



MANAGEMENT'S DISCUSSION AND ANALYSIS

FIRST QUARTER FISCAL 2019

(Three-month period ended September 30, 2018)

November 13, 2018

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 unaudited interim condensed consolidated financial statements for the three-month period ended September 30, 2018; as compared with the corresponding period of the previous year and also with the audited consolidated financial statements and MD&A contained in the Company's annual report for the fiscal year ended June 30, 2018.

The Company's first quarter of Fiscal 2019 unaudited interim condensed 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 November 13, 2018. 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, businesses and include statements regarding the anticipated financial and operational benefits of its acquisition of the drilling business described in the Business Acquisition section. 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.

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 12, 2018, accessible via www.sedar.com.

FISCAL 2019 FIRST QUARTER SUMMARY

- Revenue totalled \$37.3 million in the first quarter of Fiscal 2019 ("Q1 FY2019"), compared to \$42.5 million in the first quarter of Fiscal 2018 ("Q1 FY2018")
- Gross margin was 15.0% compared to 15.9% in Q1 FY2018
- Adjusted gross margin (excluding depreciation expense)¹ was 20.4%, compared to 20.5% in Q1 FY2018
- EBITDA¹ totalled \$3.4 million, compared to \$5.1 million in Q1 FY2018
- Net earnings were \$0.4 million, compared to net earnings of \$1.7 million in Q1 FY2018
- Metres drilled in Q1 FY2019 totalled 316,045, compared to 404,262 in Q1 FY2018

(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 235 drill rigs and more than 1,300 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, and West Africa. The Company has established international operating subsidiaries in: Santiago, Chile; Lima, Peru; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana, to support its international operations.

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

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

For the three-month period ended September 30, 2018:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 66% of the Company's total revenue, compared to 59% in Q1 FY2018.
- Approximately 64% of the Company's revenues were generated by gold related operations, and approximately 36% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 57% and 43%, respectively, of the Company's revenue.
- Approximately 78% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 80% Q1 FY2018. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 78% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 22% was generated from international drilling contracts.

BUSINESS ACQUISITION

On October 11, 2018, Orbit Garant Drilling acquired the drilling business of Projet Production International BF S.A., based in Burkina Faso, through an asset purchase agreement for a total purchase price of US\$6.4 million (the "Acquisition"). Through the Acquisition, the wholly owned subsidiary of Orbit Garant, Orbit Garant BF S.A.S. has added 13 surface drills, related support equipment, and existing customer contracts in Burkina Faso. Orbit Garant BF has also retained approximately 100 employees, including experienced drillers and support personnel, who will now be based in Orbit Garant BF's offices in Ouagadougou. The Acquisition significantly strengthens Orbit Garant's presence in Burkina Faso and the broader West African mineral drilling market, positioning the Company to pursue new growth opportunities. The Company expects the Acquisition to add approximately C\$12 million in incremental revenue and generate positive cash flow and earnings for its fiscal year ended June 30, 2019.

The US\$6.4 million purchase price was satisfied through a US\$5.15 million payment in cash (US\$2.575 million paid on closing and US\$2.575 million to be paid 12 months after the closing date), and the issuance of Orbit Garant common shares valued at US\$1.25 million (861,637 common shares at a price of \$1.89 per share). Orbit Garant funded the initial cash payment through a draw on its credit facility.

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;
- 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 spot price of gold was approximately US\$1,306 per ounce on January 1, 2018. At the time of this report, the spot price of gold was approximately US\$1,202 per ounce, an increase of 17% from its trailing five-year price low in December 2015, and a decrease of 6% since the start of 2018.

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. At the time of this report, the respective spot prices for aluminum, copper, lead and zinc were lower than 12 months ago, while nickel was slightly higher. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US\$3.10 per pound a year ago and at the time of this report was approximately US\$2.68 per pound, a decrease of 13%. The spot prices for each of the primary base metals are currently near the mid-points of their respective trailing five-year price ranges.

