FORAGE ORBIT GARANT DRILLING

ANNUAL REPORT 2021

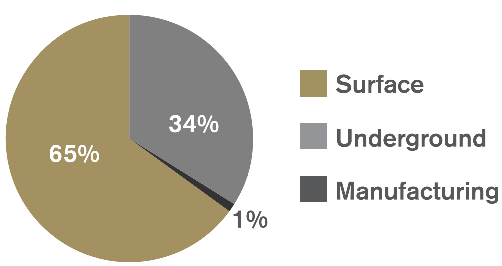
STRONG CANADIAN FOUNDATION | EXPANDING GLOBAL PRESENCE

PROFILE

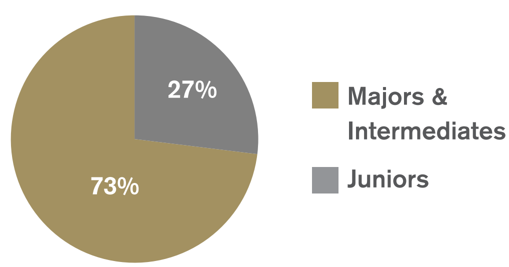
Headquartered in Val-d'Or, Quebec, Orbit Garant Drilling (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 223 drill rigs and approximately 1,250 employees. Orbit Garant provides 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])

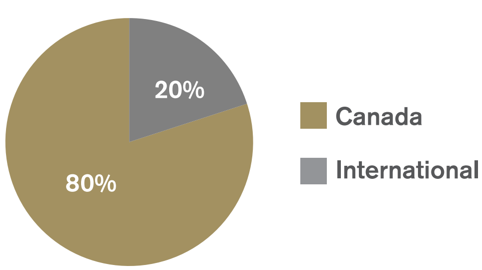
DRILLING ACTIVITY



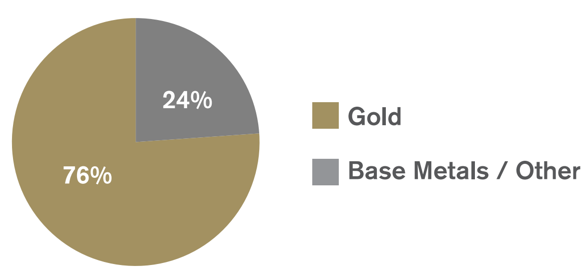
CUSTOMERS



REGIONS



RESOURCE EXPOSURE



1. For the year ended June 30, 2021

To our shareholders,

The mineral drilling industry experienced a solid recovery during our fiscal 2021 year, following the negative impact of the COVID-19 pandemic beginning in March 2020. As pandemic-related business restrictions on mining activities began to ease at the end of our fiscal 2020 year and our customers resumed their projects or commenced new ones, we started to gradually ramp up our operations in Canada and West Africa. This steady escalation continued throughout the first half of fiscal 2021, and we reached pre-pandemic activity levels in these regions in the second half of fiscal 2021. More recently, we have surpassed them. Our drilling activity in Chile continues to be impacted by COVID-19 related challenges and has not yet reached pre-pandemic levels, but demand has started to increase in this market. We recently commenced a new, long-term contract in Chile with a major copper producer.

Our fiscal 2021 revenue totalled $163.3 million, an increase of 18.5% compared to fiscal 2020. Our revenue in Canada totalled $130.0 million, an increase of 19.2% compared to fiscal 2020, and our international revenue was $33.3 million, an increase of 15.7% compared to last year. Our growth in international revenue was attributable to increased drilling activity in Burkina Faso, Guinea and Guyana, partially offset by a decline in Chile and Argentina.

Our net earnings for fiscal 2021 were $2.3 million, or $0.06 per share, compared to a net loss of $7.4 million, or $0.20 per share, in fiscal 2020. The positive variance reflects improved gross margins driven by increased drilling activity, improved operational efficiencies and cost reduction measures we implemented at the outset of the pandemic. These factors offset the additional logistical challenges and related costs due to the pandemic, significant mobilization costs in Guinea and Chile in the second half of fiscal 2021 related to new, long-term contracts, and increased driller training and project ramp-up costs in Canada during the fourth quarter of fiscal 2021. In fiscal 2021, costs associated with our contract revenue were reduced by $2.9 million as a result of financial support recorded from the Canada Emergency Wage Subsidy program, compared to $3.2 million in fiscal 2020. Net earnings for fiscal 2021 also reflect the reversal of a $1.96 million provision for litigation in Burkina Faso during our third quarter, as the courts in Burkina Faso ruled in favor of Orbit Garant regarding a legal claim.

Our record quarterly revenue of $51.1 million and all-time high in metres drilled in our fiscal 2021 fourth quarter demonstrates our success in ramping up our operations throughout the year and the strong recovery in customer demand in Canada and West Africa. While we are pleased with our record revenue and metres drilled in our fourth quarter, our margins and profitability were impacted by increased driller training, project ramp-up and mobilization costs as we adapt our operations to this higher level of demand. Further, the strong customer demand has resulted in a shortage of experienced drillers in Canada, which is expected to increase labour costs and impact productivity levels in the near term. We also expect to see higher material costs in the near term due to temporary supply chain issues related to the pandemic. We expect to be able to offset these cost increases with higher contract pricing. As for the near-term shortage in experienced drillers in Canada, we are managing this through our driller training program in which we now have a significant number of new recruits enrolled, and we are leveraging our computerized drill technology to accelerate the learning process. We expect to increase our capacity utilization and driller productivity and grow our margins as this positive mining cycle progresses.

We repaid a net amount of $4.4 million on our Credit Facility in fiscal 2021, compared to a drawdown of $3.2 million last year. Our long-term debt under the Credit Facility, including US$1.0 million drawn from our US$5.0 million revolving facility and the current portion, was $24.3 million as at fiscal year-end, compared $28.7 million as at June 30th a year ago, providing us with improved financial flexibility.

The strong recovery in customer demand for mineral drilling services is supported by the continued strength in metals prices. With the spot price of gold currently at approximately US$1,750 per ounce and copper priced at approximately US$4.20 per pound, precious and base metal mining companies are generating robust cash flows and have a strong incentive to focus on exploration spending, particularly given the lack of major new discoveries and an industry-wide decline in both gold and copper reserves.

This positive industry outlook is supported by a recent report from S&P Global Market Intelligence, which forecasts that global exploration budgets for nonferrous metals will increase 25% to 35% in calendar 2021, from US$8.7 billion in calendar 2020, and will grow another 5% to 15% in 2022.

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 continuous focus on innovation, our global operations and scale, sound balance sheet, expertise in both surface and underground drilling, vertically-integrated manufacturing capabilities, and highly experienced leadership team position us favorably to capitalize on what appears to be the beginning of a strong market cycle.

We will continue to carefully monitor the pandemic, taking all the necessary measures to prioritize the health and safety of our employees and other stakeholders, including the communities in which we operate. We are pleased to have recovered so rapidly from the negative impact we experienced early in the pandemic, and look forward to pursuing further opportunities to grow our business and build shareholder value in the year ahead.

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. And to our shareholders, we appreciate your 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 2021

SEPTEMBER 28, 2021

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, 2021 ("Fiscal 2021") and June 30, 2020 ("Fiscal 2020") and the notes thereto which are available on the SEDAR website at www.sedar.com.

The Company's Fiscal 2021 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, 2021. 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, 2021, 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 2020"), 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.

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 implemented 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: (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 14 in Fiscal 2021 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 implemented multiple initiatives to reduce costs and manage its liquidity position, including 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, from April 1, 2020 to September 30, 2020, Orbit Garant's Management and Directors agreed to take a temporary 15% reduction in their remuneration to further support the Company.

During Fiscal 2021, Orbit Garant recorded a benefit related to the Canadian Emergency Wage Subsidy ("CEWS") program in the amount of $3.2 million, of which $2.9 million was recognized as a reduction of cost of contract revenue and $0.3 million was recognized as a reduction of general and administrative expenses, compared to $3.6 million in Fiscal 2020, 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.

Orbit Garant's drilling activities in Canada began to gradually resume or ramp up in the latter half of its Fiscal 2020 fourth quarter ("Q4 2020") and have now returned to, or surpassed, pre-pandemic levels. The Company's drilling activities in West Africa began to gradually resume or ramp up in the first quarter of Fiscal 2021 ("Q1 2021") and have now returned to, or surpassed, pre-pandemic levels. The Company's drilling activities in Chile began to gradually ramp up in the latter half to its Fiscal 2021 fourth quarter ("Q4 2021") and have not yet reached pre-pandemic levels.

The long-term impact of COVID-19 is unknown. While mineral drilling projects are now allowed to operate with appropriate safety measures, government business restrictions could be reinstated in any of the jurisdictions that the Company operates in should there be a significant increase in COVID-19, or COVID-19 variant, case counts.

Management continues to closely monitor the impact of the pandemic in the jurisdictions in which it operates. As part of its business continuity plan, Orbit Garant continues to manage its variable cost structure and cash prudently, while maintaining the flexibility required to adapt to any potential increase in COVID-19 related business restrictions.

FISCAL 2021 SUMMARY

- Revenue totalled $163.3 million, an increase of 18.5% compared to $137.8 million in Fiscal 2020
- Gross margin increased to 12.4% from 9.4% in Fiscal 2020
- Adjusted gross margin(1) (excluding depreciation expense) increased to 17.9% from 16.3% in Fiscal 2020
- EBITDA(1) totalled $17.6 million, an increase of 157.1% compared to $6.8 million in Fiscal 2020
- Net earnings were $2.3 million, compared to net loss of $7.4 million in Fiscal 2020; and
- Metres drilled totalled 1,661,396, an increase of 28.0% compared to 1,297,838 metres drilled in Fiscal 2020

(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 223 drill rigs and approximately 1,250 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Argentina, Kazakhstan, Burkina Faso, Ghana and Guinea. The Company has established international operating subsidiaries in: Winnemucca (Nevada), U.S.A.; Santiago, Chile; Georgetown, Guyana; Ouagadougou, Burkina Faso; Takoradi, Ghana and most recently in Conakry, Guinea, to support its international operations.

