



**Unaudited Interim Condensed Consolidated
Financial Statements**

First Quarter Fiscal 2022

(For the three-month periods ended September 30, 2021 and 2020)

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

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

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

		September 30 2021 (3 months)	September 30 2020 (3 months)
	Notes	\$	\$
Contract revenue	19	50,570	35,627
Cost of contract revenue	3, 4	46,817	26,880
Gross profit		3,753	8,747
Expenses			
General and administrative expenses	3	3,756	3,242
Foreign exchange loss (gain)		93	(91)
Finance costs		446	596
	4	4,295	3,747
(Loss) earnings before income taxes		(542)	5,000
Income tax expense	12		
Current		66	180
Deferred		729	1,350
		795	1,530
Net (loss) earnings		(1,337)	3,470
Net (loss) earnings per share	11		
Basic		(0.04)	0.09
Diluted		(0.04)	0.09

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

For the three-month periods ended September 30, 2021 and 2020

(in thousands of Canadian dollars)

(Unaudited)

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Net (loss) earnings	(1,337)	3,470
Other comprehensive earnings (loss)		
Cumulative translation adjustments	(387)	208
Other comprehensive (loss) earnings, net of income tax	(387)	208
Comprehensive (loss) earnings	(1,724)	3,678

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended September 30, 2021 and 2020

(in thousands of Canadian dollars)

(Unaudited)

Three-month period ended September 30, 2021					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 11)				
Balance as at July 1, 2021	59,204	1,452	12,342	(2,650)	70,348
Total comprehensive (loss) earnings					
Net loss	-	-	(1,337)	-	(1,337)
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(387)	(387)
Other comprehensive loss	-	-	-	(387)	(387)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 11)	-	72	-	-	72
Share options cancelled	-	-	-	-	-
Total transactions with shareholders	-	72	-	-	72
Balance as at September 30, 2021	59,204	1,524	11,005	(3,037)	68,696

Three-month period ended September 30, 2020					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive earnings (loss)	Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 11)				
Balance as at July 1, 2020	58,857	1,309	10,047	(2,208)	68,005
Total comprehensive earnings (loss)					
Net earnings	-	-	3,470	-	3,470
Other comprehensive earnings					
Cumulative translation adjustments	-	-	-	208	208
Other comprehensive earnings	-	-	-	208	208
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 11)	-	60	-	-	60
Share options cancelled	-	(1)	-	-	(1)
Total transactions with shareholders	-	59	-	-	59
Balance as at September 30, 2020	58,857	1,368	13,517	(2,000)	71,742

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

As at September 30, 2021 and June 30, 2021

(in thousands of Canadian dollars)

(Unaudited)

	Notes	September 30 2021	June 30 2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,775	3,256
Trade and other receivables		41,668	40,724
Inventories		48,490	44,684
Income taxes receivable		1,027	1,112
Prepaid expenses		697	796
		93,657	90,572
Non-current assets			
Investments	6	211	259
Deposit on equipment purchase		-	1,909
Property, plant and equipment	7	41,741	39,258
Right-of-use assets		2,579	2,106
Intangible assets		26	141
Deferred tax assets		3,049	3,897
Total assets		141,263	138,142
LIABILITIES			
Current liabilities			
Trade and other payables		36,036	30,486
Income taxes payable		-	7
Factoring liability		1,066	2,880
Current portion of long-term debt	8	2,346	2,524
Current portion of lease liabilities	9	716	635
		40,164	36,532
Non-current liabilities			
Long-term debt	8	30,688	29,901
Lease liabilities	9	1,715	1,361
		72,567	67,794
EQUITY			
Share capital	11	59,204	59,204
Equity-settled reserve		1,524	1,452
Retained earnings		11,005	12,342
Accumulated other comprehensive loss		(3,037)	(2,650)
Equity attributable to shareholders		68,696	70,348
Total liabilities and equity		141,263	138,142

Contingencies and commitments (notes 14 and 15)

APPROVED BY THE BOARD

 Éric Alexandre, Director

 Nicole Veilleux, Director

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

For the three-month periods ended September 30, 2021 and 2020

(in thousands of Canadian dollars)

(Unaudited)

		September 30 2021 (3 months)	September 30 2020 (3 months)
	Notes	\$	\$
OPERATING ACTIVITIES			
(Loss) earnings before income taxes		(542)	5,000
Items not affecting cash			
Depreciation of property, plant and equipment		2,553	2,552
Depreciation of right-of-use assets		135	160
Amortization of intangible assets		115	112
(Gain) Loss on disposal of property, plant and equipment	7	(132)	21
Share-based compensation	11	72	60
Finance costs		446	596
Restricted cash		-	(632)
Net change in fair value of investments	6	48	(53)
		2,695	7,816
Changes in non-cash operating working capital items	13	899	(5,175)
Income taxes received (paid)		12	(41)
Finance costs paid		(404)	(563)
		3,202	2,037
INVESTING ACTIVITIES			
Proceeds from disposal of investments	6	-	48
Acquisition of property, plant and equipment	7	(3,617)	(623)
Proceeds from disposal of property, plant and equipment	7	172	152
		(3,445)	(423)
FINANCING ACTIVITIES			
Proceeds from factoring		3,053	-
Repayment on factoring		(4,712)	-
Proceeds from long-term debt		26,603	18,723
Repayment of long-term debt		(25,942)	(20,700)
Repayment of lease liabilities		(175)	(188)
		(1,173)	(2,165)
Effect of exchange rate changes on cash and cash equivalents		(65)	(190)
Decrease in cash		(1,481)	(741)
Cash and cash equivalents, beginning of the period		3,256	4,996
Cash and cash equivalents, end of the period		1,775	4,255