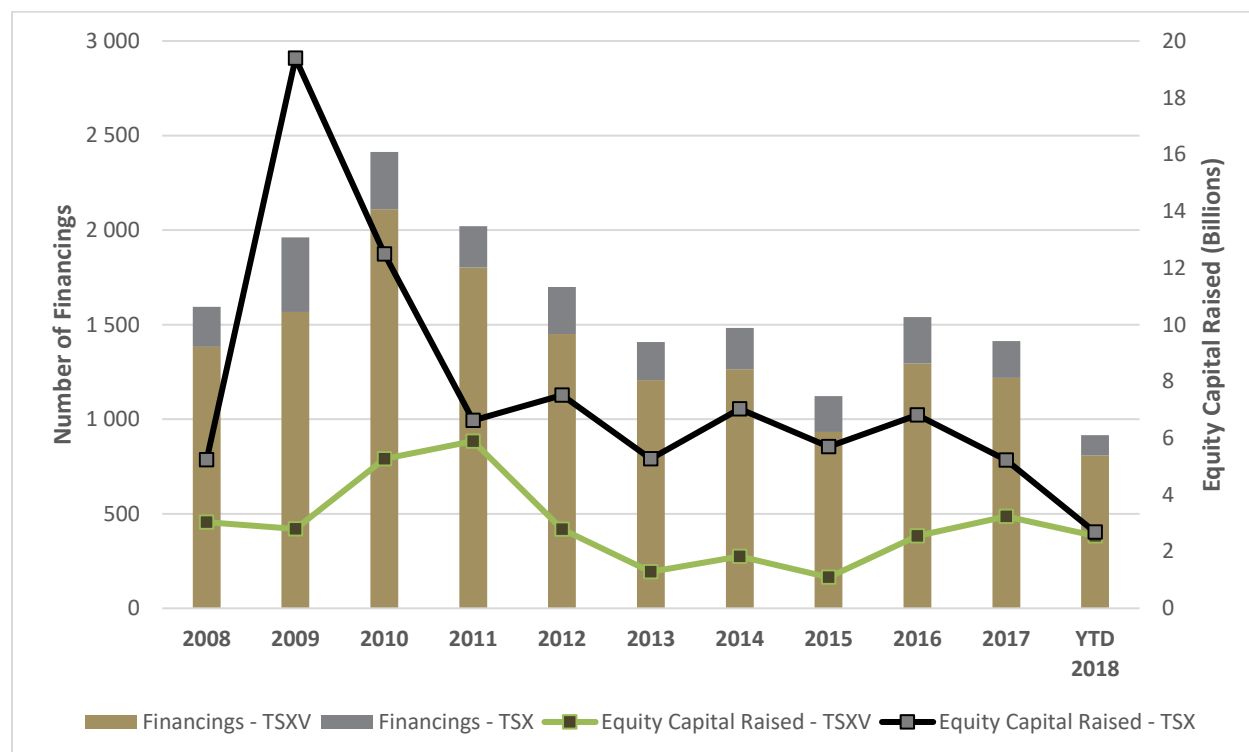
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short term mismatches between supply and demand and other factors. At the time of this report, the spot price of iron ore was approximately US\$75 per tonne, compared to approximately US\$60 per tonne one year ago. Iron ore remains well below its trailing five-year high of greater than US\$130 per tonne.