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

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

For Fiscal 2021:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 36% of the Company's total revenue, compared to 45% in Fiscal 2020.
- Approximately 76% of the Company's revenues were generated by gold related operations, and approximately 24% were generated by base metal related and other operations.

- Surface and underground drilling services accounted for approximately 65% and 34%, respectively, of the Company's revenue. Orbit Garant's manufacturing activities accounted for the remaining 1% of revenue.
- Approximately 73% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 83% in Fiscal 2020. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 80% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 20% was generated from international drilling contracts, compared to 79% and 21% respectively in Fiscal 2020.

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") ($1.90 million) was confirmed by a court in Burkina Faso. The Company had vigorously disputed this claim and filed an appeal. The Company had recorded a provision of XOF 871.5 million ($1.96 million) in Q4 2020 for this claim and additional legal fees.

During the first half of Fiscal 2021, a total of XOF 857.2 million ($1.92 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.

On April 1, 2021, the Court of Appeal in Burkina Faso ruled in favor of Orbit Garant and overturned the original decision, resulting in the release of XOF 857.2 million ($1.92 million) that the Company had deposited into a restricted cash account. Notwithstanding the decision of the Court of Appeal, the Claimant appealed this decision. Based on the opinion of the Company's legal counsel, Management considered this appeal to be unfounded. As a result, the recognized liability was reversed during the third quarter of Fiscal 2021 ("Q3 2021").

On August 18, 2021, the Court of Appeal of Burkina Faso rejected the Claimant's appeal. By upholding the first degree decision, this order put an end to the claims of the Claimant in relation to the initial court decision. Based on the opinion of the Company's legal counsel, Management maintained the liability reversal noted above.

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 is lower today compared to 12 months ago, when it was trading at near-record levels. However, the price is significantly above its trailing five-year lows. At the time of this report, the spot price of gold was approximately US$1,735 per ounce, representing a decline of approximately 8% compared to a year ago and an increase of approximately 54% from its trailing five-year price low in late 2016.

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 prices of each of these metals are significantly higher 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$2.99 per pound a year ago and at the time of this report was approximately US$4.19 per pound, an increase of approximately 40%. The spot prices of aluminum, copper, and nickel are currently near the upper end of their respective trailing five-year price ranges, while the spot prices of lead and zinc are currently near the mid-point of their respective trailing five-year price ranges.

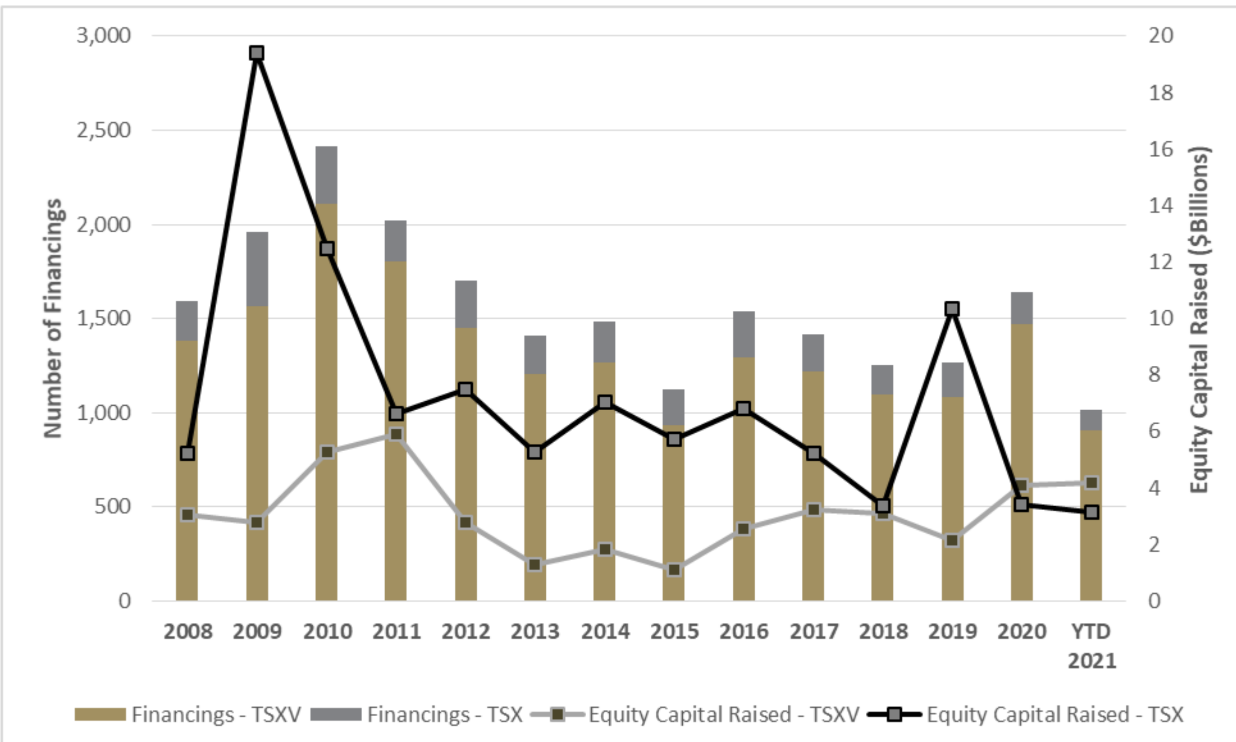
Iron Ore

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$115 per tonne, compared to approximately US$118 per tonne one year ago. In May 2021, the spot price of iron ore reached a record high of approximately US$233 per tonne.

Market Participants

The mining industry has strengthened since a prolonged downturn ended in early 2016. Metal prices have increased, driving higher mining equity valuations and increased financing activity. Over the past 12 months, market conditions have been favourable for both precious metals and base metals mining companies, supported by the relatively strong price of gold and increases in base metal prices. Financing activity has strengthened during the period.

TSX / TSX-V Mining Sector Financings (2008 to August 31, 2021)



Mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange ("TSX-V") raised more equity capital in the first eight months of 2021 than in the first eight months of any calendar year since 2016. According to TMX Group, they completed 1,018 financings and raised $7.3 billion of equity capital in the first eight months of 2021. By comparison, they completed 1,064 financings and raised $4.6 billion of equity capital in the same period in 2020.

Global exploration activity is currently strong. According to S&P Capital IQ Metals and Mining Research (September 2021), drilling results were reported from 331 projects in August 2021. While that was down from a record 387 projects in July 2021, the number of drill holes increased by 17% month-over-month to 6,180 in August. That was the most in a single month since October 2018.

According to a report from S&P Global Market Intelligence (August 2021), global exploration budgets for nonferrous metals are expected to increase 25% to 35% in 2021 from US$8.7 billion in 2020. That surpasses S&P's previous forecast, provided in March 2021, that budgets could rise 15% to 20% year-over-year if metal prices remain strong. Looking ahead to 2022, S&P anticipates another increase in global exploration budgets for nonferrous metals, though smaller than its projected increase in 2021. S&P expects budgets to pull back slightly from 2023 to 2025 as the economic recovery related to the COVID-19 pandemic subsides and global economic growth returns to a "more moderate" pace.

OVERALL PERFORMANCE

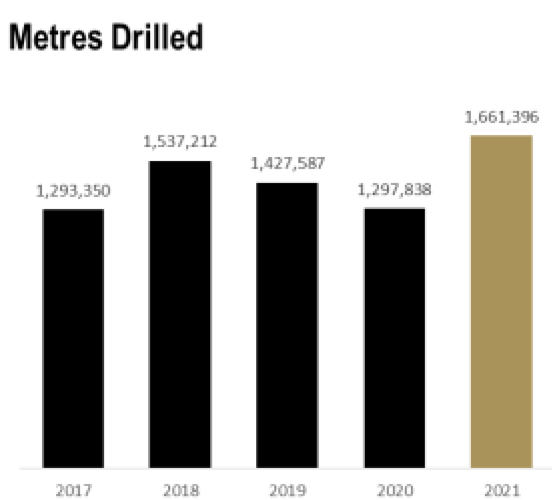
Results of operations for the year ended June 30, 2021

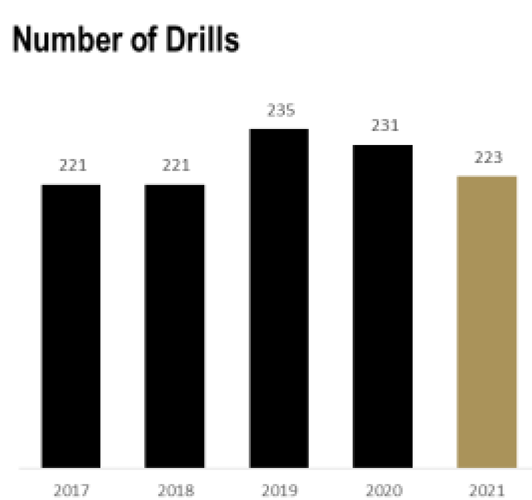
FISCAL YEARS ENDED JUNE 30 * ($millions)	Fiscal 2021	Fiscal 2020	2021 vs. 2020 Variance
Revenue *	163.3	137.8	25.5
Gross profit *	20.3	12.9	7.4
Gross margin (%)	12.4	9.4	3.0
Adjusted gross margin (%) (1)	17.9	16.3	1.6
Net earnings (loss) *	2.3	(7.4)	9.7
Net earnings (loss) per common share - Basic ($)	0.06	(0.20)	0.26
- Diluted ($)	0.06	(0.20)	0.26
EBITDA * (2)	17.6	6.8	10.8
Metres drilled	1,661,396	1,297,838	363,558

