the Canada Emergency Wage Subsidy program in our fourth quarter that helped to mitigate the impact of the pandemic on our business.

As governments have now eased COVID-19 related business restrictions, we are gradually ramping our operations back up, and look forward to resuming our pre-pandemic momentum. We cannot predict how long the pandemic will last, or when our drilling activity will reach pre-pandemic levels. However, we believe we have effectively managed through the initial stages of this crisis, and we are well positioned to continue ramping up our operations as circumstances permit.

We are seeing positive signs in our business, with several new opportunities being presented to us for potential projects in both Canada and our international operations. We expect drilling activity in Canada to continue to steadily increase barring any significant change in business restrictions due to the ongoing COVID-19 pandemic, while our international drilling activity will likely lag our Canadian operations for the time being due to ongoing restrictions. Nonetheless, we expect to see increased project activity in the months ahead.

With the price of gold currently at more than US$1,900 per ounce, the economics of gold mining have improved significantly, and with approximately 66% of our revenues generated from gold related operations, we expect demand for our services to strengthen as global economic conditions stabilize and our customers start to fully re-engage and advance their mineral exploration and development programs.

Further, many industry experts expect that declining copper reserves may necessitate increased exploration activity for new reserves in the coming years. Our well-established operations in Chile are positioned to compete for any potential increase in customer demand for copper drilling services.

Paul Carmel retired from our Board of Directors in June 2020, and Jean-Yves Laliberté assumed the role as Chair of the Board. Bill Gula, who has served on our Board since 2011, has also decided to retire and will not stand for re-election this year. We are pleased to welcome Pierre Rougeau and Nicole Veilleux as new members of our Board.

Mr. Rougeau has more than 30 years of senior experience in finance and business administration, having formerly served as a senior executive for both Richmont Mines and AbitibiBowater. Prior thereto, he worked in investment banking and has previously served as a director for Canadian public companies. Ms. Veilleux has more than 30 years of experience in finance, including extensive experience in the Quebec mining sector. She was Vice President, Finance of Richmont Mines when it was acquired in 2017. Ms. Veilleux was formerly an Auditor at KPMG and has served as a member of the audit and finance committee of the Quebec Mining Association.

We thank Paul Carmel and Bill Gula for their leadership and many contributions as members of our Board and look forward to the future contributions and strategic guidance from Pierre Rougeau and Nicole Veilleux.

Looking ahead, as we pursue future growth, our focus on innovation and leading-edge technology will remain a priority for us and a competitive advantage in our industry. We currently have 43 drill rigs outfitted with our computerized monitoring and control technology. These technologically-advanced drills increase accuracy and productivity, have long-lasting rig components, are ideal for training less experienced drillers, and have proven to be in high demand from our customers. In addition to our strength in innovation, our expanded global operations and scale, sound balance sheet, expertise in both surface and underground drilling, vertically-integrated manufacturing capabilities, and a highly experienced leadership team, position us favourably to compete for new projects as our industry recovers and demand for drilling services resumes.

In closing, we extend our appreciation to all of our employees, management team and their families for their ongoing commitment to the success of Orbit Garant, particularly during this highly challenging period. We also thank our shareholders for their continued support.

Sincerely,

Jean-Yves Laliberté
Chair

Éric Alexandre
President and Chief Executive Officer

MD&A and Consolidated Financial Statements

YEAR END AND FOURTH QUARTER FISCAL 2020

SEPTEMBER 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with the audited consolidated financial statements for the fiscal years ended June 30, 2020 ("Fiscal 2020") and June 30, 2019 ("Fiscal 2019") and the notes thereto which are available on the SEDAR website at www.sedar.com.

The Company's Fiscal 2020 audited consolidated financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except when otherwise noted.

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

This MD&A is dated September 28, 2020. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING STATEMENTS

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

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates and assumptions about: the markets in which the Company operates; the world economic climate as it relates to the mining industry; the Canadian economic environment; and the Company's ability to attract and retain customers and to manage its assets and operating costs. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Risks and uncertainties that could cause actual results, performance or achievements to differ materially include the ability of the jurisdictions in which the Company operates to manage and cope with the implications of COVID-19, the impact of measures taken by such jurisdictions to control the spread of COVID-19 on the Company's operations, and the economic and financial implications of COVID-19 to the Company.

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

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

Company's actual results to materially differ from its current expectations, please refer to the Company's Annual Information Form dated September 28, 2020, accessible via www.sedar.com.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. Governments responded by implementing emergency measures to minimize the spread of the virus, including the temporary shutdown of businesses deemed to be non-essential. These measures caused significant economic disruption, as well as volatility in equity markets, commodity prices and foreign exchange rates.

Orbit Garant's operations were significantly impacted by these measures beginning late in its fiscal 2020 third quarter ("Q3 FY2020"), as a number of its drilling projects were put on hold or postponed. In Quebec, as a result of the provincial government's order to minimize non-essential business activity, the Company's operations were suspended from March 24, 2020 until April 20, 2020, at which time they were permitted to resume in a gradual and supervised manner. In addition, drilling activity on certain projects in Nunavut Territory and Ontario was temporarily reduced or suspended. Orbit Garant's international drilling operations were also affected, either as a result of government restrictions on certain business activities, or customer decisions to reduce or delay certain projects in this challenging environment.

Orbit Garant considers the health and safety of its personnel, customers, suppliers, and the communities in which it operates to be a top priority. The Company has implemented precautionary health and safety measures across its operations, based on the recommendations, or directives, issued by the public health authorities and governments in the various jurisdictions in which the Company operates.

Management has taken several measures to mitigate the economic impact of COVID-19 on its business and operations. To ensure Orbit Garant's continuing ability to meet its financial and contractual obligations, the Company has: (i) applied for government grants and subsidies made available by various governments in response to COVID - 19; (ii) reworked its cost structure and postponed non-essential expenses; (iii) made arrangements with Export Development Canada ("EDC") to temporarily suspend principal and interest payments on its loans from EDC until October 2020 (see Note 16 in the FY2020 Financial Statements); and (iv) made arrangements with National Bank of Canada ("National Bank") to modify the covenants in its senior credit facility (the "Credit Facility"). The Company believes that as a result of these measures it will continue to meet its obligations under its credit facilities and have sufficient resources to carry on its business operations.

Operationally, the Company has undertaken multiple initiatives to reduce costs and manage its liquidity position during this period of reduced drilling activities. These include lower purchases of inventory items and a program to progressively reduce overall inventory levels. Importantly, these measures were implemented without impacting the Company's ability to ramp up its business. In addition, effective April 1, 2020, Orbit Garant's Management and Directors agreed to take a temporary 15% reduction in their remuneration to further support the Company.

In its Fiscal 2020 fourth quarter ("Q4 FY2020"), Orbit Garant recorded a benefit related to the Canadian Emergency Wage Subsidy ("CEWS") program in the amount of $3.6 million, of which $3.2 million was recognized as a reduction of cost of contract revenue and $0.4 million was recognized as a reduction of general and administrative expenses.

The long-term impact of COVID-19 is unknown. While Management is encouraged to see provincial and federal governments in Canada and the governments of other jurisdictions where Orbit Garant operates now gradually re-opening their respective economies, it is uncertain if or when the Company's drilling activity will reach pre-pandemic levels. Management will continue to monitor the situation carefully. As part of its business continuity plan, Orbit Garant continues to manage its variable cost structure and cash to support its reduced level of operations during this period along with reduced capital expenditures while maintaining the flexibility required to resume more normalized operations as more COVID-19 related restrictions are lifted, customer drilling projects are resumed or ramped up and general economic conditions improve.

FISCAL 2020 SUMMARY

- Revenue totalled $137.8 million, compared to $152.8 million in Fiscal 2019
- Gross margin was 9.4%, compared to 10.7% in Fiscal 2019
- Adjusted gross margin(1) (excluding depreciation expense) was 16.3%, compared to 16.4% in Fiscal 2019
- EBITDA(1) totalled $6.8 million, compared to $8.3 million in Fiscal 2019
- Net loss was $7.4 million, compared to net loss of $3.5 million in Fiscal 2019
- Metres drilled totalled 1,297,838, compared to 1,427,587 metres drilled in Fiscal 2019

(1) See Reconciliation of non-IFRS Financial Measures

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 231 drill rigs and more than 1,100 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Argentina, Kazakhstan, Burkina Faso, Ghana and Liberia. The Company has established international operating subsidiaries in: Winnemucca (Nevada), U.S.A.; Santiago, Chile; Lima, Peru; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana, to support its international operations.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its Val-d'Or, Québec, based subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties. Soudure Royale provides the Company with a competitive advantage in the provision of drilling services and equipment. Orbit Garant focuses on "specialized drilling", which refers to drilling projects that are in remote locations or, in the opinion of Management, because of the scope, complexity or technical nature of the work, cannot be undertaken by smaller conventional drilling companies.

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

For Fiscal 2020:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 45% of the Company's total revenue, compared to 55% in Fiscal 2019.
- Approximately 66% of the Company's revenues were generated by gold related operations, and approximately 34% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 60% and 40%, respectively, of the Company's revenue.
- Approximately 83% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 88% in Fiscal 2019. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 79% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 21% was generated from international drilling contracts.

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.

In June 2020, a claim by a financial institution (the "Claimant") for damages against a subsidiary of the Company in the amount of 843.7 million West African Francs ("XOF") ($1.97 million) was confirmed by a court in Burkina Faso. This claim relates to an amount of XOF 8.6 million ($0.02 million) owed by the Company's subsidiary to a supplier, which was indebted to the Claimant. The Company vigorously disputes this claim and has filed an appeal. Based on legal advice, management believes that the claim is unfounded, and that the appeal will be successful.

In August 2020, an amount of XOF 266.8 million ($0.62 million) was required to be deposited in a restricted cash account by the Company's financial institution in Burkina Faso at the request of the Claimant. The Claimant also threatened to seize certain business assets of the Company's subsidiary in order to satisfy its claim. Although management expects to be successful in its appeal, in September 2020 the Company drew from its Credit Facility and deposited cash in the amount of XOF 576.8 million ($1.35 million) with its financial institution in Burkina Faso, in order to prevent the seizure of some of its assets and prevent any business disruption to the Company and its subsidiary, pending resolution of the Company's appeal. Management expects to recover these deposited amounts at the time the appeal is confirmed as successful, or earlier if certain conditions are met.

Nonetheless, given the original claim was confirmed by the court, the Company recorded a provision of XOF 871.5 million ($2.03 million) in Q4 FY2020 for this claim and additional legal fees. If and when the facts and circumstances change (including if the Company is successful in its appeal), the liability recognized will be revised in the period in which the change occurs.

BUSINESS STRATEGY

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

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in stable jurisdictions;
- Provide conventional, specialized and geotechnical drilling services;
- Manufacture customized drills and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of health and safety standards in the workplace and promote protection of the environment;
- Establish and maintain long-term relationships with customers;
- Cross-sell drilling services to existing customers;
- Expand the Company's base of operations in strategic regions, such as: the Company's acquisition of Orbit Garant Chile S.A. ("OG Chile") based in Santiago, Chile in December 2015, and the acquisition of the drilling business of Projet Production International BF S.A. ("PPI") in Ouagadougou, Burkina Faso in October 2018;
- Maintain a sound balance sheet and a judicious deployment of capital; and
- Evaluate strategic acquisition opportunities to enhance value for the Company's stakeholders.

INDUSTRY OVERVIEW

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

Gold

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

The price of gold has increased significantly in the last 12 months, with the spot price reaching a record high of approximately US$2,075 per ounce in August 2020. At the time of this report, the spot price of gold was approximately US$1,881 per ounce, representing an increase of approximately 26% compared to a year ago and an increase of approximately 79% from its trailing five-year price low in late 2015.

Base Metals

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

Aluminum, copper, lead, nickel and zinc are the primary base metals. The spot price of copper is higher compared to 12 months ago, the spot prices of aluminum and zinc are similar to 12 months ago, and the spot prices of lead and nickel are lower compared to 12 months ago. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$2.60 per pound a year ago and at the time of this report was approximately US$2.98 per pound, an increase of 15%. The spot prices of copper and nickel are currently above the mid-points of their respective trailing five-year-price ranges, while the spot prices of aluminum, lead and zinc are currently below the mid-points of their respective trailing five-year price ranges.

Iron Ore

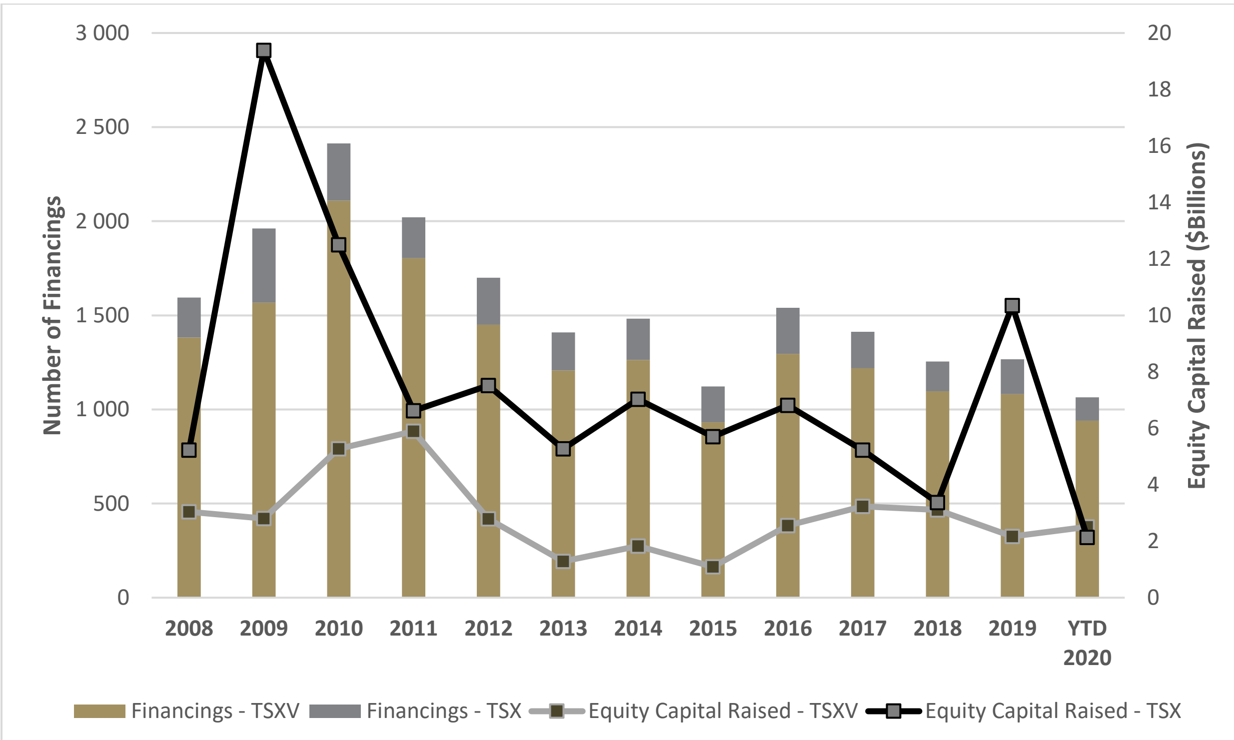
Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short-term mismatches between supply and demand and other factors. At the time of this report, the spot price of iron ore was approximately US$124 per tonne, compared to approximately US$92 per tonne one year ago. The spot price of iron ore is currently near a five-year high.