Market Participants

A recovery in the mining sector began in early 2016 after a prolonged market downturn. Metal prices have increased from their lows that year, resulting in heightened investor interest in mining equities and improved mining equity valuations compared to the market bottom. Mining companies have experienced improved access to capital since early 2016. According to TMX Group, mining companies listed on the Toronto Stock Exchange ("TSX") and TSX-

Venture exchanges completed 1,540 financings in 2016 and 1,413 financings in 2017, respectively, raising total equity capital of \$9.4 billion in 2016 and \$8.5 billion in 2017. By comparison, miners completed just 1,123 financings in 2015 and raised \$6.8 billion of equity capital. The improved financing activity continued into the first half of 2018. During the first six months of the year, mining companies on the TSX and TSX-Venture exchanges completed 650 financings that raised approximately \$4.4 billion, TMX data shows. That compares to 705 financings that raised \$3.8 billion in the first six months of 2017, which was another strong period. However, market conditions began to weaken during the summer of 2018. Metal prices have declined since mid-June, triggering a significant drop in mining equity valuations. Accordingly, financing activity has slowed down. During the three months ended September 30, 2018, mining companies on the TSX and TSX-Venture exchanges completed 265 financings that raised just \$850 million of equity capital. That compares to 341 financings in the same period in 2017, which raised \$1.9 billion.



Despite the market slowdown during the summer of 2018, the mining sector is in a stronger capital position than it was at the start of 2016 due to the significant funds raised since that date. While management has noted the more recent decline in financing and its potential impact on exploration budgets, it is encouraged by the relative increase in the levels of mineral exploration spending in Canada and internationally, and the higher drill utilization rates across the industry compared to the market conditions prior to 2016.

According to research from S&P Global Market Intelligence's Corporate Exploration Strategies series (October 2018) global exploration spending for nonferrous metals increased to US\$8.05 billion in 2017, compared to US\$7.3 billion in 2016. This represented the first annual increase in global exploration spending since 2012, following four consecutive years of declining expenditures. S&P Global Market Intelligence preliminary analysis of 2018 global exploration spending for nonferrous metals indicates a further increase of 20% year-over-year to US\$9.62 billion.

OVERALL PERFORMANCE

Results of operations for the first quarter ended September 30, 2018

FIRST QUARTER ENDED SEPTEMBER 30 * (\$millions)	Fiscal 2019 1 st Quarter	Fiscal 2018 1 st Quarter	2019 vs. 2018 Variance
Revenue *	37.3	42.5	(5.2)
Gross profit *	5.6	6.7	(1.1)
Gross margin (%)	15.0	15.9	(0.9)
Adjusted gross margin (%) ⁽¹⁾	20.4	20.5	(0.1)
Net earnings (loss) *	0.4	1.7	(1.3)
Net earnings (loss) per common share - Basic (\$) - Diluted (\$)	0.01	0.05	(0.04)
	0.01	0.05	(0.04)
EBITDA * ⁽²⁾	3.4	5.1	(1.7)
Metres drilled	316,045	404,262	(88,217)

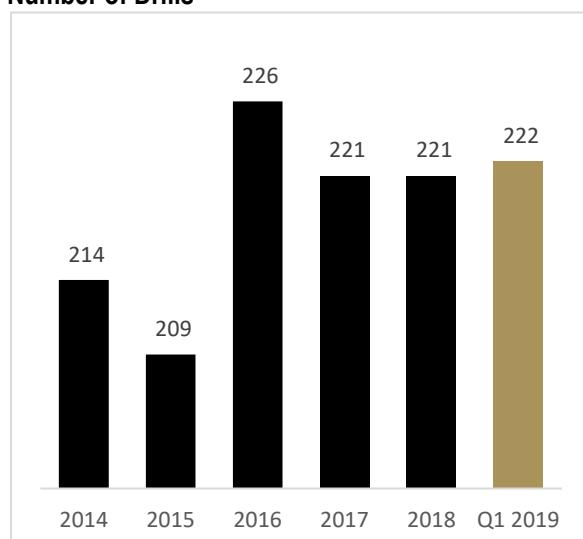
⁽¹⁾ Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"

⁽²⁾ EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures"