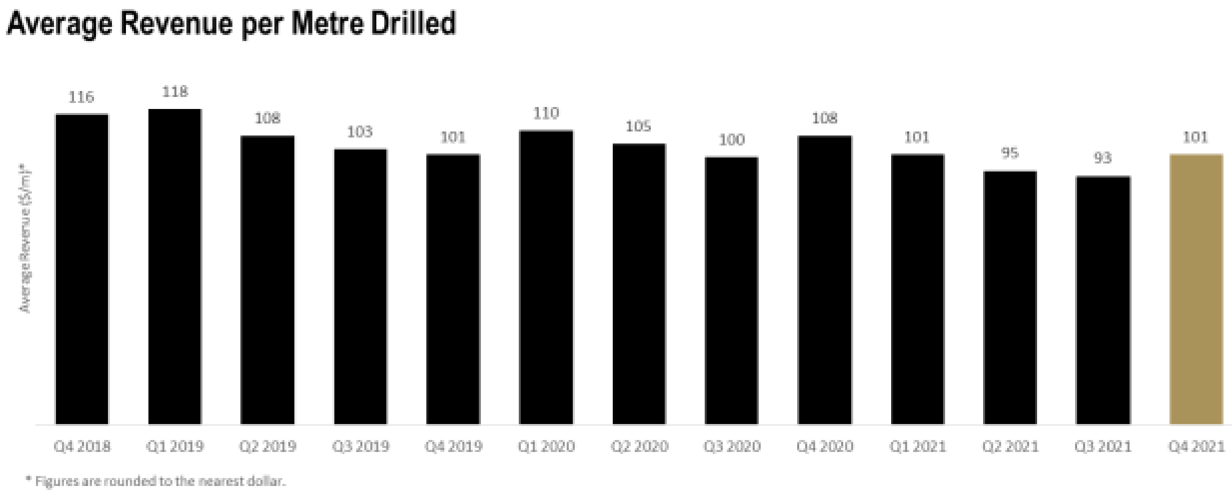
(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures."

During Fiscal 2021, Orbit Garant drilled 1,661,396 metres, an increase of 28.0% compared to 1,297,838 metres drilled in Fiscal 2020. Average revenue per metre drilled in Fiscal 2021 was $97.45, compared to $105.53 in Fiscal 2020. 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 conventional drilling, and revenue mix related to increased drilling activities in West Africa.

The Company had 223 drill rigs as at June 30, 2021, compared to 231 drill rigs at the end of Fiscal 2020. During Fiscal 2021, the Company purchased one drill rig, while six conventional drill rigs were dismantled and three were sold. Orbit Garant currently has 43 drill rigs outfitted with computerized monitoring control technology.







SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30 *($millions)	Fiscal 2021	Fiscal 2020	Fiscal 2019
Contract revenue			
Drilling Canada *	130.0	109.0	109.5
Drilling International *	33.3	28.8	43.3
Total *	163.3	137.8	152.8
Gross profit *	20.3	12.9	16.3
Gross margin (%)	12.4	9.4	10.7
Adjusted gross margin (%) (1)	17.9	16.3	16.4
Net earnings (loss) *	2.3	(7.4)	(3.5)
Net earnings (loss) per common share ($)	0.06	(0.20)	(0.09)
Net earnings (loss) per common share diluted ($)	0.06	(0.20)	(0.09)
Total assets *	138.1	129.8	134.7
Long-term debt including current portion *	32.4	36.7	29.6
Lease liabilities including current portion*	2.0	4.6	-
EBITDA * (2)	17.6	6.8	8.3
EBITDA % (2)	10.9	4.9	5.4
Total metres drilled (million)	1.7	1.3	1.4

(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 2021 COMPARED TO FISCAL 2020

Contract Revenue

Revenue in Fiscal 2021 totalled $163.3 million, compared to $137.8 million in Fiscal 2020. The increase in revenue was primarily attributable to an increase in drilling activities in Canada and West Africa.

Canada revenue totalled $130.0 million in Fiscal 2021, an increase of 19.2% compared to $109.0 million in Fiscal 2020. The Company's domestic drilling operations gradually ramped up in the latter half of Q4 2020 and throughout first half of Fiscal 2021 following the initial slowdown caused by the pandemic beginning in late Q3 2020. The Company's drilling activities in Canada in the second half of Fiscal 2021 returned to, and more recently surpassed, pre-pandemic levels.

International revenue increased 15.7% to $33.3 million in Fiscal 2021, compared to $28.8 million in Fiscal 2020, reflecting increased drilling activity in Burkina Faso and Guyana, and the commencement of a drilling project in Guinea, partially offset by a decline in drilling activity in Chile and Argentina.

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

Gross profit for Fiscal 2021 was $20.3 million, an increase of 56.8% compared to $12.9 million in Fiscal 2020. Gross margin was 12.4% compared to 9.4% in Fiscal 2020. Depreciation expenses totalling $8.9 million are included in cost of contract revenue for Fiscal 2021, compared to $9.5 million in Fiscal 2020. Adjusted gross margin, excluding depreciation expenses, was 17.9% in Fiscal 2021, compared to 16.3% in Fiscal 2020.

Orbit Garant's gross profit and margins were positively impacted by increased drilling activity, improved operational efficiencies and cost reduction initiatives, which offset the additional logistical challenges and related costs due to COVID-19, significant mobilization costs in Guinea and Chile in the second half of Fiscal 2021 related to new, long-term contracts and increased driller training and ramp-up costs in Canada during Q4 2021. In Fiscal 2021, the cost of contract revenue was reduced by $2.9 million as a result of the financial support recorded from the CEWS program ($3.2 million in Fiscal 2020).

General and Administrative Expenses

General and administrative (G&A) expenses were $14.5 million, or 8.9% of revenue, in Fiscal 2021, compared to G&A expenses of $15.4 million, or 11.2% of revenue, in Fiscal 2020. The decline in G&A expenses reflects the cost reduction measures that were implemented following the onset of the pandemic. G&A expenses were reduced by $0.3 million in Fiscal 2021 resulting from financial support recorded from the CEWS program ($0.4 million in Fiscal 2020).

Operating Results

Earnings from operations for Fiscal 2021 were $9.5 million, compared to $1.2 million in Fiscal 2020. As discussed above, the increase in drilling activities in Canada and West Africa positively affected earnings from operations.

Drilling Canada's operating earnings in Fiscal 2021 totalled $15.2 million, compared to operating earnings of $6.7 million in Fiscal 2020. The increase reflects increased drilling activity, operational efficiencies and initiatives to reduce costs following the onset of the pandemic, partially offset by increased driller training and ramp-up costs in Canada during Q4 2021. Drilling Canada's operating earnings include $2.9 million in financial support from the CEWS program recorded in Fiscal 2021 ($3.2 million in Fiscal 2020).

Drilling International's operating loss in Fiscal 2021 totalled $5.7 million, compared to operating loss of $5.5 million in Fiscal 2020. The operating loss for Fiscal 2021 is primarily attributable to the impact of the pandemic and the significant mobilization costs incurred in the second half of Fiscal 2021, as discussed above.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.7 million in Fiscal 2021, compared to a foreign exchange gain of $0.1 million in Fiscal 2020.

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 ($1.90 million) was confirmed by a court in Burkina Faso. The Company recorded a provision of XOF 871.5 million ($1.96 million) in Q4 2020 for this claim and additional legal fees.

On April 1, 2021, the Court of Appeal in Burkina Faso ruled in favor of Orbit Garant and overturned the original decision, resulting in the release of XOF 857.2 million ($1.92 million) that the Company had deposited into a restricted cash account. As a result, the recognized liability was reversed during Q3 2021.

EBITDA (see Reconciliation of non-IFRS financial measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled $17.6 million in Fiscal 2021, compared to $6.8 million in Fiscal 2020. EBITDA in Fiscal 2021 was positively impacted by increased gross margin and the reversal of the $1.96 million provision in Burkina Faso, partially offset by increased driller training and project ramp-up costs in Q4 2021, and new long term contracts mobilization costs incurred in the second half of Fiscal 2021, as discussed above. EBITDA in Fiscal 2021 includes $3.2 million in financial support received from the CEWS program ($3.6 million in Fiscal 2020).

Financial Expenses

Interest costs related to long-term debt and bank charges were $2.3 million in Fiscal 2021, compared to $2.7 million in Fiscal 2020.

Income Tax Expense

Income tax expense was $2.5 million for Fiscal 2021, compared to an income tax expense of $0.2 million for Fiscal 2020. The effective tax rate for Fiscal 2021 was negatively impacted mainly by tax losses for which no deferred tax assets were recognized, as in Fiscal 2020.

Net Earnings (Loss)

The Company's net earnings for Fiscal 2021 were $2.3 million, or $0.06 per share, compared to a net loss of $7.4 million, or $0.20 per share, in Fiscal 2020. The positive variance reflects improved gross margins, and the reversal of the $1.96 million provision for litigation in Burkina Faso during Q3 2021, partially offset by increased driller training and project ramp-up costs in Q4 2021, and new project mobilization costs incurred in the second half of Fiscal 2021, as discussed above.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2021				Fiscal 2020			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		51.1	40.5	36.1	35.6	20.2	36.0	38.3	43.3
Gross profit (1)*		3.0	3.2	5.4	8.7	2.3	1.3	2.4	6.9
Gross margin %		5.9	7.8	14.9	24.6	11.5	3.5	6.3	16.0
Net earnings (loss) *		(2.2)	0.7	0.3	3.5	(2.7)	(3.4)	(2.4)	1.1
Net earnings (loss) per common share ($)	- Basic	(0.06)	0.02	0.01	0.09	(0.08)	(0.09)	(0.06)	0.03
	- Diluted	(0.06	0.02	0.01	0.09	(0.08)	(0.09)	(0.06)	0.03

(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 2021 COMPARED TO THE FOURTH QUARTER OF FISCAL 2020

Contract Revenue

Revenue for Q4 2021 totalled $51.1 million, an increase of 152.2% compared to $20.2 million for the quarter ended June 30, 2020 ("Q4 2020"), reflecting an increase in drilling activities in Canada and internationally.