Market Participants

The mining sector began to recover from a prolonged downturn in early 2016. Metal prices increased, driving higher mining equity valuations and increased financing activity. While the mining sector as a whole is currently in a stronger position compared to the start of the recovery, the stock performance of gold mining companies has outperformed base metal companies during the last 12 months as the price of gold increased to record levels. The S&P/TSX Global

Gold Index increased approximately 49% in the last 12 months (September 27, 2019 to September 28, 2020), while the S&P/TSX Global Base Metals Index increased approximately 6% in the same period. During March 2020, base metal prices declined sharply as the COVID-19 pandemic negatively impacted the global economy. However, prices have subsequently recovered from those lows.

TSX / TSX-V Mining Sector Financings (2008 to the eight months ended August 31, 2020)



Mining financing activity in the Canadian capital markets was stronger during the first eight calendar months of 2020 compared to the same period in 2019. According to TMX Group, mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange ("TSX-V") completed 1,064 financings in the first eight months of 2020 that raised a cumulative $4.6 billion of equity capital. In the same period in 2019, these firms completed 802 financings that raised $3.3 billion of equity capital. The total number of mining financings completed in the first eight months of 2020 on the TSX and TSX-V was also higher than the comparable periods in 2018 and 2017, but the amount of total equity capital raised was lower. There were 849 mining financings that raised $5.0 billion of equity capital in the first eight months of 2018, and 947 mining financings that raised $4.9 billion in the first eight months of 2017, according to TMX Group.

A report from S&P Global Market Intelligence Metals and Mining Research (August 2020) stated that global mining financing for junior and intermediate companies totaled US$1.13 billion in July 2020, the highest level in 11 months. Junior and intermediate gold companies raised US$740 million during July 2020, which was a 14-month high. S&P noted that financing for junior and intermediate mining companies began to recover in May 2020 after a slow start to the year.

Beginning in March 2020, global mining exploration activity declined significantly due to government restrictions that were implemented to reduce the spread of COVID-19. However, activity rebounded during the late spring and summer. According to S&P Global Market Intelligence Metals and Mining Research (August 2020), drilling results were reported from 220 projects in July 2020, an increase of 18% from 186 projects in the prior month. Results were reported from 152 projects in March 2020, the lowest monthly level of the year.

OVERALL PERFORMANCE

Revenue for the Fiscal year ended June 30, 2020 totalled $137.8 million, compared to $152.8 million in Fiscal 2019.

Gross margin percentage for Fiscal 2020 was 9.4%, compared to 10.7% for Fiscal 2019.

Drilling volume in Fiscal 2020 was 1,297,838 metres, compared to 1,427,587 metres drilled in Fiscal 2019.

The Company recorded a net loss of $7.4 million, or $0.20 per share, for Fiscal 2020, compared to net loss of $3.5 million, or $0.09 per share, for Fiscal 2019. Earnings before interest, taxes, depreciation and amortization ("EBITDA" – see Reconciliation of non-IFRS financial measures) totalled $6.8 million in Fiscal 2020, compared to $8.3 million in Fiscal 2019. The $2.0 million provision for litigation in Burkina Faso, as discussed above, combined with the year-over-year decrease in revenue and gross margin contributed the decline in EBITDA and the increased net loss in Fiscal 2020.

Results of operations for the year ended June 30, 2020

FISCAL YEARS ENDED JUNE 30 * ($millions)		Fiscal 2020	Fiscal 2019	2020 vs. 2019 Variance
Revenue *		**137.8**	152.8	**(15.0)**
Gross profit *		**12.9**	16.3	**(3.4)**
Gross margin (%)		**9.4**	10.7	**(1.3)**
Adjusted gross margin (%) (1)		**16.3**	16.4	**(0.1)**
Net earnings (loss) *		**(7.4)**	(3.5)	**(3.9)**
Net earnings (loss) per common share	**- Basic ($)**	**(0.20)**	(0.09)	**(0.11)**
	- Diluted ($)	**(0.20)**	(0.09)	**(0.11)**
EBITDA * (2)		**6.8**	8.3	**(1.5)**
Metres drilled		**1,297,838**	1,427,587	**(129,749)**

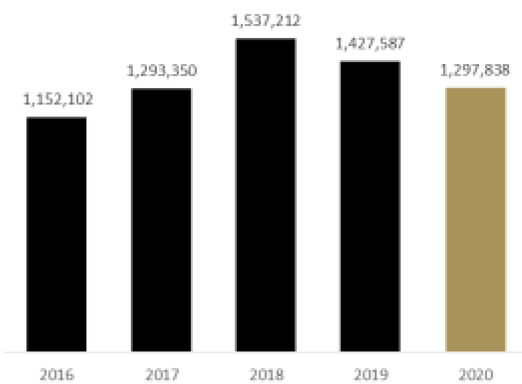
(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures."

Beginning in mid-March 2020, the Company's operations were negatively impacted by the COVID-19 pandemic, as activity on some projects was reduced, while other projects were suspended. The pandemic impacted all regions in which the Company operates. In Quebec, all drilling activity was suspended between March 24, 2020 and April 20, 2020 as a result of the provincial government's order to minimize non-essential business activity. In addition, drilling activity on certain projects in Nunavut Territory, Ontario, and the Company's international operations was reduced or temporarily suspended. The Company's drilling activities gradually resumed or ramped up in Q4 FY2020 but did not reach pre-pandemic levels.

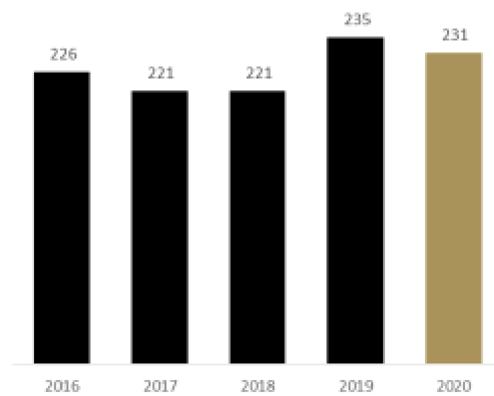
During Fiscal 2020, Orbit Garant drilled 1,297,838 metres, compared to 1,427,587 metres drilled in Fiscal 2019. Average revenue per metre drilled in Fiscal 2020 was $105.53, compared to $106.74 in Fiscal 2019. The decrease in average revenue per metre drilled is primarily attributable to a lower proportion of specialized international drilling activity, which is priced at a higher rate than the conventional drilling. The Company recorded $3.6 million in financial aid from the Government of Canada through the CEWS program in Q4 FY2020, of which $3.2 million was recognized as a reduction of cost of contract revenue and $0.4 million was recognized as a reduction of general and administrative expenses.

The Company had 231 drill rigs as at June 30, 2020, compared to 235 drill rigs at the end of Fiscal 2019. During Fiscal 2020, Soudure Royale manufactured five new computerized drill rigs and two conventional drill rigs, while nine conventional drill rigs were dismantled and two were sold. Orbit Garant currently has 43 drill rigs outfitted with computerized monitoring control technology.

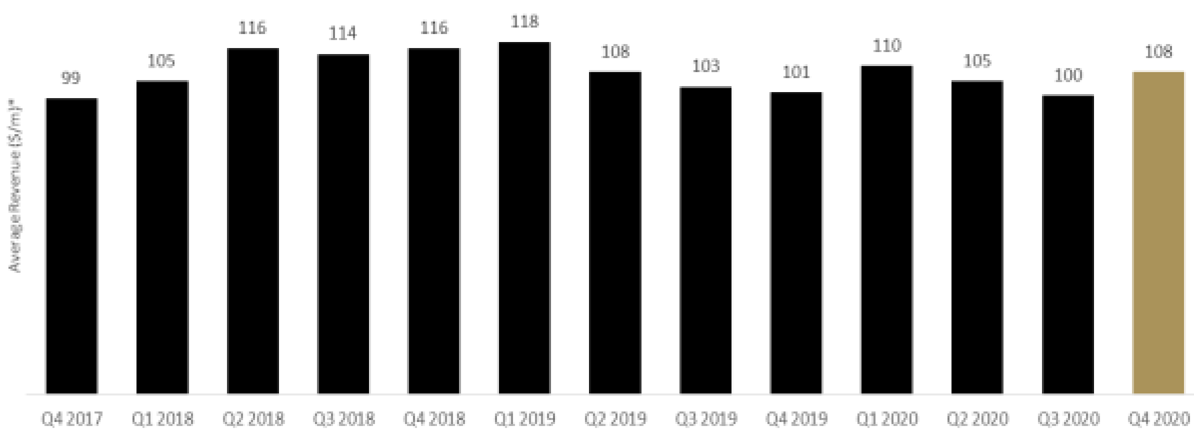
Metres Drilled



Number of Drills



Average Revenue per Metre Drilled



* Figures are rounded to the nearest dollar.

SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30 *($millions)	Fiscal 2020	Fiscal 2019	Fiscal 2018
Contract revenue			
Drilling Canada *	**109.0**	109.5	120.9
Drilling International *	**28.8**	43.3	52.2
Total *	**137.8**	152.8	173.1
Gross profit *	**12.9**	16.3	21.5
Gross margin (%)	**9.4**	10.7	12.4
Adjusted gross margin (%) (1)	**16.3**	16.4	17.0
Net earnings (loss) *	**(7.4)**	(3.5)	4.5
Net earnings (loss) per common share ($)	**(0.20)**	(0.09)	0.12
Net earnings (loss) per common share diluted ($)	**(0.20)**	(0.09)	0.12
Total assets *	**129.8**	134.7	123.3
Long-term debt including current portion *	**37.4**	29.6	20.0
Lease liabilities including current portion*	**4.0**	-	-
EBITDA * (2)	**6.8**	8.3	14.7
EBITDA % (2)	**4.9**	5.4	8.5
Total metres drilled (million)	**1.3**	1.4	1.5

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures".

RESULTS OF OPERATIONS

FISCAL 2020 COMPARED TO FISCAL 2019

Contract Revenue

Revenue in Fiscal 2020 totalled $137.8 million, compared to $152.8 million in Fiscal 2019. The decrease in revenue was primarily attributable to a decline in drilling activities in Canada and internationally due to the impact of the COVID-19 pandemic starting in mid-March 2020, which resulted in reduced drilling activities on certain customer projects and the temporary shutdowns of others. Prior to the COVID-19 pandemic, revenue was higher in Fiscal 2020 compared to Fiscal 2019, due to increased drilling activity in Canada, partially offset by a slight decline in international drilling activity.

Canada revenue was $109.0 million in Fiscal 2020, a decrease of $0.5 million, or 0.4%, from $109.5 million in Fiscal 2019. The decrease was primarily attributable to a significant decline in metres drilled starting in mid-March 2020 due to the pandemic.

International revenue totalled $28.8 million in Fiscal 2020, compared to $43.3 million in Fiscal 2019, a decrease of $14.5 million, or 33.6%. International includes $15.4 million in revenue from Chile in Fiscal 2020, compared to $26.1 million in Fiscal 2019. The decrease in international revenue is attributable to the conclusion of a multi-year drilling contract in Chile at the beginning of the fourth quarter of Fiscal 2019 ("Q4 FY2019") and the negative impact of the pandemic.

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

Gross profit for Fiscal 2020 was $12.9 million, compared to $16.3 million in Fiscal 2019. Gross margin was 9.4% compared to 10.7% in Fiscal 2019. Depreciation expenses totalling $9.5 million are included in cost of contract revenue for Fiscal 2020, compared to $8.8 million in Fiscal 2019. Adjusted gross margin, excluding depreciation expenses, was 16.3% in Fiscal 2020, compared to 16.4% in Fiscal 2019. The decrease in gross profit and gross margin was primarily attributable to the impact of the COVID-19 pandemic and a decline in international specialized drilling activity, partially offset by increased drilling activity in Canada prior to the onset of the COVID-19 pandemic in mid-March 2020. In Q4 FY2020, the cost of contract revenue was reduced by $3.2 million as a result of financial support recorded from the CEWS program.

General and Administrative Expenses

General and administrative (G&A) expenses were $15.4 million representing 11.2% of revenue in Fiscal 2020 (including depreciation of right-of-use assets of $0.4 million), compared to $17.3 million representing 11.3% of revenue in Fiscal 2019. The decrease in G&A expenses primarily reflects the $1.1 million of acquisition and integration costs related the acquisition of the drilling business of PPI in Q2 FY2019, a $0.4 million reduction in G&A expenses in Q4 FY2020 resulting from the CEWS program, and cost saving measures implemented in the second half of Fiscal 2020.