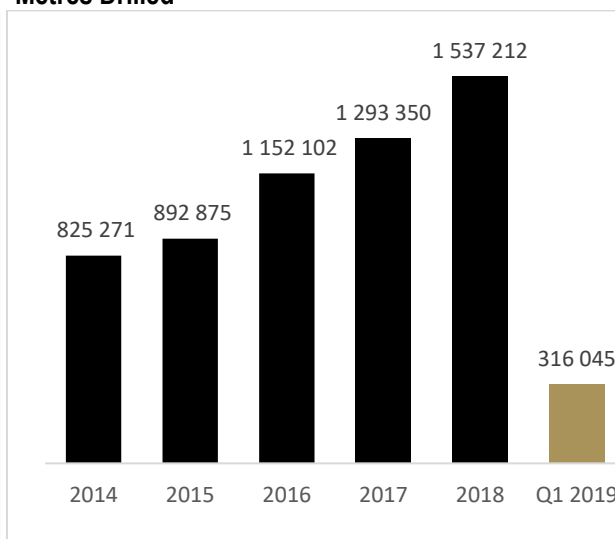
During Q1 FY2019, Orbit Garant drilled 316,045 metres, compared to 404,262 metres drilled in Q1 FY2018, reflecting a slowdown in demand from customers in the quarter. The Company's average revenue per metre drilled in Q1 FY2019 was \$117.55, an increase of 12.2% from \$104.78 in Q1 FY2018. The increase in average revenue per metre drilled is primarily attributable to the Company's increased specialized drilling activity in Canada, which is priced at a higher rate than conventional drilling.

During the quarter Soudure Royal manufactured one new drill rig. Subsequent to the end of the quarter, Orbit Garant added 13 surface drills through the acquisition of the drilling business of Project International BF S.A., based in Burkina Faso, bringing to 235 the total of drills. Orbit Garant currently owns 35 underground drill rigs outfitted with its computerized monitoring and control technology.

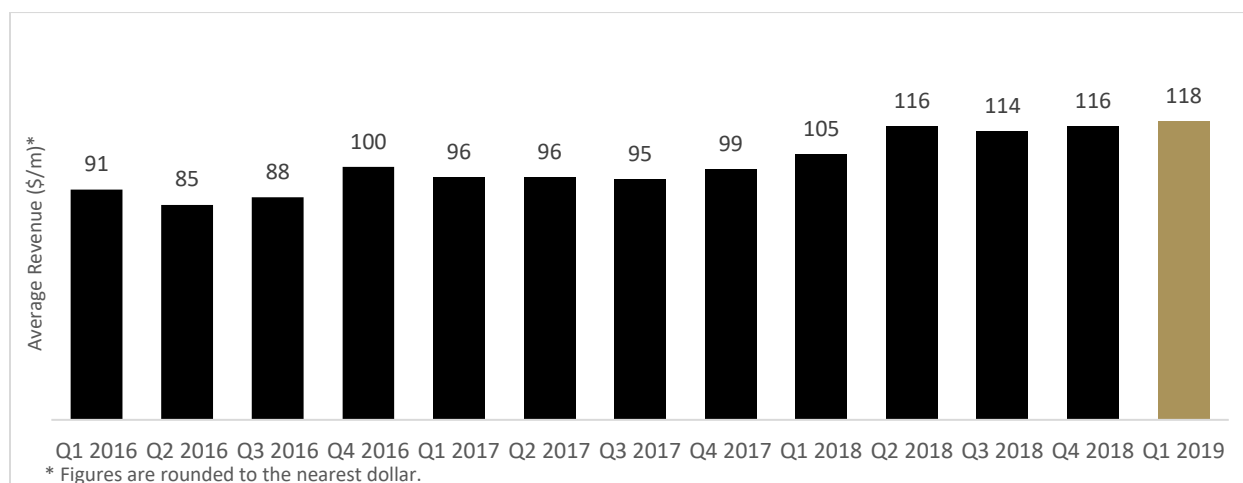
Number of Drills



Metres Drilled



Average Revenue per Metre Drilled



ANALYSIS OF THE FIRST QUARTER OF FISCAL 2019 COMPARED TO THE FIRST QUARTER OF FISCAL 2018

Contract Revenue

Revenue in Q1 FY2019 totalled \$37.3 million, compared to \$42.5 million in Q1 FY2018. The decrease was primarily attributable to decreased drilling activity in Canada and Chile, reflecting the slowdown in demand from customers in the quarter.