Canada revenue totalled $38.1 million in Q4 2021, an increase of 132.3% compared to $16.4 million in Q4 2020, reflecting the strong domestic demand for the Company's drilling services in Q4 2021 and the impact of COVID-19 related business restrictions and / or customer project suspensions or slowdowns in Q4 2020.

International revenue increased to $13.0 million in Q4 2021 from $3.8 million in Q4 2020. The increase reflects increased drilling activity in Burkina Faso, Guinea and Guyana, the commencement of a new drilling project in Chile and the negative impact of COVID-19 in Q4 2020.

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

Gross profit for Q4 2021 was $3.0 million, an increase of 28.4% from $2.3 million in Q4 2020. Gross margin for Q4 2021 was 5.9% compared to 11.5% in Q4 2020. Depreciation expenses totalling $2.0 million are included in the cost of contract revenue for Q4 2021, compared to $2.4 million in Q4 2020. Adjusted gross margin, excluding depreciation expenses, was 9.8% in Q4 2021, compared to adjusted gross margin of 23.3 % in Q4 2020. In Q4 2021, margins were negatively impacted by increased driller training and project ramp-up costs in Canada due to rapid growth in customer demand, and significant mobilization costs related to new, long-term contracts in Guinea and Chile. In Q4 2021, the cost of contract revenue was reduced by $0.1 million as a result of financial support recorded from the CEWS program ($3.2 million in Q4 2020).

General and Administrative Expenses

G&A expenses were $3.9 million, or 7.7% of revenue, in Q4 2021, compared to $2.9 million, or 14.1% of revenue, in Q4 2020. The increase in G&A expenses reflect the increase in drilling activities. The Company's G&A expenses for Q4 2020 also reflect a $0.4 million reduction resulting from financial support from the CEWS program ($nil in Q4 2021).

Operating Results

Earnings from operations for Q4 2021 were negligible, compared to $0.1 million in Q4 2020.

Drilling Canada's operating earnings totalled $1.6 million in Q4 2021, compared to $2.5 million in Q4 2020. The Company recorded $0.1 million in financial support from the CEWS program in Q4 2021, compared to $3.2 million in Q4 2020. Drilling Canada's operating earnings in Q4 2021 also reflect the decline in gross margin due to increased driller training and project ramp-up costs, as discussed above.

Drilling International's operating loss totalled $1.6 million in Q4 2021, compared to an operating loss of $2.4 million in Q4 2020. The positive variance was primarily attributable to the increase in drilling activities in both West Africa and South America, partially offset by the impact of significant mobilization costs related to new, long-term contracts in Guinea and Chile.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.2 million in Q4 2021, compared to a negligible amount in Q4 2020.

EBITDA (see Reconciliation of non-IFRS financial measures)

EBITDA totalled $1.2 million in Q4 2021, compared to $0.3 million in Q4 2020. The increase was primarily attributable to increased drilling activities in Canada and internationally, partially offset by increased driller training and project ramp-up costs, and new project mobilization costs and the reduction of financial support from the CEWS program, as discussed above.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.5 million in Q4 2021, compared to $0.6 million in Q4 2020.

Income Tax (Recovery)

Income tax expense was $0.5 million in Q4 2021, compared to a tax recovery of $0.4 million in Q4 2020.

Net Loss

Net loss for Q4 2021 was $2.2 million, or $0.06 per share, compared to a net loss of $2.7 million, or $0.08 per share, in Q4 2020. The positive variance is primarily attributable to increased drilling activities in Canada and internationally. The net loss for Q4 2021 reflects increased drilling training and project ramp-up costs, new project mobilization costs and the reduction of financial support from the CEWS program, as discussed above.

EFFECT OF EXCHANGE RATE

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

As at June 30, 2021 and 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") in Canadian dollars, if the corresponding foreign exchange rates were to change by plus or minus 10%:

As at June 30, 2021 *($millions)	US $	CLP	ARS	GHS	XOF	GNF
Cash*	1.1	527.3	-	0.2	3.8	7,157.0
Accounts receivable*	1.2	1,904.4	-	5.6	1,552.5	7,678.8
EBIT impact +/- 10%*	0.1	-	-	0.1	0.5	0.1

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

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 $15.5 million in Fiscal 2021, compared to $9.0 million in Fiscal 2020.

The change in non-cash operating working capital items was an outflow of $3.4 million, compared to an inflow of $4.6 million in Fiscal 2020.The change in non-cash operating working capital in Fiscal 2021 was primarily attributable to:

- $19.8 million related to an increase in accounts receivable and prepaid expenses, partially offset by
- $12.0 million related to an increase in accounts payable and
- $4.4 million related to a decrease in inventory

Investing Activities

Cash used in investing activities totalled $6.7 million in Fiscal 2021, compared to $9.3 million in Fiscal 2020. During Fiscal 2021, $7.9 million was used for the acquisition of property, plant and equipment and for deposits on purchased equipment, partially offset by a cash inflow of $1.2 million on disposal of investments, plant and equipment. During Fiscal 2020, $9.7 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 2021, the Company repaid a net amount of $3.8 million of its long-term debt and lease liabilities. In Fiscal 2020, cash flow of $2.9 million was generated from financing activities.

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 March 8, 2021 the Company and National

Bank entered into an amended and restated Credit Agreement in respect of the Credit Facility. This 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, 2022.

The Company repaid a net amount of $4.4 million during Fiscal 2021 on its Credit Facility, compared to a withdrawal of $3.2 million in Fiscal 2020.The Company's long-term debt, under the Credit Facility, including US$1.0 million ($1.2 million) drawn from the US$5.0 million revolving credit facility and the current portion, was $ 24.3 million as at June 30, 2021, compared to $28.7 million as at June 30, 2020. The debt was used to support working capital requirements and the acquisition of capital assets, property, plant and equipment.

In February 2021, OG Chile entered into a financing agreement with Banco Scotiabank for a total of approximately $2.6 million in order to purchase the office building it had rented for several years. This agreement bears interest at a rate of 3.3% per annum and has a term of 84 months.

As at June 30, 2021, the Company's working capital totalled $54.0 million, compared to $52.1 million as at June 30, 2020.

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, 2021, 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. The Credit Facility matures no later than November 2, 2022. As at June 30, 2021, the Company had drawn $24.3 million ($28.7 million as at June 30, 2020) 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.

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. 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. Orbit Garant's long-term debt under the EDC loan including current portion amounted to $4.3 million as at June 30, 2021 ($5.9 million as at June 30, 2020).

In May 2020, OG Chile obtained a total of approximately $1.7 million in loans 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. The loans have no capital repayments for the first six months and the interest over such period will be capitalised over the remaining term of the loans.

In February 2021, OG Chile, entered into a financing agreement with Banco Scotiabank for a total of approximately $2.6 million in order to purchase the office building it had rented for several years. This agreement bears interest at a rate of 3.3% per annum, has a term of 84 months and is guaranteed by OG Chile's real estate assets.

Orbit Garant 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, 2021, the Company had future contractual obligations as follows:

($000s)	Total	Less than 1 year	1-3 years	4-5 years	Subsequent years
Long-term debt	32.703	2.524	28.111	514	1.554
Lease liabilities	1.196	635	595	236	530
Operating leases	197	125	72	-	-
Equipment purchase	1.145	1.145	-	-	-
Total	36.041	4.429	28.778	750	2.084

OUTSTANDING SECURITIES AS AT SEPTEMBER 28, 2021

Number of common shares	37,372,756
Number of options	3,342,500
Fully diluted	40,715,256

On October 1, 2020, the Company issued 75,000 options at an exercise price of $0.93 per share. On December 2, 2020, 735,000 options were issued at an exercise price of $0.80 per share. On May 12, 2021, 25,000 options were issued at an exercise price of $1.20 per share. On June 23, 2021, 350,000 options were issued at an exercise price of $1.06 per share. During Fiscal 2021, the Company cancelled 646,500 options and 351,000 options were exercised.

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, 2021 and June 30, 2020, the Company entered into the following transactions with its related company and with persons related to directors:

($000s)	12 months ended June 30, 2021	12 months ended June 30, 2020
Revenue	10	54
Expenses	162	148

As at June 30, 2021, a negligible amount was a receivable resulting from these transactions (a negligible amount as at June 30, 2020)

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, 2021	12 months ended June 30, 2020
Salaries and fees	1,187	1,504
Share-based compensation	176	113
Total	1,363	1,617

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 5 of the Fiscal 2021 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

Part of the inventory was estimated based on the number of drills on mining site. In estimating the cost of this inventory, management takes into account the estimated amount of inventory per drill, based on the most reliable evidence available at the time the estimate was made.

Impairment of non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of future cash flows. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions are used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Notably, these estimates are 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.

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.

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.

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 were adopted by the Company on July 1, 2020:

- Amendments to IFRS 3 – Business Combinations

Further information on this new accounting standard can be found in note 6 of the audited consolidated financial statements for Fiscal 2021. The amendments had no impact on the Company's consolidated financial statements.

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.