Operating Results

Earnings from operations for Fiscal 2020 were $1.2 million, compared to $3.5 million in Fiscal 2019. As discussed above, the decline in drilling activities due to the impact of the COVID-19 pandemic starting in mid-March 2020, negatively affected the earnings from operations.

Drilling Canada's operating earnings in Fiscal 2020 totalled $6.7 million, compared to an operating loss of $2.9 million in Fiscal 2019. The positive variance reflects improved gross margins in the first nine months of Fiscal 2020 and $3.2 million in financial support from the CEWS program recorded in Q4 FY2020.

Drilling International's operating loss in Fiscal 2020 totalled $5.5 million, compared to earnings from operations of $6.4 million in Fiscal 2019. The negative variance is primarily attributable to the impact of COVID-19 starting in mid-March 2020 and an overall decrease in specialized drilling activity for the year.

Foreign Exchange Gain (Loss)

Foreign exchange gain was $0.1 million in Fiscal 2020, compared to a foreign exchange loss of $0.7 million in Fiscal 2019.

Provision for litigation

As disclosed in the Contingency section of this MD&A, in June 2020, a claim against a subsidiary of the Company for XOF 843.7 million ($1.97 million) was confirmed by a court in Burkina Faso. The Company recorded a provision of XOF 871.5 million ($2.03 million) in Q4 FY2020 for this claim and additional legal fees. If and when the facts and circumstances change (including if the Company is successful in its appeal), the liability recognized will be revised in the period in which the change occurs.

EBITDA (see Reconciliation of non-IFRS financial measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled $6.8 million in Fiscal 2020, compared to $8.3 million in Fiscal 2019. The decline in EBITDA in Fiscal 2020 reflects the impact of the pandemic and the $2.03 million provision for litigation in Burkina Faso, as discussed above, partially offset by the Company's year-over-year increase in revenue prior to the pandemic, cost saving measures implemented in the second half of Fiscal

2020 and the $3.6 million grant recorded from the CEWS program in Q4 FY2020. EBITDA in Fiscal 2019 also reflects $1.1 million of acquisition and integration costs related to the acquisition of the drilling business of PPI in Fiscal 2019.

Financial Expenses

Interest costs related to long-term debt and bank charges were $2.7 million in Fiscal 2020, compared to $2.1 million in Fiscal 2019.

Income Tax Expense (Recovery)

Income tax expense was $0.2 million for Fiscal 2020, compared to an income tax recovery of $0.3 million for Fiscal 2019.

Net loss

The Company's net loss for Fiscal 2020 was $7.4 million, or $0.20 per share, compared to a net loss of $3.5 million, or $0.09 per share, in Fiscal 2019. The decline in drilling activities due to the impact of the COVID-19 pandemic starting in mid-March 2020 and the $2.03 million provision for litigation, as discussed above, contributed to the Company's net loss for Fiscal 2020. These factors were partially offset by the $3.6 million recorded from the CEWS program in Q4 FY2020. The Company's net loss for Fiscal 2019 included $1.1 million of acquisition and integration costs, before income taxes, related to the acquisition of the drilling business of PPI in Q2 FY2019 (or $0.8 million of acquisition and integration costs, net of income taxes).

SUMMARY ANALYSIS OF FISCAL 2019 COMPARED TO FISCAL 2018

Revenue for Fiscal 2019 totalled $152.8 million, compared to $173.1 million for the fiscal year ended June 30, 2018 ("Fiscal 2018"). Lower revenue in Fiscal 2019 was attributable to a decrease in metres drilled in Canada and Chile.

Gross profit for Fiscal 2019 was $16.3 million, compared to $21.5 million in Fiscal 2018. Gross margin for Fiscal 2019 was 10.7% compared to 12.4% in Fiscal 2018. Adjusted gross margin, excluding depreciation expenses, was 16.4% in Fiscal 2019, compared to 17.0% in Fiscal 2018. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower drilling volumes in Canada, partially offset by improved gross profit and margins for international operations.

Net loss in Fiscal 2019 totalled $3.5 million, or $0.09 per share, compared to net earnings of $4.5 million, or $0.12 per share, in Fiscal 2018. Lower gross profit and margins, as discussed above, contributed to the Company's net loss for Fiscal 2019. The Company's net loss for Fiscal 2019 also includes $1.1 million of acquisition and integration costs, before income taxes, related to the acquisition of the drilling business of PPI in Q2 FY2019 (or $0.8 million for the acquisition and integration costs net of income taxes).

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2020				Fiscal 2019			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		**20.2**	36.0	38.3	43.3	**44.4**	37.4	33.7	37.3
Gross profit [(1)]*		**2.3**	1.3	2.4	6.9	**4.7**	3.1	2.9	5.6
Gross margin %		**11.5**	3.5	6.3	16.0	**10.6**	8.2	8.6	15.0
Net earnings (loss) *		**(2.7)**	(3.4)	(2.4)	1.1	**(0.8)**	(1.4)	(1.7)	0.4
Net earnings (loss) per common share ($)	- Basic	**(0.08)**	(0.09)	(0.06)	0.03	**(0.02)**	(0.04)	(0.04)	0.01
	- Diluted	**(0.08)**	(0.09)	(0.06)	0.03	**(0.02)**	(0.04)	(0.04)	0.01

(1) Includes amortization and depreciation expenses related to operations.

SEASONALITY

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

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2020 COMPARED TO THE FOURTH QUARTER OF FISCAL 2019

Contract Revenue

Revenue for Q4 FY2020 totalled $20.2 million, compared to $44.4 million for the quarter ended June 30, 2019 ("Q4 FY2019"). The decrease in revenue was primarily attributable to a global decrease in drilling activities due to the impact of the COVID-19 pandemic, resulting in reduced drilling activities of certain projects and the temporary shutdown of others.

Canada revenue totalled $16.4 million in Q4 FY2020, compared to $31.6 million in Q4 FY2019, reflecting the negative impact of the pandemic on drilling activities.

International revenue decreased to $3.8 million in Q4 FY2020, from $12.8 million in Q4 FY2019. The decrease was primarily attributable to the impact of the pandemic and to lower revenue in Chile ($2.5 million in Q4 FY2020 compared to $5.6 million in Q4 FY2019), reflecting the completion of a multi-year drilling contract at the beginning of Q4 FY2019.

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

Gross profit for Q4 FY2020 was $2.3 million, a decrease of $2.4 million from $4.7 million in Q4 FY2019. Gross margin for Q4 FY2020 was 11.5% compared to 10.6% in Q4 FY2019. Depreciation expenses totalling $2.4 million are included in the cost of contract revenue for Q4 FY2020, compared to $2.3 million in Q4 FY2019. Adjusted gross margin, excluding depreciation expenses, was 23.3% in Q4 FY2020, compared to adjusted gross margin of 15.8% in Q4 FY2019. Lower gross profit is primarily attributable to the impact of the pandemic, which resulted in a reduction of drilling activities. In Q4 FY2020, the cost of contract revenue was reduced by $3.2 million as a result of financial support recorded from the CEWS program, which positively impacted gross margin and the adjusted gross margin.

General and Administrative Expenses

G&A expenses were $2.9 million (representing 14.1% of revenue) in Q4 FY2020, compared to $4.4 million (representing 9.8% of revenue) in Q4 FY2019. G&A expenses in Q4 FY2019 included $0.2 million of acquisition and integration costs related to the Company's acquisition of the drilling business of PPI in Q2 FY2019. The Company implemented certain cost control measures following the onset of the COVID-19 pandemic that reduced G&A expenses during Q4 FY2020. The Company expects that some of these measures will result in year-over-year G&A expense reduction in future quarters. The Company's G&A expenses for Q4 FY2020 also reflect a $0.4 million reduction resulting from financial support from the CEWS program.

Operating Results

Earnings from operations for Q4 FY2020 were $0.1 million, compared to operating earnings of $1.4 million in Q4 FY2019.

Drilling Canada's operating earnings totalled $2.5 million in Q4 FY2020, compared to an operating loss of $0.6 million in Q4 FY2019. The positive variance reflects the $3.2 million in financial support that Orbit Garant recorded from the CEWS program and the Company's initiatives to reduce costs following the onset of the COVID-19 pandemic.

Drilling International's operating loss totalled $2.4 million in Q4 FY2020, compared to operating earnings of $2.0 million in Q4 FY2019. The negative variance was primarily attributable to the impact of the pandemic, as discussed above, and to a decline in specialized drilling activity.

Foreign Exchange Gain (Loss)

Foreign exchange gain was negligible in Q4 FY2020, compared to a loss of $0.4 million in Q4 FY2019.

Provision for litigation

As disclosed in the Contingency section of this MD&A, in June 2020, a claim against a subsidiary of the Company for XOF 843.7 million ($1.97 million) was confirmed by a court in Burkina Faso. The Company recorded a provision of XOF 871.5 million ($2.03 million) in Q4 FY2020 for this claim and additional legal fees. If and when the facts and circumstances change (including if the Company is successful in its appeal), the liability recognized will be revised in the period in which the change occurs.

EBITDA (see Reconciliation of non-IFRS financial measures)

EBITDA totalled $0.3 million in Q4 FY2020, compared to $2.6 million in Q4 FY2019. The impact of the pandemic and the $2.0 million provision for litigation, as discussed above, contributed to the decline in EBITDA in Q4 FY2020. EBITDA in Q4 FY2020 includes $3.6 million in financial support that the Company recorded from the CEWS program.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.6 million in Q4 FY2020, in line with Q4 FY2019.

Income Tax (Recovery)

Income tax recovery was $0.4 million in Q4 FY2020, compared to $0.2 million in Q4 FY2020.

Net Loss

Net loss for Q4 FY2020 was $2.7 million, or $0.08 per share, compared to a net loss of $0.8 million, or $0.02 per share, in Q4 FY2019. The impact of the pandemic and the $2.03 million provision for litigation, as discussed above, were the principal reasons for the increased net loss in the quarter. These factors were partially offset by the $3.6 million recorded from the CEWS program in Q4 FY2020.

EFFECT OF EXCHANGE RATE

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

As at June 30, 2020, the Company had the following amounts of cash and accounts receivable in foreign currencies and has provided the respective impact on earnings before income taxes ("EBIT"), if the corresponding foreign exchange rates were to change by plus or minus 10%:

As at June 30, 2020 *($millions)	$US	CLP	ARS	GHS	XOF
Cash*	0.6	168.6	4.1	0.2	158.4
Accounts receivable*	0.2	529.4	18.9	2.6	1,137.6
EBIT impact +/- 10%*	0	0.1	0.1	0.1	(0.2)

As at June 30, 2019 *($millions)	$US	CLP	ARS	GHS	XOF
Cash*	0.9	197.3	0	0.1	223.6
Accounts receivable*	1.8	2,961.0	0	8.4	2,180.9
EBIT impact +/- 10%*	0.2	0.4	0	0.2	0.1

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes paid), was $9.0 million in Fiscal 2020, compared to $8.5 million in Fiscal 2019.

The change in non-cash operating working capital items was an inflow of $4.6 million, compared to an outflow of $5.9 million in Fiscal 2019.The change in non-cash operating working capital in Fiscal 2020 was primarily attributable to:

- $15.8 million related to a decrease in accounts receivable and prepaid expenses, partially offset by
- $5.1 million related to an increase in inventory to support the level of operations, and
- $6.1 million related to a decrease in accounts payable.

Investing Activities

Cash used in investing activities totalled $10.1 million in Fiscal 2020, compared to $11.2 million in Fiscal 2019. During Fiscal 2020, $10.5 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.2 million on disposal of investments, plant and equipment. During 2019, $3.4 million was used for the acquisition of the drilling business of PPI and $8.3 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.4 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2020, the Company generated $3.7 million from financing activities, compared to $10.3 million in Fiscal 2019.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility (the "Credit Facility") with National Bank of Canada Inc. ("National Bank"). On December 12, 2018, the Company and National Bank entered into a Third Amended and Restated Credit Agreement in respect of the Credit Facility and on June 28, 2019, the Company and National Bank entered into an amendment to the Third Amended and Restated Credit Agreement. Pursuant to the Third Amended and Restated Credit Agreement, as amended, the Credit Facility consists of a $35.0 million revolving credit facility and a US$5.0 million revolving credit facility guaranteed by EDC. The current term of the Credit Facility expires on November 2, 2021. Further amendments to the Third Amended and Restated Credit Agreement were executed in March and June of 2020 to modify certain of the financial covenants applicable to Q4 FY2020 and future quarters.

The Company withdrew a net amount of $3.2 million during Fiscal 2020 on its Credit Facility, compared to a withdrawal of $7.2 million in Fiscal 2019. The Company's long-term debt, under the Credit Facility, including US$1.0 million ($1.4 million) drawn from the US$5.0 million revolving credit facility and the current portion, was $28.7 million as at June 30, 2020, compared to $25.3 million as at June 30, 2019. The increase was incurred to support working capital requirements and the acquisition of capital assets, property, plant and equipment.

As at June 30, 2020, the Company's working capital totalled $52.1 million, compared to $55.1 million as at June 30, 2019. The Company's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital expenditures and repayment of its debt obligations. The Company's principal capital expenditures are related to the acquisition of drill rigs and property, plant and equipment.

Sources of Financing

As at June 30, 2020, the Company complied with all covenants in the Credit Facility and in the EDC Loan Agreement.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under its Credit Facility. As at June 30, 2020, the Company had drawn $28.7 million ($25.3 million as at June 30, 2019) under the Credit Facility.

Availability under the main revolving facility under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. All of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility. In addition, the Company's obligations under the US$5.0 million revolving credit facility are guaranteed by EDC.