Canada revenue was \$29.1 million in Q1 FY2019, compared \$31.9 million in Q1 FY2018, reflecting a decline in metres drilled, partially offset by increased specialized drilling activities.

International revenue was \$8.2 million in Q1 FY2019, compared to \$10.6 million in Q1 FY2018, a decrease of \$2.4 million. International includes \$6.7 million in revenue from operations in Chile during the quarter, compared to \$8.0 million in Q1 FY2018. The decline in International revenue is primarily attributable to the conclusion of a large drilling contract in Chile and a contract delay in Burkina Faso.

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

Gross profit for Q1 FY2019 was \$5.6 million, compared to \$6.7 million in Q1 FY2018. Gross margin was 15.0% in Q1 FY2019, compared to 15.9% in Q1 FY2018. Depreciation expenses totalling \$2.0 million are included in cost of contract revenue for Q1 FY2019, in line with Q1 FY2018. Adjusted gross margin, excluding depreciation expenses, was 20.4% in Q1 FY2019, compared to 20.5% in Q1 FY2018. Despite the current lower demand levels, Orbit Garant was able to preserve margins due to a higher contribution from specialized drilling activity in Canada and higher margin contracts in Chile.

General and Administrative Expenses

General and administrative (G&A) expenses were \$3.9 million (representing 10.5% of revenue) in Q1 FY2019, compared to \$3.7 million (representing 8.8% of revenue) in Q1 FY2018. Increased G&A expenses reflect the Company's growth strategy in Canada and internationally.

Operating Results

Earnings from operations for Q1 FY2019 were \$2.8 million, compared to earnings of \$3.9 million from operations in Q1 FY2018.

Drilling Canada's operating earnings totalled \$2.0 million, compared to operating earnings of \$3.6 million in Q1 FY2018, reflecting decreased business activity, partially offset by increased specialized drilling activities.

Drilling International's operating earnings totalled \$0.8 million, compared to operating earnings of \$0.3 million in Q1 FY2018. The increase reflects improved gross margins on current contracts, partially offset by lower drilling volumes.

Foreign Exchange (Gain) Loss

Foreign exchange loss was \$0.5 million in Q1 FY2019, compared to a loss of \$0.1 million in Q1 FY2018.

EBITDA (see Reconciliation of non-IFRS measures)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled \$3.4 million in Q1 FY2019, compared to \$5.1 million in Q1 FY2018.

Financial Expenses

Interest costs related to long-term debt and bank charges were \$0.4 million in Q1 FY2019, compared to \$0.3 million in Q1 FY2018.

Income Tax

Income tax expense was \$0.4 million for Q1 FY2019, compared to income tax expense of \$0.9 million in Q1 FY2018.

Net Earnings

The Company's net earnings for Q1 FY2019 were \$0.4 million, or \$0.01 per share, compared to net earnings of \$1.7 million, or \$0.05 per share, in Q1 FY2018. Lower gross profits and margins, as discussed above, contributed to reduce the Company's net earnings for Q1 2019.

SUMMARY OF QUARTERLY RESULTS

* (\$millions)		Fiscal 2019	Fiscal 2018				Fiscal 2017		
		Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Contract revenue *		37.3	44.5	43.1	43.0	42.5	37.4	29.9	27.4
Gross profit * ⁽¹⁾		5.6	7.5	2.2	5.1	6.7	2.4	1.2	1.5
Gross margin %		15.0	16.8	5.2	11.7	15.9	6.6	3.9	5.5
Net earnings (loss) *		0.4	3.3	(1.3)	0.8	1.7	(1.6)	(2.2)	(1.9)
Net earnings (loss) per common share (\$)	- Basic	0.01	0.09	(0.04)	0.02	0.05	(0.05)	(0.06)	(0.05)
	- Diluted	0.01	0.09	(0.04)	0.02	0.05	(0.05)	(0.06)	(0.05)

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

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 \$3.6 million in Q1 FY2019, compared to \$5.0 million in Q1 FY2018.