EBITDA:	Net earnings (loss) before interest, taxes, depreciation and amortization.
Adjusted gross profit and margin:	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, 2021	3 months ended June 30, 2020	12 months ended June 30, 2021	12 months ended June 30, 2020	12 months ended June 30, 2019
Net earnings (loss) for the period	(2.2)	(2.7)	2.3	(7.4)	(3.5)
Add:					
Finance costs	0.5	0.6	2.3	2.7	2.1
Income tax expense (recovery)	0.5	(0.4)	2.5	0.2	(0.3)
Depreciation and amortization	2.4	2.8	10.5	11.3	10.0
EBITDA	1.2	0.3	17.6	6.8	8.3

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, 2021	3 months ended June 30, 2020	12 months ended June 30, 2021	12 months ended June 30, 2020	12 months ended June 30, 2019
Contract revenue	51.1	20.2	163.3	137.8	152.8
Cost of contract revenue (including depreciation)	48.1	17.9	143.1	124.9	136.5
Less depreciation	(2.0)	(2.4)	(8.9)	(9.5)	(8.8)
Direct costs	46.1	15.5	134.2	115.4	127.7
Adjusted gross profit	5.0	4.7	29.1	22.4	25.1
Adjusted gross margin (%) (1)	9.8	23.3	17.9	16.3	16.4

(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, 2021. 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 the first half of Fiscal 2021, particularly Q1 2021. The Company's Chilean operations continue to be negatively impacted by logistical and supply chain challenges related to COVID-19. 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 any worsening COVID-19, or COVID-19 variant, outbreaks and the actions taken to contain or resolve them. In particular, the continued spread of COVID-19, or COVID-19 variants, 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 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, or COVID-19 variants, 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, 2022. 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 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, XOF and GNF and is thus exposed to foreign exchange fluctuations. As at June 30, 2021, the Company had the following currency risk exposure related to financial assets and liabilities in US $, CLP, ARS, GHS, XOF and GNF of approximately: $1.2, $0.6, $0.0, $1.8, $(6.7) and $1.4 million, respectively in Canadian dollars ($0.0, $0.6, $0.6, $1.4, $(3.2) and $0.0 respectively in Canadian dollars as at June 30, 2020). 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, 2021, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 23% 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 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, 2021, the amount of the insurance coverage from EDC represents 6% of the accounts receivable (6% as at June 30, 2020).

As at June 30, 2021, 73% (66% as at June 30, 2020) of the trade accounts receivable are aged as current and 3% are impaired (4% as at June 30, 2020).

Two major customers represent 15% of the trade accounts receivable as at June 30, 2021 (one major customer represented 14% as at June 30, 2020).

One major customer represents 12% of the contract revenue for the year ended June 30, 2021 (for the year ended June 30, 2020, one major customer represented 20% 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, 2021, the Company estimates 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, 2020).

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 factoring liability 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 most of 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. Orbit Garant's business activity in Canada and West Africa have has recently surpassed pre-pandemic levels, and the Company's business activity in Chile, which began to ramp up in the latter half of Q4 2021, remains below pre-pandemic levels. The current high level of customer demand in Canada has resulted in a shortage of experienced drillers, which is expected to increase labour costs and impede productivity levels in the near term. The Company does not expect to experience a shortage of experienced drillers in its international operations. Orbit Garant is addressing the shortage of experienced drillers in Canada through its driller training program and its computerized drilling technology. The impact of the pandemic on global supply chains is also expected to result in a higher cost of materials for Orbit Garant in the near term. The Company expects to offset the increased labour costs in Canada and the higher costs of materials with price increases on its drilling contracts. Orbit Garant expects to gradually increase its capacity utilization and driller productivity as the mining cycle progresses and grow margins.

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. The current strong price of gold may incentivize mining companies to increase exploration and development spending on gold projects in the near term. Orbit Garant is well positioned for increased drilling services demand in the gold sector as it derives approximately 76% of its revenue from gold related projects.

Management is also encouraged by the strong rebound in the price of copper, which has increased significantly from its low of US$2.10 per pound in March 2020 and reached a record high in May 2021. Many industry analysts expect that declining copper reserves may necessitate increased exploration activity for copper in the coming years. The current strength in the price of copper may incentivize increased exploration and development spending on copper projects.

Orbit Garant generated approximately 80% of its revenue from its Canadian operations in fiscal 2021. 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 $0.79 US dollars.

Orbit Garant's international operations provide enhanced market, customer and commodity diversification, as well as increased access to higher margin specialized drilling activity. In South America, Orbit Garant is currently working on projects in Chile and Guyana. In West Africa, the Company is currently working on projects in Burkina Faso and Guinea.

Civil unrest and widespread protests in Chile as well as regional security concerns in Burkina Faso 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 pandemic, which temporarily disrupted most of the Company's remaining mineral drilling projects in these countries. The Company believes that the impact of the civil protests in Chile on mineral drilling projects has now diminished, but logistical challenges related to the pandemic continue to impact drilling projects in Chile. Orbit Garant's drilling projects in Burkina Faso are in areas of the country that have historically experienced less incidents of violence. Orbit Garant continues to monitor regional security concerns in Burkina Faso and while the situation stabilized in fiscal 2021. Orbit Garant's policy is to only work in areas where the security of its employees can be appropriately maintained.

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 demonstrated a significant increase in productivity rates compared to conventional drill rigs. Orbit Garant's customers have responded positively to this improved performance, which has led to new or renewed underground drilling contracts for longer terms.

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. Orbit Garant will also continue to evaluate opportunities to further expand its market presence both in Canada and abroad.

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, 2021, 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, 2021.

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 2021, 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, 2021, 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.

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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, 2021 and June 30, 2020;
- the consolidated statements of earnings (loss) and comprehensive earnings (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of 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, 2021 and June 30, 2020, 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of the accuracy of mining sites inventories

Description of the matter

We draw attention to Note 5 and Note 10 to the consolidated financial statements.

The Entity's inventories mainly include spare parts and consumables. As at June 30, 2021, the Entity holds inventories of $44.68 million, a portion of which consists of mining site inventories. Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

We tested a sample of inventory purchases to invoices.

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

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 (IFRS), 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, 2021

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

ORBIT GARANT DRILLING INC.
Consolidated Statements of Earnings (Loss)
For the years ended June 30, 2021 and 2020
(in thousands of Canadian dollars, except for data per share)

	Notes	June 30 2021	June 30 2020
		$	$
Contract revenue	25	163,294	137,810
Cost of contract revenue	7, 8	143,004	124,866
Gross profit		20,290	12,944
Expenses (income)			
General and administrative expenses	7	14,497	15,388
Foreign exchange loss (gain)		712	(53)
Finance costs		2,290	2,692
Litigation	20	(1,962)	2,035
	8	15,537	20,062
Earnings (loss) before income taxes		4,753	(7,118)
Income tax expense (recovery)	18		
Current		461	451
Deferred		1,998	(212)
		2,459	239
Net earnings (loss)		2,294	(7,357)
Net earnings (loss) per share	17		
Basic		0.06	(0.20)
Diluted		0.06	(0.20)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Comprehensive Earnings (Loss)
For the years ended June 30, 2021 and 2020
(in thousands of Canadian dollars)

	June 30 2021	June 30 2020
	$	$
Net earnings (loss)	2,294	(7,357)
Other comprehensive loss		
Cumulative translation adjustments	(442)	(1,470)
Other comprehensive loss, net of income tax	(442)	(1,470)
Comprehensive earnings (loss)	1,852	(8,827)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Changes in Equity
For the years ended June 30, 2021 and 2020
(in thousands of Canadian dollars)

Year ended June 30, 2021		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Total Shareholders' equity
		$	$	$	$	$
		(Note 17)				
Balance as at July 1, 2020		58,857	1,309	10,047	(2,208)	68,005
Total comprehensive earnings (loss)						
Net earnings		-	-	2,294	-	2,294
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(442)	(442)
Other comprehensive loss		-	-	-	(442)	(442)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 17)	-	232	-	-	232
Stock options issued		-	330	(330)	-	-
Stock options exercised		347	(88)	-	-	259
Stock options cancelled		-	(331)	331	-	-
Total transactions with shareholders		347	143	1	-	491
Balance as at June 30, 2021		59,204	1,452	12,342	(2,650)	70,348

Year ended June 30, 2020		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive earnings (loss)	Total Shareholders' equity
		$	$	$	$	$
		(Note 17)				
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 17)	-	256	-	-	256
Stock 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

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Financial Position
As of June 30, 2021 and June 30, 2020
(in thousands of Canadian dollars)

	Notes	June 30 2021	(Recast - Note 2) June 30 2020
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		3 256	4 996
Trade and other receivables		40 724	21 122
Inventories	9	44 684	49 055
Income taxes receivable		1 112	1 478
Prepaid expenses		796	827
		90 572	77 478
Non-current assets			
Investments	10	259	317
Deposit on equipment purchase	21	1 909	-
Property, plant and equipment	11	39 258	41 079
Right-of-use assets	12	2 106	4 486
Intangible assets	13	141	588
Deferred tax assets	18	3 897	5 890
Total assets		138 142	129 838
LIABILITIES			
Current liabilities			
Trade and other payables		30 486	18 452
Income taxes payable		7	5
Factoring liability	24	2 880	-
Current portion of long-term debt	14	2 524	1 979
Current portion of lease liabilities	15	635	2 954
Provision for litigation	20	-	2 035
		36 532	25 425
Non-current liabilities			
Long-term debt	14	29 901	34 759
Lease liabilities	15	1 361	1 649
		67 794	61 833
EQUITY			
Share capital	17	59 204	58 857
Equity-settled reserve		1 452	1 309
Retained earnings		12 342	10 047
Accumulated other comprehensive loss		(2 650)	(2 208)
Equity attributable to shareholders		70 348	68 005
Total liabilities and equity		138 142	129 838

Contingencies and commitments (notes 20 and 21)

APPROVED BY THE BOARD

(signed) Éric Alexandre
Éric Alexandre, Director

(signed) Nicole Veilleux
Nicole Veilleux, Director

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2021 and 2020
(in thousands of Canadian dollars)

	Notes	June 30 2021	(Recast - Note 2) June 30 2020
		$	$
OPERATING ACTIVITIES			
Earnings (loss) before income taxes		4,753	(7,118)
Items not affecting cash			
Depreciation of property, plant and equipment	11	9,503	10,204
Depreciation of right-of-use assets	12	591	597
Amortization of intangible assets	13	441	439
(Gain) loss on disposal of property, plant and equipment	11	(346)	18
Gain on disposal of right-of-use assets	12	-	(13)
Share-based compensation	17	232	256
Finance costs		2,290	2,692
Net change in fair value of investments	10	(2)	(94)
Litigation	20	(1,962)	2,035
		15,500	9,016
Changes in non-cash operating working capital items	19	(3,362)	4,577
Income taxes paid		(93)	(1,530)
Finance costs paid		(2,250)	(2,670)
		9,795	9,393
INVESTING ACTIVITIES			
Acquisition of investments	10	(54)	(30)
Deposit on equipment purchase	21	(1,909)	-
Proceeds from disposal of investments	10	310	226
Acquisition of property, plant and equipment	11	(5,953)	(9,659)
Proceeds from disposal of right-of-use assets	12	-	4
Proceeds from disposal of property, plant and equipment	11	908	171
		(6,698)	(9,288)
FINANCING ACTIVITIES			
Repayment of balance payable related to a business combination		-	(3,409)
Proceeds from stock options exercised		259	-
Proceeds from factoring		4,896	-
Repayment on factoring		(1,984)	-
Proceeds from long-term debt		79,495	85,886
Repayment of long-term debt		(85,777)	(78,909)
Repayment of lease liabilities		(677)	(709)
		(3,788)	2,859
Effect of exchange rate changes		(1,049)	(448)
(Decrease) increase in cash		(1,740)	2,516
Cash and cash equivalents, beginning of period		4,996	2,480
Cash and cash equivalents, end of period		3,256	4,996

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. (dissolved on December 31, 2020)	100%
Forage Orbit Garant Guinée SARLU (since December 3, 2020)	100%
Sarliaq-Orbit Garant Inc.	49%
Tumiit Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

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

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, assumptions and judgments. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 5.