The Credit Facility contains covenants that limit the Company's ability to undertake certain actions without prior approval of the Lender, including: i) mergers, liquidations, dissolutions and changes of ownership; ii) the incurrence of additional indebtedness; iii) encumbering the Company's assets; iv) guarantees, loans, investments and acquisitions that may be made by the Company; v) investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; vi) capital expenditures exceeding mutually agreed upon limits; and vii) certain asset sales. The Credit Facility also contains a number of financial covenants that the Company must comply with. In addition, the Credit Facility will mature on November 2, 2021.

On December 20, 2018, Orbit Garant entered into an additional loan agreement with EDC for a term loan in the principal amount of up to US$5.15 million for the purposes of financing the acquisition of certain assets of PPI that was completed on October 11, 2018 (the "EDC Loan"). Orbit Garant is required to repay this loan in 57 consecutive monthly installments commencing May 2019, and maturing January 2024. The Company's obligations under the EDC Loan, are secured by a third ranking hypothec over all of Orbit Garant's assets. On January 21, 2019, an initial drawdown of US$2.575 million was used to reduce the amount drawn from the Company's Credit Facility. Orbit Garant's long-term debt under the EDC Loan, including the current portion, amounted to $5.9 million as at June 30, 2020 ($3.2 million as at June 30, 2019). On October 9, 2019, Orbit Garant withdrew an amount of $3.4 million (US$2.575 million) to fund the final payment in connection with the acquisition of certain assets of PPI.

On April 23, 2020, the Company and EDC made arrangements whereby, among other things, all payments of principal and interest under the EDC Loan were deferred until October 16, 2020 and therefore the terms of these loans were extended by six months.

In May 2020, Orbit Garant Chile S.A., a wholly-owned subsidiary of the Company, obtained two loans totalling CLP$1,000 million (approximately $1.7 million) from Banco Scotiabank. The loans bear interest at a rate of 3.5% per annum, have a term of 36 months and are 70% guaranteed by the Chilean government as part of a government program in response to COVID-19. The loans have no capital repayments for the first six months and the interest over such period will be payable on the first instalment.

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

As at June 30, 2020, the Company had future contractual obligations as follows:

*($000s)	Total	Less than 1 year	2-3 years	4-5 years	Subsequent years
Long-term debt *	37,621	2,174	33,833	1,614	-
Lease liabilities	3,985	2,759	334	238	654
Operating leases *	198	159	39	-	-
Total *	41,804	5,092	34,206	1,852	654

OUTSTANDING SECURITIES AS AT SEPTEMBER 28, 2020

Number of common shares	37,021,756
Number of options	3,149,000
Fully diluted	40,170,756

On December 4, 2019, the Company issued 696,000 options at an exercise price of $0.90 per share. On June 18, 2020, the Company issued 75,000 options at an exercise price of $0.50 per share. During FY2020, 576,500 options were cancelled.

RELATED PARTY TRANSACTIONS

Transactions with related parties

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

During the twelve-month periods ended June 30, 2020 and June 30, 2019, the Company entered into the following transactions with its related company and with persons related to directors:

*($000s)	12 months ended June 30, 2020	12 months ended June 30, 2019
Revenue*	54	266
Expenses*	148	151

As at June 30, 2020, a negligible amount was a receivable resulting from these transactions ($0.1 million as at June 30, 2019).

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

Key management personnel and directors' transactions

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

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

*($000s)	12 months ended June 30, 2020	12 months ended June 30, 2019
Salaries and fees *	1,504	1,877
Share-based compensation*	113	200
Total*	1,617	2,077

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 5 of the Fiscal 2020 audited consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the Company's Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although Management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant, or which are complex, are presented as follows:

A- CRITICAL ACCOUNTING ESTIMATES

Inventories

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, Management takes into account the most reliable evidence available at the time the estimates are made. Net realizable value is determined using the estimated selling price less estimated costs to complete the sale. Used and revised inventories are valued at 50% and 75% of cost respectively. The amount of the write-down of inventories can be reversed when the circumstances that led to the write-down charge in the past no longer exist.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position of the Company at their fair values. In measuring fair value, Management uses estimates about future cash flows and discount rates, however, the actual results may vary.

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. As at June 30, 2020, the Company concluded that there were impairment indicators, and it performed an impairment test. No impairment was recognized as a result of this test. 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 were used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Notably, these estimates were made in the context of COVID-19, an unprecedented global pandemic, resulting in a higher degree of uncertainty. Consequently, the impact on the Consolidated Financial Statements of future periods could be material.

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets

The assessment of the probability in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income (and expenses) and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Management based on specific facts and circumstances.

Leases

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

B- JUDGMENTS

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.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term for whether significant event of change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew has occurred.

STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED

The following standards and amendments to existing standards have been adopted and not yet adopted by the Company on July 1, 2019:

A) ADOPTED

- *IFRS 16 – Leases*
- *IFRIC 23 – Uncertainty over Income Tax Treatments*
- *IAS 29 – Financial Reporting in Hyperinflationary Economies*

B) NOT YET ADOPTED

- *Amendments to IFRS 3 – Business Combinations*

Further information on these new accounting standards can be found in note 7 of the audited consolidated financial statements for Fiscal 2020.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

<u>EBITDA:</u> Net earnings (loss) before interest, taxes, depreciation and amortization.

<u>Adjusted gross profit and margin:</u> Contract revenue less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

EBITDA

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

Reconciliation of EBITDA

(unaudited) (in millions of dollars)	3 months ended June 30, 2020	3 months ended June 30, 2019	12 months ended June 30, 2020	12 months ended June 30, 2019	12 months ended June 30, 2018
Net earnings (loss) for the period	**(2.7)**	(0.8)	**(7.4)**	(3.5)	4.5
Add:					
Finance costs	**0.6**	0.6	**2.7**	2.1	1.7
Income tax expense (recovery)	**(0.4)**	0.2	**0.2**	(0.3)	(0.3)
Depreciation and amortization	**2.8**	2.6	**11.3**	10.0	8.8
EBITDA	**0.3**	2.6	**6.8**	8.3	14.7

Adjusted Gross Profit and Margin

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

Reconciliation of Adjusted Gross Profit and Margin

(unaudited) (in millions of dollars)	3 months ended June 30, 2020	3 months ended June 30, 2019	12 months ended June 30, 2020	12 months ended June 30, 2019	12 months ended June 30, 2018
Contract revenue	**20.2**	44.4	**137.8**	152.8	173.1
Cost of contract revenue (including depreciation)	**17.9**	39.7	**124.9**	136.5	151.6
Less depreciation	**(2.4)**	(2.3)	**(9.5)**	(8.8)	(7.9)
Direct costs	**15.5**	37.4	**115.4**	127.7	143.7
Adjusted gross profit	**4.7**	7.0	**22.4**	25.1	29.4
Adjusted gross margin (%) (1)	**23.3**	15.8	**16.3**	16.4	17.0

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

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 28, 2020. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

COVID-19

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, including COVID-19.

COVID-19 negatively affected the Company and its customers in the second half of Fiscal 2020, and further spreading of the infection could continue to impact customers, vendors, suppliers and other counterparties and materially impact the Company's business, operations and financial condition. The extent to which COVID-19 impacts the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or resolve the COVID-19 outbreak. In particular, the continued spread of COVID-19 or a resurgence of infections in jurisdictions that have previously controlled the pandemic could result in a slowdown or temporary suspension in operations or a re-imposition of restrictions on the operation of non-essential services.

The risks to the Company's business include, without limitation, the risk of breach of material contracts and customer agreements, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, prolonged restrictive measures put in place in order to control an outbreak of contagious disease or other adverse public health developments in Canada or any of the markets in which Orbit Garant operates and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the Company's business, financial condition and results of operations.

There can be no assurance that Orbit Garant will not ultimately see its workforce productivity reduced or that the Company will not incur increased medical costs / insurance premiums as a result of these health risks. Under the circumstances, the Company or its customers, suppliers and other counterparties may be forced to declare force majeure on certain contracts. In addition, the coronavirus pandemic could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for drilling services, the Company's prospects and its ability to achieve its objectives. Orbit Garant continues to monitor the situation and the impact COVID-19 may have on its business.

Risk Related to Structure to the Business and Industry

Cyclical Downturns

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

Sensitivity to General Economic Conditions

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

Reliance on and Retention of Employees

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

Increased Cost of Sourcing Consumables

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

Country Risks

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

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

Tax Risks

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

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

Company operates may change their current tax regime with little prior notice or that the tax authorities in these jurisdictions may attempt to claim tax on the global revenues of the Company.

Leverage and Restrictive Covenants

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

The Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's Management with respect to certain business matters. These covenants place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the Credit Agreement will mature no later than November 2, 2021. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant or available on acceptable terms, in an amount sufficient to repay the Credit Agreement at maturity or to fund Orbit Garant's needs thereafter. This could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

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

Acquisitions

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

Supply of Consumables

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

Competition

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

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

Ability to Sustain and Manage Growth

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

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

Future Acquisition Strategy

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

Customer Contracts

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

International Expansion and Instability

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

Operational Risks and Liability

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

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

Currency Exposure

Orbit Garant conducts some of its activities in US$, CLP, ARS, GHS and in XOF and is thus exposed to foreign exchange fluctuations. As at June 30, 2020, we had the following currency risk exposure related to financial assets and liabilities in US$, CLP, ARS, GHS and in XOF of approximately: $0.0, $0.6, $0.6, $1.4 and $(3.2) million respectively in Canadian dollars ($2.7, $5.3, $0.0, $2.4 and $1.7 respectively in Canadian dollars as at June 30, 2019). This exposure could change in the future and a significant portion of our revenue could potentially be denominated in currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on our financial performance.

Business Interruptions

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

Risk to the Company's Reputation

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

Corruption, Bribery and Fraud

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

Environment, Health and Safety Requirements and Related Considerations

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

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

Climate Change Risk

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

Insurance Limits

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

Legislative and Regulatory Changes

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

Legal and Regulatory Risk

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

Cyber-Security Risk

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

Risk Related to Structure and Common Shares

Equity Market Risks

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

Influence of Existing Shareholders

As of September 28, 2020, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 25% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

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

Certain shareholders, including Pierre Alexandre, hold or control significant blocks of shares of the Company. The decision of any of these shareholders to sell a substantial number of Common Shares in the public market could result in a material imbalance in demand for the Company's shares and therefore a decline in the market price of the Common

Shares. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

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

Dividend Payments

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

Credit Risk

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

During these unprecedented market challenges, COVID-19 may adversely affect the Company's customers and their solvency. Our customers' financial difficulties can negatively impact the Company's results of operations and financial condition, especially if those customers were to delay or default in payment owed to the Company. Collection of trade and other receivables from third parties remains a priority for the Company under the current situation.

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 unpaid accounts. As at June 30, 2020, the amount of the insurance coverage from EDC represents 6% of the accounts receivable (7% as at June 30, 2019).

As at June 30, 2020, 66% (79% as at June 30, 2019) of the trade accounts receivable are aged as current and 4% are impaired (2% as at June 30, 2019).

Two major customers represent 14% of the trade accounts receivable as at June 30, 2020 (one major customer represented 15% as at June 30, 2019).

One major customer represents 20% of the contract revenue for the year ended June 30, 2020 (for the year ended June 30, 2019, two major customers represented 31% of the contract revenue).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings. The Company does not enter 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, 2020, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million ($0.2 million as at June 30, 2019).

Equity Market Risk

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

Fair Value

The fair value of cash and equivalents, trade and other receivables, trade and other payables and balance payable related to business combination is approximately equal to their carrying values due to their short-term maturity.

The fair value of long-term debt approximates its carrying value as it bears interest at a variable rate and has financing conditions similar to those currently available to the Company.

OUTLOOK

Orbit Garant continues to monitor market conditions in the mining sector and the impact of the COVID-19 pandemic on its business. The pandemic is expected to have a continuing negative impact on the Company's business in the near term. While Orbit Garant is ramping up its operations in Canada, the Company's operations continue to be restricted in its international markets. It is currently unclear if or when Orbit Garant's drilling activity will reach pre-pandemic levels.

While market conditions may fluctuate in the near term, Management believes that the longer-term outlook for drilling in the gold industry is positive, as many mining companies are facing declining reserves. Accordingly, increased spending on exploration and new mine development will be required for the industry to remain viable in the long term as the reserves at existing mines are being depleted. S&P Global Market Intelligence forecasts lower global gold production beyond 2022 due to declining reserves and expect that by 2024 more than 15% of global gold production will come from mines that are not yet in production. Given that the price of gold is currently at or near an all-time high, while declining reserves remain a major challenge across the industry, many mining companies will be incentivized to increase exploration and development spending on gold projects. Orbit Garant is well positioned for increased drilling services demand in the gold sector as it derives approximately 66% of its revenue from gold related projects.

Orbit Garant generated 79% of its revenue from its Canadian operations in fiscal 2020. S&P Global Market Intelligence forecasts that Canada is the only major gold-producing country in the world in which output is expected to increase significantly over the next five years. As such, Orbit Garant is well positioned to benefit from the positive outlook for the gold mining sector in Canada. An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately $0.75 US dollars.

Management believes the current global economic downturn caused by COVID-19 could have a further negative impact on demand for base metals, including copper. However, Management is encouraged by the recent rebound in the copper price, which has increased by approximately 42% from its low of US$2.10 per pound in March 2020. Many industry analysts expect that declining copper reserves may necessitate increased exploration activity for copper in the coming years.

Orbit Garant has operating subsidiaries in active international mining markets, including Argentina, Burkina Faso, Chile, Ghana, Guyana and Peru. These international operations provide enhanced market, customer and commodity diversification and have provided the Company with increased access to higher margin specialized drilling activity. In South America, Orbit Garant is currently working on projects in Chile, Guyana and Argentina. In West Africa, the Company is currently working on projects in Burkina Faso and Ghana.