The change in non-cash operating working capital items was an outflow of \$2.9 million in Q1 FY2019, compared to an outflow of 5.2 million in Q1 FY2018. The change in non-cash operating working capital in Q1 FY2019 was primarily attributable to a \$3.9 million increase in inventory to support operations, partially offset by a \$0.6 million decrease in accounts receivable and prepaid expenses, and a \$0.4 million increase in accounts payable.

Investing Activities

Cash used in investing activities totalled \$2.4 million in Q1 FY2019, compared to \$1.0 million in Q1 FY2018. During Q1 FY2019, \$2.5 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of \$0.1 million on disposal of investments, property, plant and equipment. In Q1 FY2018, \$1.3 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of \$0.3 million on disposal of property, plant and equipment.

Financing Activities

During Q1 FY2019, the Company generated \$1.7 million from financing activities, in line with Q1 FY2018.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility with National Bank of Canada Inc. ("**National Bank**"). On November 2, 2017, the Company and National Bank entered into a new three-year credit facility (the "**Credit Facility**") consisting of a \$30 million revolving credit facility, a US\$3 million letter of credit facility and a US\$3 million revolving credit facility.

The Company withdrew a net amount of \$1.9 million during Q1 FY2019 on its Credit Facility, compared to a withdrawal of \$1.5 million in Q1 FY2018. The Company's long-term debt under the Credit Facility, including current portion, was \$20.0 million as at September 30, 2018, compared to \$18.1 million as at June 30, 2018. The Company's debt was incurred to support working capital requirements and the acquisition of capital assets, principally property, plant and equipment.

The Company made finance lease payments (net of proceeds from finance lease) of \$0.1 million, compared to \$0.2 million in Q1 FY2019.

As at September 30, 2018, the Company's working capital was \$55.5 million, compared to \$53.3 million as at June 30, 2018. The Company's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

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

Sources of Financing

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under its Credit Facility. As at September 30, 2018, the Company had drawn \$20.0 million (\$18.1 million as at June 30, 2018) under the Credit Facility and complied with all covenants in 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\$3 million letter of credit facility and US\$3 million revolving credit facility are guaranteed by Export Development Canada.

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 if more than \$12.5 million is drawn under the Credit Facility. In addition, the Credit Facility will mature no later than November 2, 2020.

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

As at September 30, 2018, the Company complied with all covenants in the Credit Facility.

OUTSTANDING SECURITIES AS AT NOVEMBER 13, 2018

Number of common shares	37,008,756
Number of options	2,496,500
Fully diluted	39,505,256

On October 11, 2018 the Company issued 861,637 common shares in partial payment for the acquisition in Burkina Faso as described in "**Business Acquisition**".

RELATED PARTY TRANSACTIONS

Transactions with related parties

The Company is related to Dynamitage Castonguay Ltd., company owned by directors.

On February 28, 2017, the Company granted a loan maturing not later than February 28, 2019 for the amount of \$1.2 million to the President and Chief Executive Officer in connection with the exercise of his option to purchase 942,000 shares. The loan bears interest at a rate of 4% annually and is secured by a pledge of shares and guarantee from 670550 Canada Inc. On December 15, 2017, the President and Chief Executive Officer repaid an amount of \$0.6 million. As at September 30, 2018 the loan and unpaid interest amounted to \$0.7 million. (September 30, 2017, \$1.3 million).