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, 2021.

Recast of June 30, 2020 Financial Position

The comparative figures have been revised in these consolidated financial statements to reclassify Property, plant and equipment of' $745 and Long-term debt of $618, to Right-of-use assets and Leases liabilities, respectively, as at June 30, 2020. This reclassification had no material impact on the financial statements.

3. 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.

As at June 30, 2021, 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 Export Development Canada to temporarily suspend the debt payments on its two loans (see Note 14(e)) and (iv) modify certain applicable covenants to its loans.

4. 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 earnings (loss) from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

Foreign currency translation

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 instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Financial assets measured at amortized cost

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

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

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

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Investments

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

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 earnings (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	-

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

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

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 earnings (loss) to the extent that the carrying amount at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

5. 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

Part of the inventory was estimated based on the number of drills on mining site. In estimating the cost of this inventory, management takes into account the estimated amount of inventory per drill, based on the most reliable evidence available at the time the estimate was made.

Impairment of non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of future cash flows. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions are used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Notably, these estimates are 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.

5. 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.

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.

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.

6. STANDARDS AND INTERPRETATIONS ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2020:

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. On July 1, 2020, the Company adopted the amendments to IFRS 3 prospectively. The amendments had no impact on the Company's consolidated financial statements.

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

7. 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 employee, per week commencing on March 15, 2020 until July 4, 2020. Beginning July 5, 2020, the Governement of Canada expanded eligibility for the CEWS until June 2021 and confirmed that it would maintain the current subsidy rate of up to a maximum of 65% of eligible wages until December 19, 2020. On November 30, 2020, the Government of Canada increased the CEWS to a maximum of 75% of eligible wages for the qualifying periods from December 20, 2020 to March 13, 2021. The maximum base subsidy remained at 40% and the maximum top-up wage subsidy rate increased to 35%. In April 2021, the Government of Canada announced that it is extending the CEWS until September 25, 2021, but that it will gradually phase out the subsidy rates starting on July 4, 2021. Under this change, only employers with a decline in revenue of more than 10% would be eligible for the wage subsidy as of July 4, 2021. The Company has a receivable amount of $0 as at June 30, 2021 ($1,848 as at June 30, 2020). For the year ended June 30, 2021, income relating to CEWS of $2,901 was recognized as a reduction of cost of contract revenue and $270 as a reduction of general and administrative expenses ($3,151 and $472, respectively, for the year ended June 30, 2020).

8. 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 earnings (loss) as follows:

	June 30 2021	June 30 2020
	$	$
Cost of contract revenue	8,858	9,474
General and administrative expenses	1,677	1,766
Total depreciation and amortization	10,535	11,240

Principal expenses by nature

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

	June 30 2021	June 30 2020
	$	$
Depreciation and amortization	10,535	11,240
Employee benefits expense	78,466	72,007
Cost of inventories	36,807	30,874
Other expenses	32,733	30,807
Total cost of contract revenue, general and administrative expenses, foreign exchange loss (gain), finance costs and litigation	158,541	144,928
Cost of contract revenue	143,004	124,866
General and administrative expenses, foreign exchange loss (gain), finance costs and litigation	15,537	20,062
Total cost of contract revenue, general and administrative expenses, foreign exchange loss (gain), finance costs and litigation	158,541	144,928

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

9. INVENTORIES

	June 30 2021	June 30 2020
	$	$
Spare parts	14,408	15,038
Consumables	29,709	33,375
Other	567	642
	44,684	49,055

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 2021	June 30 2020
	$	$
	36,807	30,874

During the year, an amount of $150 (2020: $175) 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, 2021 and 2020, 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.

10. INVESTMENTS

	June 30 2021	June 30 2020
	$	$
Investments in public companies, beginning of the year	317	419
Acquisition of investments	54	30
Conversion of trade receivables	196	-
Proceeds from disposal of investments	(310)	(226)
Change in fair value of investments measured at fair value through profit or loss	2	94
Investments in public companies, end of the year	259	317

The Company holds common shares in publicly traded companies. These shares are classified as fair value through profit or loss and are reported at fair value, reflecting their quoted share price at the reporting date. The change in fair value of investments is included in general and administrative expenses. The cost is $465 ($397 as at June 30, 2020).

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

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2020	804	10,676	86,791	20,677	4,205	123,153
Additions	-	196	4,089	1,536	132	5,953
Transfer from right-of-use assets	1,779	684	-	307	-	2,770
Disposals and write-offs	-	-	(4,380)	(1,306)	(1)	(5,687)
Effect of movements in exchange rates	(68)	(16)	443	(269)	-	90
Balance as at June 30, 2021	2,515	11,540	86,943	20,945	4,336	126,279
Accumulated Depreciation						
Balance as at July 1, 2020	-	5,130	59,422	14,371	3,151	82,074
Depreciation	-	624	6,020	2,527	332	9,503
Transfer from right-of-use assets	-	72	-	240	-	312
Disposals and write-offs	-	-	(4,019)	(1,106)	-	(5,125)
Effect of movements in exchange rates	-	(1)	372	(112)	(2)	257
Balance as at June 30, 2021	-	5,825	61,795	15,920	3,481	87,021

	Land	Buildings and components	Drilling equipment	(Recast - Note 2) Vehicles	Other	(Recast - Note 2) 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	2,731	198	9,659
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	20,677	4,205	123,153
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	2,645	329	10,204
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	14,371	3,151	82,074
June 30, 2020:						
Net book value	804	5,546	27,369	6,306	1,054	41,079
June 30, 2021:						
Net book value	2,515	5,715	25,148	5,025	855	39,258

The gain on disposal of property, plant and equipment totalling $346 for the year ended June 30, 2021 (a loss of $18 for the year ended June 30, 2020) is included in cost of contract revenue.

Drilling equipment includes construction work in progress for an amount of $0 ($528 as at June 30, 2020).

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

12. RIGHT-OF-USE ASSETS

	Land	Buildings and components	Drilling equipment	Vehicles	Total
Cost	$	$	$	$	$
Balance as at July 1, 2020	1,672	2,280	-	1,228	5,180
Additions	-	234	-	310	544
Disposals and write-offs	-	(203)	-	(17)	(220)
Transferred to property, plant and equipment	(1,779)	(684)	-	(307)	(2,770)
Effect of movements in exchange rates	107	41	-	1	149
Balance as at June 30, 2021	-	1,668	-	1,215	2,883
Accumulated Depreciation					
Balance as at July 1, 2020	-	384	-	310	694
Depreciation	-	322	-	269	591
Disposals and write-offs	-	(203)	-	-	(203)
Transferred to property, plant and equipment	-	(72)	-	(240)	(312)
Effect of movements in exchange rates	-	(1)	-	8	7
Balance as at June 30, 2021	-	430	-	347	777

	Land	Buildings and components	Drilling equipment	(Recast - Note 2) Vehicles	(Recast - Note 2) Total
Cost	$	$	$	$	$
Balance as at July 1, 2019	1,937	2,379	300	254	4,870
Additions	-	-		1,057	1,057
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	-	1,228	5,180
Accumulated Depreciation					
Balance as at July 1, 2019	-	-	258	135	393
Depreciation	-	387	8	202	597
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	-	310	694
June 30, 2020:					
Net book value	1,672	1,896	-	918	4,486
June 30, 2021:					
Net book value	-	1,238	-	868	2,106

The gain on disposal of right-of-use-assets totalling $0 for the year ended June 30, 2021 ($13 for the year ended June 30, 2020) is included in cost of contract revenue.