While Management remains positive about the long-term outlook for its international markets, the recent political volatility and civil unrest in Chile and regional security concerns in Burkina Faso have resulted in the delay or interruption of certain mineral drilling projects in these countries during the Company's 2020 fiscal year. This was prior to the COVID-19 pandemic, which disrupted most of the Company's remaining mineral drilling projects in these countries. While the political situation in Chile remains uncertain, the Company believes that the impact of the situation on mineral drilling projects has now diminished. While Orbit Garant's drilling projects in Burkina Faso are in areas of the country that have historically experienced less incidents of violence, Management believes that mineral drilling activity across the country is now impacted by security concerns. The Company continues to monitor the situation in Burkina Faso and is actively seeking drilling projects in other jurisdictions in West Africa. Orbit Garant's policy is to only work in areas where the security of its employees can be appropriately maintained. Management continues to closely monitor developments in both Burkina Faso and Chile.

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

Management will remain focused on maximizing stakeholder value by: managing its variable cost structure and cash, optimizing its drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, retaining key personnel, and maintaining strong health and safety standards, as it gradually ramps up its operations in the jurisdictions that have lifted COVID-19 related restrictions. Orbit Garant will also continue to evaluate opportunities to further expand its market presence both in Canada and abroad. As COVID-19 related restrictions are lifted, customer drilling projects are resumed and general economic conditions improve, the Company believes that it is positioned for long-term success.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

As at June 30, 2020, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2020.

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

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

During Fiscal 2020, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirmed there were no changes to the ICFR that have occurred during the year which materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As of June 30, 2020, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation the CEO and the CFO concluded that the design and operation of these ICFR were effective.

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

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' 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, 2020 and June 30, 2019
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(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, 2020 and June 30, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' 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.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' 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 auditors' 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 auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' 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 auditors' 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 International Financial Reporting Standards, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Alain Bessette.

Montréal, Canada

September 28, 2020

*CPA auditor, CA, public accountancy permit No. A115894

ORBIT GARANT DRILLING INC.
Consolidated Statements of Loss
For the years ended June 30, 2020 and 2019
(in thousands of Canadian dollars, except for data per share)

	Notes	June 30 2020	June 30 2019
		$	$
Contract revenue	27	137,810	152,814
Cost of contract revenue	9	124,866	136,527
Gross profit		12,944	16,287
Expenses			
General and administrative expenses		15,388	17,279
Foreign exchange (gain) loss		(53)	707
Finance costs		2,692	2,117
Provision for litigation	22	2,035	-
	9	20,062	20,103
Loss before income taxes		(7,118)	(3,816)
Income tax expense (recovery)	20		
Current		451	1,558
Deferred		(212)	(1,904)
		239	(346)
Net loss		(7,357)	(3,470)
Net loss per share	19		
Basic		(0.20)	(0.09)
Diluted		(0.20)	(0.09)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Comprehensive Loss
For the years ended June 30, 2020 and 2019
(in thousands of Canadian dollars)

	June 30 2020	June 30 2019
	$	$
Net loss	(7,357)	(3,470)
Other comprehensive loss		
Cumulative translation adjustments	(1,470)	(839)
Other comprehensive loss, net of income tax	(1,470)	(839)
Comprehensive loss	(8,827)	(4,309)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.

Consolidated Statements of Changes in Equity

For the years ended June 30, 2020 and 2019

(in thousands of Canadian dollars)

Year ended June 30, 2020		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Total Shareholders' equity
		$	$	$	$	$
		(Note 19)				
Balance as at July 1, 2019		58,857	1,486	16,971	(738)	76,576
Total comprehensive loss						
Net loss		-	-	(7,357)	-	(7,357)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(1,470)	(1,470)
Other comprehensive loss		-	-	-	(1,470)	(1,470)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 19)	-	256	-	-	256
Share options cancelled		-	(433)	433	-	-
Total transactions with shareholders		-	(177)	433	-	256
Balance as at June 30, 2020		58,857	1,309	10,047	(2,208)	68,005

Year ended June 30, 2019		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive earnings (loss)	Total Shareholders' equity
		$	$	$	$	$
		(Note 19)				
Balance as at July 1, 2018		57,207	1,208	20,609	(88)	78,936
Impact of adopting IFRS 9		-	-	(189)	189	-
Adjusted balance as at July 1, 2018		57,207	1,208	20,420	101	78,936
Total comprehensive loss						
Issuance of shares related to a business combination	(Note 2)	1,632	-	-	-	1,632
Net loss		-	-	(3,470)	-	(3,470)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(839)	(839)
Other comprehensive loss		-	-	-	(839)	(839)
Transactions with shareholders, recorded directly in equity						
Issuance of shares related to share-based compensation		18	(6)	-	-	12
Share-based compensation	(Note 18)	-	305	-	-	305
Stock options cancelled		-	(21)	21	-	-
Total transactions with shareholders		18	278	21	-	317
Balance as at June 30, 2019		58,857	1,486	16,971	(738)	76,576

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.

Consolidated Statements of Financial Position

As of June 30, 2020 and June 30, 2019

(in thousands of Canadian dollars)

	Notes	June 30 2020	June 30 2019
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		4,996	2,480
Trade and other receivables		21,122	36,643
Inventories	10	49,055	43,943
Income taxes receivable		1,478	823
Prepaid expenses		827	1,154
		77,478	85,043
Non-current assets			
Investments	11	317	419
Property, plant and equipment	12	41,824	42,450
Right-of-use assets	13	3,741	-
Intangible assets	14	588	1,000
Deferred tax assets		5,890	5,783
Total assets		129,838	134,695
LIABILITIES			
Current liabilities			
Trade and other payables		18,452	24,744
Balance payable related to a business combination		-	3,370
Income taxes payable		5	429
Current portion of long-term debt	16	2,174	1,400
Current portion of lease liabilities	17	2,759	-
Provision for litigation	22	2,035	-
		25,425	29,943
Non-current liabilities			
Long-term debt	16	35,182	28,176
Lease liabilities	17	1,226	-
		61,833	58,119
EQUITY			
Share capital	19	58,857	58,857
Equity-settled reserve		1,309	1,486
Retained earnings		10,047	16,971
Accumulated other comprehensive loss		(2,208)	(738)
Equity attributable to shareholders		68,005	76,576
Total liabilities and equity		129,838	134,695

Contingencies and commitments (notes 22 and 23)

APPROVED BY THE BOARD

(signed) Éric Alexandre

Éric Alexandre, Director

(signed) Jean-Yves Laliberté

Jean-Yves Laliberté, Director

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2020 and 2019
(in thousands of Canadian dollars)

	Notes	June 30 2020	June 30 2019
		$	$
OPERATING ACTIVITIES			
Loss before income taxes		(7,118)	(3,816)
Items not affecting cash			
Depreciation of property, plant and equipment	12	10,271	9,698
Depreciation of right-of-use assets	13	530	-
Amortization of intangible assets	14	439	290
Loss (gain) on disposal of property, plant and equipment	12	18	(312)
Gain on disposal of right-of-use assets	13	(13)	-
Gain on disposal of investments	11	(106)	-
Share-based compensation	19	256	305
Finance costs		2,692	2,117
Net change in fair value of investments	11	12	184
Provision for litigation	22	2,035	-
		9,016	8,466
Changes in non-cash operating working capital items	21	4,577	(5,896)
Income taxes paid		(1,530)	(1,008)
Finance costs paid		(2,670)	(2,225)
		9,393	(663)
INVESTING ACTIVITIES			
Business combination of Projet Production International BF S.A.	2	-	(3,357)
Acquisition of investments	11	(30)	-
Proceeds from disposal of investments	11	226	-
Acquisition of property, plant and equipment	12	(10,471)	(8,323)
Proceeds from disposal of right-of-use assets	13	4	-
Proceeds from disposal of property, plant and equipment	12	171	430
		(10,100)	(11,250)
FINANCING ACTIVITIES			
Repayment of loan receivable		-	675
Repayment of balance payable related to a business combination		(3,409)	-
Proceeds from issuance of shares		-	12
Proceeds from factoring		-	143
Repayment of factoring		-	(143)
Proceeds from long-term debt		86,667	93,497
Repayment of long-term debt		(79,072)	(83,851)
Repayment of lease liabilities		(515)	-
		3,671	10,333
Effect of exchange rate changes		(448)	(573)
Increase (decrease) in cash		2,516	(2,153)
Cash and cash equivalents, beginning of period		2,480	4,633
Cash and cash equivalents, end of period		4,996	2,480

See accompanying notes to consolidated financial statements.

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

1. DESCRIPTION OF BUSINESS

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

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

	% of voting rights
Orbit Garant Drilling Services Inc.	100%
9116-9300 Québec inc.	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%
Orbit Garant Perforaciones Patagonia S.A.S. (since August 9, 2019)	100%
Orbit Miyuu Kaa Drilling Inc. (dissolved on January 14, 2020)	49%
Sarliaq-Orbit Garant Inc.	49%
Tumiit Orbit Garant Inc.	49%

2. BUSINESS COMBINATION

Acquisition of the drilling business of Projet Production International BF S.A.:

On October 11, 2018, the Company acquired the drilling business of Projet Production International BF S.A., based in Burkina Faso for a total purchase price of $8,316 (US$6,400). Through the acquisition, the Company has added 13 surface drills, related support equipment, and existing customer contracts in Burkina Faso. The Company has also retained approximately 100 employees, including experienced drillers and support personnel, who will now be based in Orbit Garant BF S.A.S's offices in Ouagadougou. This acquisition significantly strengthened the presence of the Company in Burkina Faso and the broader West African mineral drilling market, positioning the Company to pursue new growth opportunities.

The Company funded the $8,316 (US$6,400) purchase price through draws on its credit facility and the issuance of common shares of the Company. The cash component of the transaction is $6,684 (US$5,150), with $3,357 (US$2,575) paid on closing, and $3,327 (US$2,575) to be paid 12 months after the closing date. The remaining $1,632 (US$1,250) of the purchase price was satisfied through the issuance of 861,637 common shares at a price of $1.89 per share, from the Company's treasury. The details of the assets acquired amounted approximatly to $2,573 (US$2,000) for inventories, $4,395 (US$3,400) for property, plant and equipment and $1,348 (US$1,000) for intangible assets.

The results of operations of Projet Production International BF S.A. are included in the consolidated financial statements from October 11, 2018.

The fair value of the net assets acquired was as follows:

	$
Inventories	2,573
Property, plant and equipment	4,395
Intangible assets	1,348
Consideration transferred	8,316

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

2. BUSINESS COMBINATION (continued)

	$
Consideration transferred	
Inssuance of common shares	1,632
Cash	3,357
Balance payable related to a business combination	3,327
	8,316

Business combination costs

For the year ended June 30, 2019, business combination costs of $1,108 related to the transaction described above were included in the general and administrative expenses in the consolidated statement of loss.

Impact of business combination on results

It is impracticable to provide reliable financial information relating to actual and pro forma revenues and profit for the above acquisition since the Company already had operating activities with the same clients and similar contracts as the acquired business. As a result splitting out information for the acquired is impracticable.

3. 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 6.

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 are 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 28, 2020.

4. COVID-19

Since February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Company's priority is to ensure the health of its employees and business partners as well as ensure the continuity of its business operations and support its customers in their mining operations. The impact of the pandemic has negatively affected the Company's activities in 2020 as some projects were put on hold or postponed.

4. COVID-19 (continued)

As at June 30, 2020, the Company complied with its financial covenants. Due to the current economic uncertainties, management has taken several measures to secure the Company's ability to meet its financial and contractual obligations including (i) applying for government grants and subsidies (ii) reworking its cost structure and postponing non-essential expenses (iii) making arrangements with its lenders to temporarily suspend the debt payments (see Note 16) and modify the covenants applicable. Based on this information, the Company believes it will have sufficient resources to continue its business operations for at least the next twelve months.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

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

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

Foreign currency translation

Transactions denominated in a currency other than the functional currency of the Company or of a foreign subsidiary whose functional currency is the Canadian dollar, 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 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 OCI under "Cumulative translation adjustments" and are accumulated in equity. The accumulated amount of exchange differences is reclassified in net earnings upon disposal or partial disposal of an interest in a foreign operation. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in OCI under "Cumulative translation adjustments" and are accumulated in equity.

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.

Asset/Liability	Classification
Cash and equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments	Fair value through profit or loss
Loan receivable	Amortized cost
Trade and other payables	Amortized cost
Balance payable related to a business combination	Amortized cost
Factoring liabilities	Amortized cost
Long-term debt	Amortized cost

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 income. 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 reclasified 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 income. 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank overdraft and short-term deposits with original maturities of three months or less.

Trade and other receivables

Trade and other receivables consist of amounts due from normal business activities. An allowance for expected credit losses is maintained to reflect an impairment risk for trade and other receivables based on an expected credit loss model which factors in changes in credit quality since the initial recognition of trade accounts receivable based on customer risk categories. Bad debts are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment. Wages, paid leaves, bonuses and non-monetary benefits are short-term employee benefits, and they are recorded in the annual reporting period in which the employees of the Company render the related services.

Inventories

The Company maintains an inventory of operating supplies, motors, drill rods and drill bits. 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 valued at 50% and 75% of original cost, respectively, to approximate net realizable value. The amount of any write-down of inventories can be reversed when the circumstances that led to the write-down charge in the past 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.

Investment in an associate

An associate is an entity over which the Company has significant influence. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control. The Company accounts for its investment in an associate using the equity method. Under the equity method, the investment is initially recognized at cost. Subsequent to initial recognition, distributions received from an associate reduce the carrying amount of the investment. The consolidated statements of comprehensive loss include the Company's share of any amounts recognized by its associate in profit or loss and in other comprehensive loss, if any. Intercompany balances between the Company and its associate are not eliminated.

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.

Borrowing costs are also included in the cost of self-constructed property, plant and equipment. Future expenditures, such as maintenance and repairs, are expensed as incurred.