During the three-month period ended September 30, 2018 the Company entered into the following transactions with its related company and with persons related to directors:

*(Thousands)	September 30, 2018 (3 months)	September 30, 2017 (3 months)
Revenue*	117	124
Purchases*	37	23

As at September 30, 2018, an amount of \$0.7 million was receivable resulting from these transactions (September 30, 2017, \$1.4 million)

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 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 for the three-month period ended September 30, 2018 amounted to \$0.3 million (\$0.3 million for the period ended September 30, 2017)

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). The IFRS accounting policies set out in Note 4 to the Company's annual audited consolidated statements for the year ended June 30, 2018 were consistently applied to all periods presented, except for the adoption of new standards effective July 1, 2018 as described in Note 3. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's external auditors.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates assumptions and judgements. 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 of the Company's annual audited consolidated financial statements for the year ended June 30, 2018. They remained unchanged for the three-month period ended September 30, 2018.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the investments, which have been presented at fair value and in Canadian dollars, which is the currency of the primary economic environment in which the Company operates ("functional currency"). All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These unaudited interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2018 annual audited consolidated financial statements.

These unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on November 13, 2018.

Principles of Consolidation

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

Income and expenses of subsidiaries acquired or disposed of during a period are included in the unaudited interim condensed consolidated statement 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.

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 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 September 30, 2018	3 months ended September 30, 2017
Net earnings (net loss) for the period	0.4	1.7
Add:		
Finance costs	0.4	0.3
Income tax expense	0.4	0.9
Depreciation and amortization	2.2	2.2
EBITDA	3.4	5.1

Adjusted Gross Margin

Although adjusted gross margin 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.

(unaudited) (in millions of dollars)	3 months ended September 30, 2018	3 months ended September 30, 2017
Contract revenue	37.3	42.5
Cost of contract revenue (including depreciation)	27.7	31.8
Less depreciation	2.0	2.0
Direct costs	29.7	33.8
Adjusted gross profit	7.6	8.7
Adjusted gross margin (%) ⁽¹⁾	20.4	20.5

⁽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 12, 2018. 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.

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 November 13, 2018, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 25% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

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

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

Dilution

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

OUTLOOK

While Orbit Garant continues to monitor the recent decline in metals prices and mining equity valuations, and the current slowdown in customer demand, Management is encouraged by the longer-term positive trends. Many mining companies are facing declining reserves and production, particularly in the gold mining industry, from which Orbit Garant generates roughly three quarters of its revenue. S&P Global Market Intelligence recently reported that 15 of the 20 largest gold producers had shorter reserve lives at the end of 2017 than they did 10 years ago. For the gold industry to remain viable in the long term, significant ongoing spending on exploration and mine development will be required.

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 0.76 US dollars.

Management remains focused on maximizing stakeholder value principally by controlling costs, optimizing drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, retaining key personnel, maintaining strong health and safety standards, and evaluating opportunities to further expand Orbit Garant's market presence both in Canada and abroad. Orbit Garant has now established operating subsidiaries in Burkina Faso, Chile, Ghana, Guyana and Peru. 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 Ghana, and recently expanded its operations in this region with the acquisition of the drilling business of Projet Production International BF S.A. in Burkina Faso. The Company is actively pursuing new opportunities to grow its business in both regions.

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 35 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have achieved a significant increase in productivity compared to that achieved using conventional drill rigs. Orbit Garant's customers have responded positively to the improved performance and potential of the new drill rigs, which has led to renewals of underground drilling contracts for longer terms.

Orbit Garant will continue to monitor market conditions closely and manage its staff and inventory levels, capital expenditures and balance sheet accordingly. With its sound balance sheet, the Company remains committed to pursuing value-enhancing growth opportunities in Canada and internationally.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's 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.

For the three months ended September 30, 2018, there have been no significant changes to the ICFR and no change in the assessment of the effectiveness of the Company's ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable assurance level as at the end of the period covered by this report.