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

13. INTANGIBLE ASSETS

Customer relationship	Cost	Accumulated amortization	Total
	$	$	$
Balance as at July 1, 2020	1,317	(729)	588
Amortization	-	(441)	(441)
Effect of movements in exchange rates	(6)	-	(6)
Balance as at June 30, 2021	1,311	(1,170)	141
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

14. LONG-TERM DEBT

	June 30 2021	(Recast - Note 2) June 30 2020
	$	$
Loan of US$1,000 (June 30, 2020: US$1,000) authorized for a maximum amount of $6,197 (US$5,000), bearing interest at prime rate plus 0.25%, effective rate as at June 30, 2021 of 3.50% (June 30, 2020: interest at prime rate plus 0.25%, effective rate of 3.50%), maturing in November 2022, secured by a first rank hypothec on the universality of all present and future assets (c)	1,239	1,363
Loan authorized for a maximum amount of $35,000, bearing interest at prime rate plus 2.00%, effective rate as at June 30, 2021 of 4.45% (June 30, 2020: interest at prime rate plus 3.00%, effective rate of 5.45%), maturing in November 2022, secured by a first rank hypothec on the universality of all present and future assets (a) (b) (c)	22,794	27,059
Loan, bearing interest at prime rate plus 4.50%, effective rate as at June 30, 2021 of 6.95% (June 30, 2020: bearing interest at prime rate plus 4.50%, effective rate of 6.95%), payable in monthly instalments of $52 from June 2017, maturing in November 2021, secured by a second rank hypothec on the universality of all present and future assets (b) (e)	260	727
Loan of US$3,480 (June 30, 2020: US$4,350), bearing interest at prime rate plus 2.75%, effective rate as at June 30, 2021 of 6.00% (June 30, 2020: bearing interest at prime rate plus 2.75%, effective rate of 6.00%), payable in monthly instalments of $120 (US$97) (June 30, 2020 : $132 (US$97)) from May 2019, maturing in June 2024, secured by a third rank hypothec on the universality of all present and future assets (d) (e)	4,313	5,929

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

14. LONG-TERM DEBT (continued)

	June 30 2021	(Recast - Note 2) June 30 2020
	$	$
Loans of CLP$804,941, bearing interest at rates of 3.50%, payable in monthly instalments of $60 (CLP$35,507) from December 2020, maturing in June 2023. (f)	1,368	1,660
Loan of CLF 50 bearing interest at rates of 3.30%, payable in monthly instalments of $22 (CLF 0.43) from March 2021, maturing in February 2028, secured by land and building. (g) (h)	2,451	-
	32,425	36,738
Current portion	(2,524)	(1,979)
	29,901	34,759

[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 $228 ($264 as at June 30, 2020), 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 March 8, 2021, the Company entered into the Fourth 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, that will expire November 2, 2022.

[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 from Fiscal 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 was 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 ($1,699) 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 February 12, 2021, Orbit Garant Chile S.A., a wholly-owned subsidiary of the Company, entered into a financing agreement with Banco Scotiabank for an amount of CLF 51 ($2,369).

[h] An unamortized amount of $50 ($0 as at June 30, 2020), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

Under the terms of the long-term debt agreements, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 16). As at June 30, 2021, the Company was compliant with its financial covenants (June 30, 2020: the Company was compliant with its financial covenants).

As at June 30, 2021, the prime rate in Canada was 2.45% for Canadian loans (2.45% as at June 30, 2020) and the prime rate in United States was 3.25% for US loans (3.25% as at June 30, 2020).

14. LONG-TERM DEBT (continued)

As at June 30, 2021, principal payments required in the next years are as follows:

	$
Within one year	2,524
Later than one year and no later than five years	28,625
More than five years	1,554
	32,703

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

As at June 30, 2021 $000s	Total	Within one year	Later than one but no later than five years	Later than five years
	$	$	$	$
CAN	23,282	260	23,022	-
US (US$4,480)	5,553	1,399	4,154	-
Chilean UF (CLF 50)	2,501	179	768	1,554
Chilean pesos (CLP$804,941)	1,367	686	681	-
	32,703	2,524	28,625	1,554

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

	2021	(Recast - Note 2) 2020
	$	$
Balance, beginning of year	36,738	29,576
Transfer (to)/from lease liabilities , including related finance costs	2,632	(151)
Net change in the revolving credit facility	(4,313)	3,172
Increase in other long-term debts	-	5,150
Repayment of other long-term debts	(1,969)	(1,345)
Transaction costs related to loans	(203)	(112)
Amortization of transaction costs related to loans	190	134
Impact of the change in foreign exchange rates on the foreign currency debts	(650)	314
Balance, end of year	32,425	36,738

15. LEASE LIABILITIES

The summary of of the activity related to the lease liabilities for the years ended June 30, 2021 and 2020 is as follows:

	2021	(Recast - Note 2) 2020
	$	$
Lease liabilities recognized, beginning of year	4,603	4,598
Additions	392	1,026
Disposals	(62)	(60)
Finance costs	415	235
Payment of lease liabilities, including related finance costs	(1,092)	(913)
Exercise of a purchase option financed by long-term debt	(2,534)	-
Reassessment of lease term	147	-
Foreign exchange differences	127	(283)
	1,996	4,603
Current portion	635	2,954
Balance, end of year	1,361	1,649

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

15. LEASE LIABILITIES (continued)

Lease payments required in the next years are as follows:

	June 30 2021
	$
Within one year	747
Later than one year and no later than five years	1,067
Later than five years	597
	2,411
Less: discounting impact	(415)
Present value of lease payments	1,996

16. CAPITAL MANAGEMENT

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

The Company's capital structure is as follows:

	June 30 2021	(Recast - Note 2) June 30 2020
	$	$
Long-term debt	32,425	36,738
Lease liabilities	1,996	4,603
Factoring liability	2,880	-
Share capital	59,204	58,857
Equity-settled reserve	1,452	1,309
Retained earnings	12,342	10,047
Accumulated other comprehensive loss	(2,650)	(2,208)
Cash and equivalents	(3,256)	(4,996)
	104,393	104,350

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, 2021, as mentioned in Note 14, the Company complied with its financial covenants (June 30, 2020: 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)

17. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

Common shares	June 30, 2021 Number of shares	June 30, 2021 $	June 30, 2020 Number of shares	June 30, 2020 $
Balance, beginning of the year	37,021,756	58,857	37,021,756	58,857
Shares issued:				
For stock options exercised	351,000	347	-	-
Balance, end of the year	37,372,756	59,204	37,021,756	58,857

Net earnings (loss) per share

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

Net earnings (loss) per share - basic	June 30 2021	June 30 2020
Net earnings (loss) attributable to common shareholders	$ 2,294	$ (7,357)
Weighted average basic number of common shares outstanding	37,051,928	37,021,756
Net earnings (loss) per share - basic	$ 0.06	$ (0.20)

Net earnings (loss) per share - diluted	June 30 2021	June 30 2020
Net earnings (loss) attributable to common shareholders	$ 2,294	$ (7,357)
Weighted average basic number of common shares outstanding	37,051,928	37,021,756
Adjustment to average number of common share - stock options	169,328	-
Weighted average diluted number of common shares outstanding	37,221,256	37,021,756
Net earnings (loss) per share - diluted	$ 0.06	$ (0.20)

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

17. SHARE CAPITAL (continued)

Stock option plan

On June 26, 2008, the Company established an equity-settled option plan (the Stock Option Plan), which is intended to aid in attracting, retaining and motivating the Company's officers, employees, directors and consultants. The 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.

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

		June 30, 2021		June 30, 2020
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	3,155,000	1.28	2,960,500	1.52
Granted during the year	1,185,000	0.89	771,000	0.86
Exercised during the year [a]	(351,000)	0.74	-	-
Cancelled during the year	(646,500)	1.06	(576,500)	2.26
Outstanding at end of the year	3,342,500	1.24	3,155,000	1.28
Exercisable at end of the year	1,464,834	1.56	1,675,335	1.30

[a] For the year ended June 30, 2021, the weighted average market share price at the date of exercise was $1.25.

On October 1, 2020, 75,000 share options have been granted to a director and on May 12, 2021, 25,000 share options have been granted to an employee giving the option to purchase a common share for an exercice price of $0.93 and $1,20 per share respectively which represents the fair value of a common share at the date of the grant. On December 2, 2020, 735,000 stock options and on June 23, 2021, 350,000 stock options have been granted to employees and directors giving the option to purchase a common share for an exercice price of $0,80 and $1,06 per share respectively which represents the fair value of a common share at the date of the grant. 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.

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

17. SHARE CAPITAL (continued)

The following table summarizes information on share options outstanding as at June 30, 2021:

Range of exercise price $	Outstanding at June 30, 2021	Weighted average remaining life (years)	Weighted average exercise price $	Exercisable at June 30, 2021	Weighted average exercise price $
0.50 - 1.49	2 079 500	3,80	0,86	428 500	0,76
1.50 - 2.49	1 263 000	2,01	1,86	1 036 334	1,89
	3 342 500			1 464 834	

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 2021	Granted in 2020
Risk-free interest rate	0.32% to 0.75%	0.35% to 1.46%
Expected life (years)	3	3
Expected volatility (based on historical volatility)	40.90% to 44.38%	36.11% to 39.80%
Expected dividend yield	0%	0%
Fair value of options granted	$0.24 to $0.39	$0.15 to $0.26

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 2021	June 30 2020
	$	$
Expense related to share-based compensation	232	256

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

18. INCOME TAXES

Income tax expense (recovery) comprises the following:

	June 30 2021	June 30 2020
Current tax	$	$
Current year	481	315
Prior years adjustments	(20)	136
	461	451
Deferred tax		
Current year	1,932	179
Prior years adjustements	66	(391)
	1,998	(212)
	2,459	239

	June 30 2021	June 30 2020
	$	$
Earnings (loss) before income taxes	4,753	(7,118)
Statutory rates	26.50%	26.55%
Income taxes based on statutory rates	1,260	(1,890)
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	139	61
Non-deductible share-based compensation expense	61	68
Difference of income tax rates between territories	(25)	7
Withholding taxes	180	571
Income tax assets unrecognized	848	1,639
Non-taxable portion of capital gain	29	(51)
Prior years adjustments	(46)	(255)
Other	13	89
Total income tax expense	2,459	239

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

18. INCOME TAXES (continued)

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

	July 1 2020	Recognized in statements of earnings (loss)	Exchange rate change	June 30 2021
	$	$	$	$
Deferred income tax assets:				
Intangible assets	13	9	-	22
Loss carried forward	5,967	(1,560)	3	4,410
Non-deductible provisions	1,822	(445)	(3)	1,374
Investments	10	17	-	27
Total deferred income tax assets	7,812	(1,979)	-	5,833
Deferred income tax liabilities:				
Property, plant and equipment	1,922	19	(5)	1,936
Total deferred income tax liabilities	1,922	19	(5)	1,936
Net deferred income tax assets	5,890	(1,998)	5	3,897

	July 1 2019	Recognized in statements of earnings (loss)	Exchange rate change	June 30 2020
	$	$	$	$
Deferred income tax assets:				
Intangible assets	39	(26)	-	13
Loss carried forward	6,301	(321)	(13)	5,967
Non-deductible provisions	941	1,121	(240)	1,822
Investments	-	10	-	10
Total deferred income tax assets	7,281	784	(253)	7,812
Deferred income tax liabilities:				
Property, plant and equipment	1,498	572	(148)	1,922
Total deferred income tax liabilities	1,498	572	(148)	1,922
Net deferred income tax assets	5,783	212	(105)	5,890

As presented in the consolidated statements of financial position:

	June 30 2021	June 30 2020
	$	$
Deferred tax assets	3,897	5,890

The Company recognized a deferred income tax asset on non-capital losses because it is probable that sufficient taxable profit will be available from future oprations.