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	-

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the straight-line method and the following periods:

Customer relationship	3 years

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

Government assistance

Government grants are recognized when there is reasonable assurance that the Company has complied with the conditions attached to the grant. When the grant is related to an expensed item, it is recognized as a reduction of the related expense. When the grant is to property, plant and equipment, it is recognized against the net book value of the asset and recognized over the expected useful life as a reduction of asset depreciation.

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.

Goodwill, other intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment on June 30 of each financial year or whenever there is an indication that the carrying amount of the asset, of the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value, less costs of disposal, and the value in use of the asset or the CGU. Fair value, less costs of disposal, represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. 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, other than goodwill, can be reversed through the consolidated statements of loss to the extent that the carrying amount at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Income taxes

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

Financing fees

Financing fees related to long-term debt are capitalized in reduction of long-term debt and amortized using the effective interest rate.

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 1 to 19 years for land and buildings and from 1 to 3 years for vehicles.

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

Lease liabilities

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

Revenue recognition

Revenue from drilling contracts and ancillary services is recognized on the basis of actual metres drilled for each contract, which corresponds to the amount to which the entity has a right to invoice.

Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the year.

Diluted earnings per share are determined as net earnings (loss), divided by the weighted average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising the share options based on the treasury share method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

6. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

A) CRITICAL ACCOUTING ESTIMATES

Inventories

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the time the estimates are made. Net realizable value is determined using the estimated selling price less estimated costs to complete the sale. Used and revised inventories are valued at 50% and 75% of cost, respectively. The amount of the write-down of inventories can be reversed when the circumstances that led to the write-down charge in the past no longer exist.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position of the Company at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates; however, the actual results may vary.

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. As at June 30, 2020, the Company concluded that there were impairment indicators, and it performed an impairment test. No impairment was recognized as a result of this test. 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 were used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Notably, these estimates were made in the context of COVID-19, an unprecedented global pandemic, resulting in a higher degree of uncertainty. Consequently, the impact on the Consolidated Financial Statements of future periods could be material.

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

6. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

A) CRITICAL ACCOUTING ESTIMATES (continued)

Deferred income tax assets

The assessment of the probability in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income (and expenses) and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on specific facts and circumstances.

Leases

In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

B) JUDGMENTS

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.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term for whether significant event of change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew has occurred.

7. 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, 2019:

IFRS 16 – Leases

The Company adopted IFRS 16, which replaces IAS 17, for its annual period beginning July 1, 2019 using the modified retrospective approach whereby no restatement of comparative periods is required. Under IAS 17, leases of property, plant and equipment were recognized as finance leases when substantially all the risks and rewards of ownership of underlying assets were transferred. All other leases were classified as operating leases. IFRS 16 requires lessees to recognize right-of-use assets, representing its right to use the underlying asset, and lease liabilities, representing its obligation to make payments.

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

7. STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED (continued)

A) ADOPTED (continued)

Impact on transition to IFRS 16 - Leases

Upon adoption of IFRS 16, assets under finance leases were reclassified from property, plant and equipement to right-of-use assets and related obligations under finance leases were reclassified from long-term debt to lease liabilities, at the carrying amounts measured under IAS 17 as at June 30, 2019. Right-of-use assets and lease liabilities for these assets previously classified as finance leases are recognized in accordance with the requirements of IFRS 16 starting July 1, 2019.

On transition, the Company elected to measure the right-of-use asset at an amount equal to the lease liability (subject to certain ajustments) for leases classified as operating leases under IAS 17. As a result, the Company recorded lease liabilities of $4,598 and right-of-use assets of $4,477, net of the deferred lease inducements of $132, including leases previously recognized as finance leases under IAS 17. As permitted by IFRS 16, the Company elected not to recognize lease liabilities and right-of-use assets for short-term leases (lease term of 12 months or less) and leases of low-value assets. The Company also used hindsight to determine the lease term where the contract contains purchase, extension, or termination options and relied on the assessment of the onerous lease provisions under IAS 37 *Provisions, contingent liabilities and contingent assets* , instead of performing an impairment review.

The Company used its incremental borrowing rates as at July 1, 2019 to measure its lease liabilities previously classified as operating leases. The weighted average incremental borrowing rate was 5.19% at date of adoption.

	July 1, 2019
	$
Operating lease commitments disclosed as at June 30, 2019	2,437
Commitments relating to short-term and low-value assets	(113)
Purchase option reasonably certain to be exercised	2,679
Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date	261
	5,264
Discounting impact	(817)
Obligations under finance leases reclassified as lease liabilities	151
Lease liabilities recognized as at July 1, 2019	4,598

Before the adoption of IFRS 16, expenses for lease liabilities were included with general and administrative expenses and with cost of contract revenue on the Company's consolidated statements of loss.

IFRIC 23 – *Uncertainty over Income Tax Treatments*

This interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to (i) contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (ii) reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and (iii) measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable). The adoption of IFRIC 23 did not have an impact on the Company's consolidated financial statements.

7. STANDARDS AND INTERPRETATIONS ADOPTED AND NOT YET ADOPTED (continued)

A) ADOPTED (continued)

IAS 29 – *Financial Reporting in Hyperinflationary Economies*

Argentina was designated a hyperinflationary economy as of July 1, 2018 for accounting purposes as a result of various qualitative factors with respect to the economic environment. Entities reporting under IFRS are required to apply the inflation adjustment since the applicable conditions for such application have been satisfied. The Company's subsidiary in Argentina uses the Argentine peso as its functional currency and therefore IAS 29 has been applied to these consolidated financial statements.

IAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be adjusted based on an appropriate general price index to express the effects of inflation and shall be stated in terms of the measuring unit current at the end of the reporting period. All non-monetary assets and liabilities must be adjusted for inflation to reflect their purchasing power at the reporting date. Likewise, the statement of comprehensive income (income statement and other items of comprehensive income) must be restated to adjust for the inflation recorded over the period. Monetary items do not need to be restated, since they already reflect their purchasing power at the reporting date.

The Argentine subsidiary has elected to use the combined index from the Wholesale Price Index (Indice de Precios Mayoristas or "IPIM") and the National Consumer Price Index (Indice de Precios al Consumidor Nacional or "IPIC") as published by the National Institute of Statistics and Census of the Republic of Argentina (INDEC) to measure the impact of inflation on its financial position and results. The cumulative adjusting factor from September 1, 2019 through June 30, 2020 was 34.4%.

This adoption did not result in any material adjustments to consolidated financial statements.

B) NOT YET ADOPTED

Amendments to IFRS 3, *Business Combinations*

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3, *Business Combinations*) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

8. GOVERNMENT ASSISTANCE

In April 2020, the Government of Canada passed legislation creating the Canada Emergency Wage Subsidy ("CEWS"). Under the CEWS, eligible employers are entitled to receive a 75% wage reimbursement for eligible employees up to a maximum amount of $0.847 per week commencing on March 15, 2020 until July 4, 2020. The Company has a receivable amount of $1,848 as at June 30, 2020. For the year ended June 30, 2020, a total income relating to CEWS from March 15 to June 30, 2020 of $3,151 was recognized as a reduction of cost of contract revenue and $472 as a reduction of general and administrative expenses.

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

9. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	June 30 2020	June 30 2019
	$	$
Cost of contract revenue	9,474	8,785
General and administrative expenses	1,766	1,203
Total depreciation and amortization	11,240	9,988

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 2020	June 30 2019
	$	$
Depreciation and amortization	11,240	9,988
Employee benefits expense	72,007	83,397
Cost of inventories	30,874	32,395
Other expenses	30,807	30,850
Total cost of contract revenue, general and administrative expenses, foreign exchange (gain) loss, finance costs and provision for litigation	144,928	156,630
Cost of contract revenue	124,866	136,527
General and administrative expenses, foreign exchange (gain) loss, finance costs and provision for litigation	20,062	20,103
Total cost of contract revenue, general and administrative expenses, foreign exchange (gain) loss, finance costs and provision for litigation	144,928	156,630

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

10. INVENTORIES

	June 30 2020	June 30 2019
	$	$
Spare parts	15,038	14,718
Consumables	33,375	27,334
Other	642	1,891
	49,055	43,943

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

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

	June 30 2020	June 30 2019
	$	$
	30,874	32,395

During the year, an amount of $175 (2019: $397) 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, 2020 and 2019, 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.

11. INVESTMENTS

	June 30 2020	June 30 2019
	$	$
Investments in public companies, beginning of the year	419	542
Acquisition of investments	30	-
Conversion of trade receivables	-	61
Proceeds from disposal of investments	(226)	-
Gain on disposal of investments	106	-
Change in fair value of investments measured at fair value through profit or loss	(12)	(184)
Investments in public companies, end of the year	317	419

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 original cost is $397 ($486 as at June 30, 2019). The gain on disposal of investments totalling $106 for the year ended June 30, 2020 is included in general and administrative expenses. There is no gain on disposal of investments for the year ended June 30, 2019.

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

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at June 30, 2019	804	10,685	85,456	19,827	4,058	120,830
Transfer to right-of-use assets	-	-	(286)	(254)	-	(540)
Balance as at July 1, 2019	804	10,685	85,170	19,573	4,058	120,290
Additions	-	71	6,659	3,543	198	10,471
Transfer from right-of-use assets	-	-	289	-	-	289
Disposals and write-offs	-	(62)	(2,572)	(1,486)	-	(4,120)
Effect of movements in exchange rates	-	(18)	(2,755)	(141)	(51)	(2,965)
Balance as at June 30, 2020	804	10,676	86,791	21,489	4,205	123,965
Accumulated Depreciation						
Balance as at June 30, 2019	-	4,520	57,713	13,293	2,854	78,380
Transfer to right-of-use assets	-	-	(244)	(135)	-	(379)
Balance as at July 1, 2019	-	4,520	57,469	13,158	2,854	78,001
Depreciation	-	653	6,577	2,712	329	10,271
Transfer from right-of-use assets	-	-	260	-	-	260
Disposals and write-offs	-	(32)	(2,604)	(1,295)	-	(3,931)
Effect of movements in exchange rates	-	(11)	(2,280)	(137)	(32)	(2,460)
Balance as at June 30, 2020	-	5,130	59,422	14,438	3,151	82,141

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2018	841	10,449	79,189	17,474	3,424	111,377
Additions	-	240	4,473	3,156	454	8,323
Disposals and write-offs	(37)	-	(1,374)	(884)	-	(2,295)
Business combination	-	-	4,067	135	193	4,395
Effect of movements in exchange rates	-	(4)	(899)	(54)	(13)	(970)
Balance as at June 30, 2019	804	10,685	85,456	19,827	4,058	120,830
Accumulated Depreciation						
Balance as at July 1, 2018	-	3,900	53,455	11,810	2,471	71,636
Depreciation	-	622	6,329	2,356	391	9,698
Disposals and write-offs	-	-	(1,353)	(824)	-	(2,177)
Effect of movements in exchange rates	-	(2)	(718)	(49)	(8)	(777)
Balance as at June 30, 2019	-	4,520	57,713	13,293	2,854	78,380
June 30, 2019:						
Net book value	804	6,165	27,743	6,534	1,204	42,450
Portion related to finance leases	-	-	42	119	-	161
June 30, 2020:						
Net book value	804	5,546	27,369	7,051	1,054	41,824

The loss on disposal of property, plant and equipment totalling $18 for the year ended June 30, 2020 (a gain of $312 for the year ended June 30, 2019) is included in cost of contract revenue.

Drilling equipment includes construction work in progress for an amount of $528 ($0 as at June 30, 2019).

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

13. RIGHT-OF-USE ASSETS

	Notes	Land	Buildings and components	Drilling equipment	Vehicles	Total
Cost		$	$	$	$	$
Balance as at July 1, 2019	7	1,937	2,379	300	254	4,870
Additions		-	-	-	245	245
Disposals and write-offs		-	-	-	(78)	(78)
Transferred to property, plant and equipment		-	-	(289)	-	(289)
Effect of movements in exchange rates		(265)	(99)	(11)	(5)	(380)
Balance as at June 30, 2020		1,672	2,280	-	416	4,368
Accumulated Depreciation						
Balance as at July 1, 2019	7	-	-	258	135	393
Depreciation		-	387	8	135	530
Disposals and write-offs		-	-	-	(27)	(27)
Transferred to property, plant and equipment		-	-	(260)	-	(260)
Effect of movements in exchange rates		-	(3)	(6)	-	(9)
Balance as at June 30, 2020		-	384	-	243	627
Net book value		1,672	1,896	-	173	3,741

The gain on disposal of right-of-use-assets totalling $13 for the year ended June 30, 2020 ($0 for the year ended June 30, 2019) is included in cost of contract revenue.

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

14. INTANGIBLE ASSETS

Customer relationship	Cost	Accumulated amortization	Total
	$	$	$
Balance as at July 1, 2019	1,290	(290)	1,000
Amortization	-	(439)	(439)
Effect of movements in exchange rates	27	-	27
Balance as at June 30, 2020	1,317	(729)	588
Balance as at July 1, 2018	-	-	-
Business combination	1,348	-	1,348
Amortization	-	(290)	(290)
Effect of movements in exchange rates	(58)	-	(58)
Balance as at June 30, 2019	1,290	(290)	1,000

15. IMPAIRMENT OF NON-FINANCIAL ASSETS

Due to the carrying amount of the net assets of the entity being more than its market capitalisation, the Company concluded that an impairment test should be performed for all of these assets.

Cash generating units

For the purposes of assessing impairment, assets were allocated to those cash generating units ("CGUs") that are expected to receive benefits from their use. For impairment testing purposes, the Company has identified 3 CGUs, based on geographical areas where interdependent cash inflows exist. The CGUs are, the Canadian CGU, the Chile CGU and the International CGU.

Non-financial assets impairment assessments

The Company's impairment test for each CGU was based on value-in-use calculations determined by using a discounted cash flow model.