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

	Chile	Guinea	Burkina Faso
			$
June 30, 2024	-	938	206
June 30, 2025	-	-	5,854
No expiry date	2,342	-	-

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

19. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2021	June 30 2020
	$	$
Trade and other receivables	(19,798)	15,521
Inventories	4,371	(5,112)
Prepaid expenses	31	327
Trade and other payables	12,034	(6,159)
	(3,362)	4,577

20. CONTINGENCIES

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

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 ($1,896) was confirmed by a court in Burkina Faso. The Company had vigorously disputed this claim and filed an appeal. The Company had recorded a provision of XOF 871,497 ($1,956) as at June 30, 2020 for this claim and additional legal fees.

During the first half of Fiscal 2021, a total of XOF 857,227 ($1,923) 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.

On April 1, 2021, the Court of Appeal ruled in favor of the Company and overturned the original decision, resulting in the release of XOF 857,227 ($1,923) that the Company had deposited into a restricted cash account. Notwithstanding the decision of the Court of Appeal, the Claimant appealed this decision. Based on the assessment of the Company's legal counsel, management considered this appeal to be unfounded. As a result, the recognized liability was reversed during the third quarter of Fiscal 2021.

On August 18, 2021, the Court of Appeal of Burkina Faso rejected the Claimant’s appeal. By upholding the first degree decision, this order put an end to the claims of the Claimant in relation to the initial court decision. Based on the assessment of the Company's legal counsel, management maintained the liability reversal noted above.

21. COMMITMENTS AND GUARANTEES

Commitments

The Company has commitments for the purchase of equipment totaling $1,527 (US$1,232), in addition to the current deposit of $1,909, with delivery dates early in fiscal 2022. The Company has entered into short-term and low asset value lease agreements expiring between 2022 and 2024 which call for total lease payments of $197 for the rental of offices. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions.

Lease payments recognized as an expense during the year amount to $8,899 (year ended June 30, 2020: $5,921). 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)

21. COMMITMENTS AND GUARANTEES (continued)

Guarantees

As at June 30, 2021, the Company issued some bank guarantees in favor of customers for a total amount of $2,669 (year ended June 30, 2020: $1,385), maturing between July 2021 and October 2022. For the years ended June 30, 2020 and 2021, the Company has not made any payments in connection with these guarantees.

22. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

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

	June 30 2021	June 30 2020
	$	$
Revenues	10	54
Expenses	162	148

As at June 30, 2021, an amount of $0 was receivable resulting from these transactions (June 30, 2020: $6).

In addition, for the twelve-month period ended June 30, 2021, repayments of a lease liability totalling $63 were made to Dynamitage Castonguay Ltd. (June 30, 2020 : $0).

Transactions with associate parties

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

	June 30 2021	June 30 2020
	$	$
Revenues	20,252	20,799

As at June 30, 2021, trade and other receivables included an amount receivable of $3,065 from one of the Company's associates (June 30, 2020: $1,533).

As at June 30, 2021, investment in an associate totalling $0 in financial statement (June 30, 2020: $0).

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

23. KEY MANAGEMENT COMPENSATION

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

	June 30 2021	June 30 2020
	$	$
Salaries and fees	1,187	1,504
Share-based compensation	176	113
	1,363	1,617

24. FINANCIAL INSTRUMENTS

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

Currency risk

The Company realizes a part of its activities in US dollars (US $), in Chiliean Pesos (CLP), in Argentine Pesos (ARS), in Ghanian cedi (GHS cedi), in West African Francs (XOF) and in Guinean Francs(GNF). The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2021:

	US $	CLP	ARS	GHS cedi	XOF	GNF
	$000s	$000s	$000s	000s	000s	000s
Cash and equivalents	1,120	527,258	-	163	3,840	7,157,028
Trade receivables	1,231	1,904,362	-	5,636	1,552,524	7,678,761
Income tax receivable (payable)	39	98,333	8	2,970	118,220	-
Accounts payable and accrued liabilities	(193)	(4,087,692)	-	(47)	(4,983,675)	(3,251,573)
Current portion of long-term debt and lease liabilities	(1,190)	(553,148)	-	-	-	-
Net balance exposure	1,007	(2,110,887)	8	8,722	(3,309,091)	11,584,216
Equivalent in Canadian dollars	1,248	(3,586)	-	1,836	(7,426)	1,448

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

	US $	CLP	ARS	GHS cedi	XOF	GNF
Change in net income in Canadian dollars	92	(264)	-	135	(546)	106

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	GNF
	$000s	$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 above foreign exchange rates would have caused a corresponding annual change in net earnings (loss) and comprehensive earnings (loss) of:

	US $	CLP	ARS	GHS cedi	XOF	GNF
Change in net income in Canadian dollars	(1)	45	46	101	237	-

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

24. 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, 2021, the amount of the insurance coverage from EDC represents 6% of the accounts receivable (6% as at June 30, 2020).

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, 2021 and June 30, 2020 were as follows:

	June 30 2021	June 30 2020
	$	$
Current	30,728	16,031
Past due 0-30 days	2,707	603
Past due more than 30 days	6,153	4,668
Total trade receivables	39,588	21,302
Less: allowance for doubtful accounts	407	786
	39,181	20,516

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

	June 30 2021	June 30 2020
	$	$
Balance at beginning of year	786	899
Change in allowance, other than write-offs and recoveries	210	(110)
Write-offs of accounts receivable	(450)	-
Recoveries	(139)	(3)
Balance at end of year	407	786

As at June 30, 2021, 75% (June 30, 2020: 66%) of the trade and other receivables are aged as current and 1% are impaired (June 30, 2020: 4%).

Two major customers represents 15% of the trade accounts receivable as at June 30, 2021 (June 30, 2020, one major customer represented 14% of these accounts).

24. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

One major customer represents 12% of the contract revenue for the year ended June 30, 2021 (year ended June 30, 2020, one major customer represented 20%).

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, 2021, 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 $238 (June 30, 2020, $214).

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 factoring liability 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 most of it bears interest at a variable rate and has financing conditions similar to those currently available to the Company.

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

24. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

As at June 30, 2021, 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, 2021	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	3,256	3,256			
Trade and other receivables	40,724	40,724			
Financial assets measured at fair value					
Investments	259	259	259	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	30,486	30,486			
Factoring Liability	2,880	2,880			
Long-term debt	32,425	32,425			

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	36,738	36,738			

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the year ended June 30, 2021.

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

24. 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 14 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 0.15% and 0.17%. As at June 30, 2021, trade receivables include $2,880 related to factored accounts (there were no amounts as at June 30, 2020).

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

				As at June 30, 2021
	Total	0 - 1 year	2 - 3 years	4 - 5 years
	$	$	$	$
Trade and other payables	30,486	30,486	-	-
Factoring liability	2,880	2,880	-	-
Long-term debt	32,703	2,524	28,112	2,067
	66,069	35,890	28,112	2,067

				(Recast - Note 2) As at June 30, 2020
	Total	0 - 1 year	2 - 3 years	4 - 5 years
	$	$	$	$
Trade and other payables	18,452	18,452	-	-
Long-term debt	37,003	1,979	33,442	1,582
	55,455	20,431	33,442	1,582

25. SEGMENTED INFORMATION

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

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

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

25. SEGMENTED INFORMATION (continued)

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

	June 30 2021	June 30 2020
	$	$
Contract revenue		
Canada	129,976	109,010
International [1]	33,318	28,800
	163,294	137,810
Earnings (loss) from operations		
Canada	15,202	6,691
International	(5,707)	(5,537)
	9,495	1,154
General and corporate expenses related to head office[2]	2,452	5,580
Finance costs	2,290	2,692
Income tax expense (recovery)	2,459	239
	7,201	8,511
Net earnings (loss)	2,294	(7,357)

[1] The International operating segment included		
West African revenue as follows:	14,530	6,972
Chilean revenue as follows :	12,517	15,409

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

Depreciation and amortization		
Canada	5,601	6,080
International	3,257	3,395
Total depreciation and amortization included in earnings (loss) from operations	8,858	9,475
Unallocated and corporate assets	1,677	1,765
Total depreciation and amortization	10,535	11,240

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

25. SEGMENTED INFORMATION (continued)

	As at June 30, 2021	(Recast - Note 2) As at June 30, 2020
	$	$
Identifiable assets		
Canada	82,523	86,960
Chile	19,923	15,400
West Africa	28,844	19,563
International - Other	6,852	7,915
	138,142	129,838
Property, plant and equipment		
Canada	24,993	29,123
Chile	5,445	3,480
West Africa	6,222	5,194
International - Other	2,598	3,282
	39,258	41,079
Right-of-use assets		
Canada	1,002	936
Chile	73	2,367
West Africa	930	1,042
International - Other	101	141
	2,106	4,486
Intangible assets		
West Africa	141	588

	June 30 2021	(Recast - Note 2) June 30 2020
	$	$
Non-current assets acquisitions		
Canada	4,153	8,701
International	4,222	1,847
Unallocated and corporate assets	31	168
	8,406	10,716

Directors

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

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.

Officers

Eric Alexandre
President and Chief Executive Officer

Pierre Alexandre
Vice Chair and Vice President of Corporate Development

Daniel Maheu
Chief Financial Officer

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Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol: OGD

Common Shares Outstanding

37,372,756 (as at June 30, 2021)

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General Counsel

Goodmans LLP
Gowling WLG (Canada) LLP

Auditors

KPMG LLP

Annual Meeting

Wednesday, December 1, 2021
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.

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