The recoverable amount of each CGU was determined using a pre-tax discount rate based on the weighted average cost of capital ("WACC"). Management has calculated a WACC for the Canada CGU between 6.3% and 7.4% with a mid-point of 6.8%, for the International CGU between 13.8% and 15.9% with a mid-point of 14.9%, and for the Chile CGU between 7.7% and 8.8% with a mid-point of 8.2%. The discount rate calculation is based on the specific circumstances of the Company. The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The recoverable amount for each CGU was also determined using unobservable inputs such as cash flow projections from financial budgets approved by the Board of Directors. Growth rates used over the budget period are based on management's estimates of performance, which is established by considering historical growth rates achieved as well as anticipated fluctuations including those resulting from the current economic environment. The growth rates also depend on whether the CGU includes mature market operations versus start-up or evolving operations. Management assesses how the CGU's market position, relative to its competitors, might change over the budget period. Cash flows beyond the five-year period were extrapolated using growth rates between 2.0% and 5.0%, depending on the CGU, which is based on the Company's estimate of future performance. Management expects the Company's share of the market to be stable over the long-term budget period.

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

15. IMPAIRMENT OF NON-FINANCIAL ASSETS (continued)

Non-financial assets impairment assessments (continued)

The assumptions used above for the estimated future cash flows are based on management's best estimates as at June 30, 2020 and may change significantly in the future, based on potential changes in the industry such as the market price of gold, currency fluctuations, interest rates and any other event beyond management's control that may affect the global economy. The estimated recoverable amounts may therefore differ significantly from actual future recoverable amounts.

The recoverable values have been determined to be higher than their carrying values as at June 30, 2020. As a result, no impairment was recorded.

16. LONG-TERM DEBT

	June 30 2020	June 30 2019
	$	$
Loan authorized for a maximum amount of $6,814 (US$5,000), bearing interest at prime rate plus 0.25%, effective rate as at June 30, 2020 of 3.50%, maturing in November 2021, secured by a first rank hypothec on the universality of all present and future assets [c]	1,363	-
Loan authorized for a maximum amount of $35,000, bearing interest at prime rate plus 3.00%, effective rate as at June 30, 2020 of 5.45% (June 30, 2019: interest at prime rate plus 2.00%, effective rate of 5.95%), maturing in November 2021, secured by a first rank hypothec on the universality of all present and future assets [a] [b] [c]	27,322	25,041
Loan authorized for an amount of $2,500, bearing interest at prime rate plus 4.50%, effective rate as at June 30, 2020 of 6.95% (June 30, 2019: bearing interest at prime rate plus 4.50%, effective rate of 8.45%), payable in monthly instalments of $52 as from June 2017, maturing in November 2021, secured by a second rank hypothec on the universality of all present and future assets [b] [e]	727	1,192
Loan authorized for an amount of $7,018 (US$5,150), bearing interest at prime rate plus 2.75%, effective rate as at June 30, 2020 of 5.20% (June 30, 2019: bearing interest at prime rate plus 2.75%, effective rate of 8.25%), payable in monthly instalments of $132 (US$97) (June 30, 2019 : $59 (US$45)) as from May 2019, maturing in July 2024, secured by a third rank hypothec on the universality of all present and future assets [d] [e]	5,666	3,192

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

16. LONG-TERM DEBT (continued)

	June 30 2020	June 30 2019
	$	$
Loans, bearing interest at rates of 0%, payable in monthly instalments of $16, maturing in August 2023	618	-
Loans, bearing interest at rates of 3.50%, payable in monthly instalments of $29 (CLP$17,756) as from December 2020, maturing in June 2023. [f]	1,660	-
Finance leases, bearing interest between 4.50% and 5.99% (June 30, 2019), maturing in July 2021 [g]	-	151
	37,356	29,576
Current portion	(2,174)	(1,400)
	35,182	28,176

[a] The rate is variable based on the quarterly calculation of a financial ratio and can vary from prime rate plus 1.50% to 3.50%.

[b] An unamortized amount of $264 ($286 as at June 30, 2019), 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] On June 28, 2019, the Company signed an amendment to the Third Amended and Restated Credit Agreement with National Bank of Canada, consisting of a revolving credit facility in the amount of $35,000 along with a revolving credit facility in the amount of US$5,000 as at June 30, 2020, that will expire November 2, 2021.

[d] On December 20, 2018, the Company entered into a loan agreement for a term loan in a principal amount of up to US$5,150. The initial drawdown of US$2,575 received on January 21, 2019 was used to reduce the credit facility described above. The second drawdown of US$2,575 was received on October 9, 2019 and was used to pay the balance payable related to a business combination on December 23, 2019.

[e] On April 23, 2020, the Company entered into the First Amending Agreement with one of its lenders, Export Development Canada, to defer payments of principal and interest on its long-term debt by six months and extend the term of the loans by the same period. Accrued interest over such period will be payable at the next payable instalment.

[f] In May 2020, Orbit Garant Chile S.A., a wholly-owned subsidiary of the Company, obtained two loans totaling CLP$1,000,000 ($1,740) from Banco Scotiabank. The loans have no capital repayments for the first six months and the interest over such period will be payable on the first instalment.

[g] On July 1, 2019, with the adoption of IFRS 16, the balance of the finance leases was reclassified in the lease liabilities.

Under the terms of the long-term debt agreements, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 18). As at June 30, 2020, the Company was compliant with its financial covenants (June 30, 2019: the Company was compliant with its financial covenants).

As at June 30, 2020, the prime rate in Canada was 2.45% for Canadian loans (3.95% as at June 30, 2019) and the prime rate in United States was 3.25% for US loans (5.50% as at June 30, 2019).

16. LONG-TERM DEBT (continued)

As at June 30, 2020, principal payments required in the next years are as follows:

	$
Within one year	2,174
Later than one year and no later than five years	35,447
	37,621

Long-term debt by currency and by term are as follows:

As at June 30, 2020 $000s	Total	Within one year	Later than one but no later than five years
	$	$	$
CAN	28,404	664	27,740
US (US$5,350)	7,292	1,186	6,106
Pesos chiliens (CLP$1,000,000)	1,660	324	1,336
	37,356	2,174	35,182

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

	2020	2019
	$	$
Balance on July 1	29,576	20,038
Transfer of finance leases to lease liabilities	(151)	-
Net increase in the revolving credit facility	3,172	7,200
Increase in other long-term debts	5,931	7,506
Repayment of other long-term debts	(1,508)	(5,051)
Amortization of transaction costs related to loans	134	95
Transaction costs related to loans	(112)	(203)
Impact of the change in foreign exchange rates on the foreign currency debts	314	(9)
Balance on June 30	37,356	29,576

17. LEASE LIABILITIES

The summary of of the activity related to the lease liabilities for the year ended June 30, 2020 is as follows:

	$
Lease liabilities recognized as at July 1, 2019	4,598
Additions	245
Disposals	(60)
Finance costs	235
Payment of lease liabilities, including related finance costs	(750)
Foreign exchange differences	(283)
	3,985
Current portion	2,759
Balance as at June 30, 2020	1,226

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

17. LEASE LIABILITIES (continued)

Lease payments required in the next years are as follows:

	June 30 2020
	$
Within one year	2,902
Later than one year and no later than five years	841
Later than five years	765
	4,508
Less: discounting impact	(523)
Present value of lease payments	3,985

Lease liabilities are included in the consolidated financial position as follows :

	$
Current portion	2,759
Non-current portion	1,226
	3,985

18. CAPITAL MANAGEMENT

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

The Company's capital structure is as follows:

	June 30 2020	June 30 2019
	$	$
Long-term debt	37,356	29,576
Lease liabilities	3,985	-
Balance payable related to a business combination	-	3,370
Share capital	58,857	58,857
Equity-settled reserve	1,309	1,486
Retained earnings	10,047	16,971
Accumulated other comprehensive loss	(2,208)	(738)
Cash and equivalents	(4,996)	(2,480)
	104,350	107,042

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, 2020, as mentioned in Note 16, the Company complied with its covenants (June 30, 2019: the Company was compliant with its financial covenants).

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

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

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

19. 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, 2020		June 30, 2019	
Common shares	Number of shares	$	Number of shares	$
Balance, beginning of the year	37,021,756	58,857	36,147,119	57,207
Shares issued:				
Business combination	-	-	861,637	1,632
For stock options exercised	-	-	13,000	18
Balance, end of the year	37,021,756	58,857	37,021,756	58,857

Net loss per share

Diluted net loss per common share was calculated based on net loss divided by the average number of common shares outstanding using the treasury shares method. For 2020 and 2019, share options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

Net loss per share - basic and diluted		June 30 2020		June 30 2019
Net loss attributable to common shareholders	$	(7,357)	$	(3,470)
Weighted average basic number of common shares outstanding		37,021,756		36,768,700
Net loss per share - basic and diluted	$	(0.20)	$	(0.09)

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 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 Orbit Garant 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 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 2008 Share 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.

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

19. SHARE CAPITAL (continued)

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

	June 30, 2020		June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of the period	2,960,500	1.52	2,496,500	1.48
Granted during the period	771,000	0.86	500,000	1.73
Exercised during the year [(a)]	-	-	(13,000)	0.95
Cancelled during the period	(576,500)	2.26	(23,000)	1.96
Outstanding at end of the period	3,155,000	1.28	2,960,500	1.52
Exercisable at end of the period	1,675,335	1.30	1,610,768	1.43

(a) For the year ended June 30, 2019, the weighted average share price at the date of exercise was $1.30.

On December 4, 2019, 696,000 stock options have been granted to employees and directors giving the option to purchase a common share for an exercice price of $0.90 per share which represents the fair value of a common share at the date of the grant. On June 18, 2020, 75,000 share options have been granted to a director giving the option to purchase a common share for an exercice price of $0.50. These options have a life of 5 years and will vest at a rate of 33% per annum commencing 12 months after the date of the grant.

The following table summarizes information on share options outstanding as at June 30, 2020:

Range of exercise price $	Outstanding at June 30, 2020	Weighted average remaining life (years)	Weighted average exercise price $	Exercisable at June 30, 2020	Weighted average exercise price $
0.50 - 1.49	1,831,000	2.75	0.85	975,000	0.86
1.50 - 2.49	1,324,000	3.10	1.86	700,335	1.90
	3,155,000			1,675,335	

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 June 2020	Granted in December 2019	Granted in December 2018
Risk-free interest rate	0.35%	1.46%	2.41%
Expected life (years)	3	3	3
Expected volatility (based on historical volatility)	39.80%	36.11%	39.77%
Expected dividend yield	0%	0%	0%
Fair value of options granted	$0.15	$0.26	$0.55

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

19. SHARE CAPITAL (continued)

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 2020	June 30 2019
	$	$
Expense related to share-based compensation	256	305

20. INCOME TAXES

Income tax expense recovery comprises the following:

	June 30 2020	June 30 2019
Current tax	$	$
Current year	315	1,623
Prior years adjustments	136	(65)
	451	1,558
Deferred tax		
Current year	179	(1,891)
Prior years adjustements	(391)	(13)
	(212)	(1,904)
	239	(346)

The tax rates prescribed by the applicable laws were at 26.55% in 2020 and at 26.65% in 2019.

	June 30 2020	June 30 2019
	$	$
Loss before income taxes	(7,118)	(3,816)
Statutory rates	26.55%	26.65%
Income taxes based on statutory rates	(1,890)	(1,017)
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	61	46
Non-deductible share-based compensation expense	68	81
Difference of income tax rates between territories	7	29
Withholding taxes	571	352
Income tax assets unrecognized	1,639	250
Non-taxable portion of capital gain	(51)	-
Prior years adjustments	(255)	(78)
Other	89	(9)
Total income tax expense (recovery)	239	(346)

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

20. 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 2019	Recognized in statements of loss	June 30 2020
	$	$	$
Deferred income tax assets:			
Intangible assets	39	(26)	13
Loss carried forward	6,301	(334)	5,967
Non-deductible provisions	941	881	1,822
Investments	-	10	10
Total deferred income tax assets	7,281	531	7,812
Deferred income tax liabilities:			
Property, plant and equipment	1,498	424	1,922
Total deferred income tax liabilities	1,498	424	1,922
Net deferred income tax assets	5,783	107	5,890

	July 1 2018	Recognized in statements of loss	June 30 2019
	$	$	$
Deferred income tax assets:			
Intangible assets	131	(92)	39
Loss carried forward	4,140	2,161	6,301
Non-deductible provisions	982	(41)	941
Total deferred income tax assets	5,253	2,028	7,281
Deferred income tax liabilities:			
Investments	6	(6)	-
Property, plant and equipment	1,354	144	1,498
Total deferred income tax liabilities	1,360	138	1,498
Net deferred income tax assets	3,893	1,890	5,783

As presented in the consolidated statements of financial position:

	June 30 2020	June 30 2019
	$	$
Deferred tax assets	5,890	5,783
Deferred tax liabilities	-	-
	5,890	5,783

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

	Burkina Faso
	$
June 30, 2024	606
June 30, 2025	5,854

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

21. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2020	June 30 2019
	$	$
Trade and other receivables	15,521	(4,214)
Inventories	(5,112)	(1,951)
Prepaid expenses	327	(270)
Trade and other payables	(6,159)	539
	4,577	(5,896)

22. 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.

In June 2020, a claim by a financial institution (the "Claimant") for damages against a subsidiary of the Company in the amount of XOF 843,660 ($1,970) was confirmed by a court in Burkina Faso. This claim relates to an amount of XOF 8,610 ($20) owed by the Company's subsidiary to a supplier, which was indebted to the Claimant. The Company vigorously disputes this claim and has filed an appeal. Based on legal advice, management believes that the claim is unfounded and that the appeal will be successful.

In August 2020, an amount of XOF 266,818 million ($632) was required to be deposited in a restricted cash account by the Company's financial institution in Burkina Faso at the request of the Claimant. The Claimant also threatened to seize certain business assets of the Company's subsidiary in order to satisfy its claim. Although management expects to be successful in its appeal, in September 2020, the Company drew from its Credit Facility and deposited cash in the amount of XOF 576,842 ($1,347) with its financial institution in Burkina Faso, in order to prevent the seizure of some of its assets and prevent any business disruption to the Company and its subsidiary, pending resolution of the Company's appeal. Management expects to recover these deposited amounts at the time the appeal is confirmed as successful, or earlier if certain conditions are met.

Nonetheless, given the original claim was confirmed by the court, the Company has recorded a provision of XOF 871,497 ($2,035) as at June 30, 2020 for this claim and additional legal fees. If and when the facts and circumstances change (including if the Company is successful in its appeal) the liability recognized will be revised in the period in which the change occurs.

23. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring between 2021 and 2022 which call for total lease payments of $197 for the rental of offices and $1 for the rental of vehicles. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The lease payments under these lease agreements for the next two years amount to $159 for 2021 and $39 for 2022.

Lease payments recognized as an expense during the year amount to $5,921 (year ended June 30, 2019: $6,490). This amount consists of minimum lease payments. 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.

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

23. COMMITMENTS AND GUARANTEES (continued)

Guarantees

As at June 30, 2020, the Company issued some bank guarantees in favor of customers for a total amount of $1,385 (year ended June 30, 2019: $1,734), maturing between April 2020 and March 2021. For the years ended June 30, 2020 and 2019, the Company has not made any payments in connection with these guarantees.

24. 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 2020	June 30 2019
	$	$
Revenues	54	266
Expenses	148	151

As at June 30, 2020, an amount of $6 was receivable resulting from these transactions (June 30, 2019: $59).

Transactions with associate parties

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

	June 30 2020	June 30 2019
	$	$
Revenues	20,799	22,645

As at June 30, 2020, trade and other receivables included an amount receivable of $1,533 from one of the Company's associates (June 30, 2019: $1,672).

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.

25. KEY MANAGEMENT COMPENSATION

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

	June 30 2020	June 30 2019
	$	$
Salaries and fees	1,504	1,877
Share-based compensation	113	200
	1,617	2,077

26. 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 $), in Chiliean Pesos (CPL), in Argentine Pesos (ARS), in Ghanian cedi (GHS cedi) and in West African Francs (XOF). The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2020:

	US $	CLP	ARS	GHS cedi	XOF
	$000s	$000s	$000s	000s	000s
Cash and equivalents	645	168,611	4,061	157	158,384
Trade receivables	195	529,386	18,860	2,629	1,137,609
Income tax receivable (payable)	80	163,150	12,834	3,077	90,151
Accounts payable and accrued liabilities	(38)	(299,573)	(3,802)	14	(2,766,701)
Current portion of long-term debt and lease liabilities	(898)	(195,059)	-	-	-
Net balance exposure	(16)	366,515	31,953	5,877	(1,380,557)
Equivalent in Canadian dollars	(22)	608	619	1,378	(3,224)

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

	US $	CLP	ARS	GHS cedi	XOF
Increase (decrease) in net income in Canadian dollar	(1)	45	46	101	(237)

The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2019:

	US $	CLP	ARS	GHS cedi	XOF
	$000s	$000s	$000s	000s	000s
Cash and equivalents	880	197,344	-	130	223,581
Trade receivables	1,777	2,961,014	-	8,420	2,180,876
Income tax receivable (payable)	72	(107,842)	-	2,496	(95,252)
Accounts payable and accrued liabilities	(106)	(299,847)	-	(946)	(1,572,268)
Current portion of long-term debt and finance leases	(542)	-	-	-	-
Net balance exposure	2,081	2,750,669	-	10,100	736,937
Equivalent in Canadian dollars	2,725	5,309	-	2,425	1,671

The Company has estimated that a 10% increase or decrease in the above foreign exchange rates would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of:

	US $	CLP	ARS	GHS cedi	XOF
Increase in net income in Canadian dollars	199	388	-	177	122

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

26. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

During these unprecedented market challenges, COVID-19 may adversely affect the Company's customers and their solvency. Our customers' financial difficulties can negatively impact the Company's results of operations and financial condition, especially if those customers were to delay or default in payment owed to the Company. Collection of trade and other receivables from third parties remains a priority for the Company under the current situation.

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, 2020, the amount of the insurance coverage from EDC represents 6% of the accounts receivable (7% as at June 30, 2019).

The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aging analysis of receivables, past experience, specific risks associated with the customer and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

The allowance for doubtful accounts 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 doubtful accounts.

The aging of trade receivable balances and the allowance for doubtful accounts as at June 30, 2020 and June 30, 2019 were as follows:

	June 30 2020	June 30 2019
	$	$
Current	16,031	28,923
Past due 0-30 days	603	3,346
Past due more than 30 days	4,668	4,303
Total trade receivables	21,302	36,572
Less: allowance for doubtful accounts	786	899
	20,516	35,673

The change in the allowance for doubtful accounts is detailed below:

	June 30 2020	June 30 2019
	$	$
Balance at beginning of year	899	727
Change in allowance, other than write-offs and recoveries	(110)	269
Write-offs of accounts receivable	-	(150)
Recoveries	(3)	53
Balance at end of year	786	899

As at June 30, 2020, 66% (June 30, 2019: 79%) of the trade and other receivables are aged as current and 4% are impaired (June 30, 2019: 2%).

Two major customers represents 14% of the trade accounts receivable as at June 30, 2020 (June 30, 2019, one major customer represents 15% of these accounts).

26. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

One major customer represents 20% of the contract revenue for the year ended June 30, 2020 (year ended June 30, 2019, two major customers represent 31%).

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, 2020, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $214 (June 30, 2019, $217).

Equity market risk

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

Fair value

The fair value of cash and equivalents, trade and other receivables, trade and other payables and balance payable related to a business combination is approximately equal to their carrying values due to their short-term maturity.

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

26. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

The fair value of long-term debt approximates its carrying value as it bears interest at a variable rate and has financing conditions similar to those currently available to the Company.

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, 2020, 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, 2020	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	4,996	4,996			
Trade and other receivables	21,122	21,122			
Financial assets measured at fair value					
Investments	317	317	317		
Financial liabilities measured at amortized cost					
Trade and other payables	18,452	18,452			
Long-term debt	37,356	37,356			

As at June 30, 2019	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	2,480	2,480			
Trade and other receivables	36,643	36,643			
Financial assets measured at fair value					
Investments	419	419	419		
Financial liabilities measured at amortized cost					
Trade and other payables	24,744	24,744			
Balance payable related to a business combination	3,370	3,370			
Long-term debt and finance leases	29,576	29,576			

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the year ended June 30, 2020.

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

26. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In Note 16 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 0.30% and 0.52%. As at June 30, 2020 and 2019, there were no amounts included in the trade receivables related to factored accounts.

The following tables present the contractual cash flows for the financial liabilities based on their remaining contractual maturities:

				As at June 30, 2020
	Total	0 - 1 year	2 - 3 years	4 - 5 years
	$	$	$	$
Trade and other payables	18,451	18,451	-	-
Long-term debt	37,621	2,174	33,833	1,614
	56,072	20,625	33,833	1,614

				As at June 30, 2019
	Total	0 - 1 year	2 - 3 years	4 - 5 years
	$	$	$	$
Trade and other payables	24,744	24,744	-	-
Balance payable related to a business combination	3,370	3,370	-	-
Long-term debt	29,711	1,347	27,340	1,024
Finance lease	151	53	98	-
	57,976	29,514	27,438	1,024

27. SEGMENTED INFORMATION

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

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

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

27. SEGMENTED INFORMATION (continued)

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

	June 30 2020	June 30 2019
Contract revenue	$	$
Canada	109,010	109,465
International [(1)]	28,800	43,349
	137,810	152,814
(Loss) earnings from operations		
Canada	6,691	(2,914)
International	(5,537)	6,403
	1,154	3,489
General and corporate expenses [(2)]	5,580	5,188
Finance costs	2,692	2,117
Income tax expense (recovery)	239	(346)
	8,511	6,959
Net loss	(7,357)	(3,470)
[(1)] The International operating segment included Chilean revenue as follows :	15,409	26,113

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

	June 30 2020	June 30 2019
Depreciation and amortization		
Canada	6,080	5,925
International	3,395	2,860
Total depreciation and amortization included in (loss) earnings from operations	9,475	8,785
Unallocated and corporate assets	1,765	1,203
Total depreciation and amortization	11,240	9,988

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

27. SEGMENTED INFORMATION (continued)

	As at June 30, 2020	As at June 30, 2019
	$	$
Identifiable assets		
Canada	86,960	92,307
Chile	15,400	15,486
International - Other	27,478	26,902
	129,838	134,695
Property, plant and equipment		
Canada	29,868	29,567
Chile	3,480	4,286
International - Other	8,476	8,597
	41,824	42,450
Right-of-use assets		
Canada	191	-
Chile	2,367	-
International - Other	1,183	-
	3,741	-
Intangible assets		
International - Other	588	1,000

	June 30 2020	June 30 2019
	$	$
Non-current assets acquisitions		
Canada	8,630	6,757
International	1,673	6,783
Unallocated and corporate assets	168	526
	10,471	14,066

Directors

Jean-Yves Laliberté [1, 2]
Corporate Director and Consultant
Chair of the Board of Directors

William N. Gula [1, 2*, †]
Senior Advisor, Morrison Park Advisors, and Partner, Hansell LLP

Pierre Rougeau [1, 2]
Corporate Director and Consultant

Nicole Veilleux [1*, 2]
Corporate Director and Consultant

Pierre Alexandre
Vice Chair and Vice President of Corporate Development, Orbit Garant Drilling Inc.

Eric Alexandre
President and Chief Executive Officer, Orbit Garant Drilling Inc.

1 Member of Audit Committe.
2 Member of Corporate Governance and Compensation Committee.
* Denotes Committee Chair.
† Not standing for re-election

Officers

Eric Alexandre
President and Chief Executive Officer

Pierre Alexandre
Vice Chair and Vice President of Corporate Development

Alain Laplante
Vice President and Chief Financial Officer

Head Office

3200 Jean-Jacques Cossette Blvd.
Val-d'Or, Quebec
J9P 6Y6
Tel: 866-824-2707
Fax: 801-824-2195
www.orbitgarant.com

Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol: OGD

Common Shares Outstanding

37,021,756 (as at June 30, 2020)

Investor Relations

Alain Laplante
Tel: 819-824-2707
Email: investors@orbitgarant.com

Bruce Wigle
Tel: 647-496-7856
Email: investors@orbitgarant.com

Transfer Agent and Registrar

AST Trust Company (Canada)
2001 Robert-Bourassa Blvd., Suite 1600
Montreal, QC
H3A 2A6
Tel: 1-800-387-0825

General Counsel

Goodmans LLP
Gowling WLG (Canada) LLP

Auditors

KPMG LLP

Annual Meeting

Wednesday, December 2, 2020
Orbit Garant Head Office
3200 Jean-Jacques Cossette Blvd.
Val-d'Or, Quebec

The meeting will commence at 10:00 a.m. (ET)

FORAGE ORBIT GARANT DRILLING

CONTACT

Should you have any questions regarding Orbit Garant Drilling and its operations, please do not hesitate to contact us at one of our offices listed below. It will be our pleasure to assist you and we look forward to working with you to address your specific needs.

HEAD OFFICE

Orbit Garant Drilling Inc.
3200 Jean-Jacques Cossette Blvd.
Val-d'Or (Québec)
J9P 6Y6
Canada
T: 819-824-2707
T: 866-824-2707
F: 819-824-2195
info@orbitgarant.com

CANADA

QUEBEC

Orbit Garant Drilling Services Inc.
3200 Jean-Jacques Cossette Blvd.
Val-d'Or (Québec)
J9P 6Y6
Canada
T : 819 824-2707
T: 866 824-2707
F : 819 824-1595

Soudure Royale Concept
3200 Jean-Jacques Cossette Blvd.
Val-d'Or (Québec)
J9P 6Y6
Canada
T : 819 825-5399
F : 819 825-7088

ONTARIO

Orbit Garant Drilling Services Inc.
640 Garson Coniston Road
Sudbury (Ontario)
P3L 1R3
Canada
T: 705 694-5959
F: 705 694-4784

Orbit Garant Drilling Services Inc.
3661 Mount Albert Road
R.R. #1, Sharon (Ontario)
L0G 1V0
Canada
T: 905 478-2243
F: 905 478-2249

NEW BRUNSWICK

Orbit Garant Drilling Services Inc.
398 Dover Road
Dieppe (New Brunswick)
E1A 7L6
Canada
T: 506 853-9131
F: 506 856-4570

ALBERTA

Drift Exploration Drilling Inc.
803 9 Ave SE
High River (Alberta)
T1V 1K5
Canada
T: 403 601-4374
F: 403 652-3238

UNITED STATES

NEVADA

Drift Exploration Drilling Inc.
6120 Pedroli Lane
Winnemucca (Nevada)
89445
United States
T: 403 601-4374
F: 403 652-3238

SOUTH AMERICA

CHILE

Orbit Garant Chile S.A.
Avda. Los Cerrillos 998
Cerrillos (Santiago)
Chile
T: +56 2 2411 5900
C: +56 9 9624 0421

GUYANA

OGD Drilling (Guyana) Inc.
31 Belair Spring
East Coast Demerara
Georgetown
Guyana
C Guyana: +592 629 6133
T Canada : 1 819 824-2707
F Canada : 1 819 824-1595

WEST AFRICA

GHANA

Orbit Garant Drilling Ghana Limited
Plot 35 Funko Beach
P.O. Box WQ 104
Takoradi
Ghana
T Ghana: +233 303 960 889
C Ghana: +233 270 334 162
C Canada : 506 863-9503

BURKINA FASO

Forage Orbit Garant BF S.A.S.
737, boulevard Tansoba-KOSSODO
12 B.P. 197 Ouagadougou 12
Ouagadougou
Burkina Faso
T Burkina Faso : +226 54 69 02 80
T Burkina Faso : +226 76 35 88 11