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

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, 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%
Forage Orbit Garant Guinée SARLU	100%
Sarliaq-Orbit Garant Inc.	49%
Tumiit Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34"). The IFRS accounting policies that are set out in Note 4 to the Company's annual audited consolidated statements for the year ended June 30, 2021 were consistently applied to all periods presented. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's independent auditors.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates, assumptions and judgments. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 5 in the Company's annual audited consolidated financial statements for the year ended June 30, 2021. They remained unchanged for the three-month period ended September 30, 2021.

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

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2021 annual audited consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on November 11, 2021.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

2. BASIS OF PREPARATION (continued)

Principles of consolidation

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

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

3. 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 calendar year 2020 as some projects were put on hold or postponed.

As at September 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 8(e)) and (iv) modify certain applicable covenants to its loans. The Company believes it will have sufficient resources to continue its business operations for at least the next twelve months.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

4. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Cost of contract revenue	2,453	2,392
General and administrative expenses	350	432
Total depreciation and amortization	2,803	2,824

Principal expenses by nature

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Depreciation and amortization	2,803	2,824
Employee benefits expense	25,100	14,154
Cost of inventories	11,137	8,098
Other expenses	12,072	5,551
Total cost of contract revenue, general and administrative expenses, foreign exchange loss and finance costs	51,112	30,627
Cost of contract revenue	46,817	26,880
General and administrative expenses, foreign exchange loss and finance costs	4,295	3,747
Total cost of contract revenue, general and administrative expenses, foreign exchange loss and finance costs	51,112	30,627

5. 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 Government 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 September 30, 2021 (\$0 as at June 30, 2021). For the three-month period ended September 30, 2021, income relating to CEWS of \$0 was recognized as a reduction of cost of contract revenue and \$0 as a reduction of general and administrative expenses (\$2,375 and \$224, respectively, for the three-month period ended September 30, 2020).

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

6. INVESTMENTS

	Three month-period ended September 30, 2021	Year ended June 30, 2021
	\$	\$
Investments in public companies, beginning of the year	259	317
Acquisition of investments	-	54
Conversion of trade receivables	-	196
Proceeds from disposal of investments	-	(310)
Change in fair value of investments measured at fair value through profit or loss	(48)	2
Investments in public companies, end of the period	211	259

7. PROPERTY, PLANT AND EQUIPMENT

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Acquisition of property, plant and equipment	3,617	623
Proceeds from disposal of property, plant and equipment	(172)	(152)
(Gain) Loss on disposal of property, plant and equipment	(132)	21

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

8. LONG-TERM DEBT

	September 30 2021	June 30 2021
	\$	\$
Loan of US\$1,000 (June 30, 2021: US\$1,000) authorized for a maximum amount of \$6,371 (US\$5,000), bearing interest at base rate plus 2.00%, effective rate as at September 30, 2021 of 5.75% (June 30, 2021: interest at base rate plus 2.00%, effective rate of 5.75%), maturing in November 2022, secured by a first rank hypothec on the universality of all present and future assets ^{(a) (c)}	1,274	1,239
Loan authorized for a maximum amount of \$35,000, bearing interest at prime rate plus 2.00%, effective rate as at September 30, 2021 of 4.45% (June 30, 2021: interest at prime rate plus 2.00%, effective rate of 4.45%), maturing in November 2022, secured by a first rank hypothec on the universality of all present and future assets ^{(a) (b) (c)}	24,235	22,794
Loan, bearing interest at prime rate plus 4.50%, effective rate as at September 30, 2021 of 6.95% (June 30, 2021: bearing interest at prime rate plus 4.50%, effective rate of 6.95%), payable in monthly instalments of \$52 as from June 2017, maturing in November 2021, secured by a second rank hypothec on the universality of all present and future assets ^{(b) (e)}	104	260
Loan of US\$3,190 (June 30, 2021: US\$3,480), bearing interest at prime rate plus 2.75%, effective rate as at September 30, 2021 of 6.00% (June 30, 2021: bearing interest at prime rate plus 2.75%, effective rate of 6.00%), payable in monthly instalments of \$123 (US\$97) (June 30, 2021 : \$120 (US\$97)) as from May 2019, maturing in July 2024, secured by a third rank hypothec on the universality of all present and future assets ^{(d) (e)}	4,065	4,313
Loans of CLP\$705,360 (June 30, 2021: CPL\$804,941), bearing interest at rates of 3.50%, payable in monthly instalments of \$56 (CLP\$35,501) (June 30, 2021: \$60 (CPL\$35,501)) from December 2020, maturing in June 2023. (f)	1,105	1,368
Loan of CLF 49 (June 30, 2021: 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 bulding. ^{(g) (h)}	2,251	2,451
	33,034	32,425
Current portion	(2,346)	(2,524)
	30,688	29,901

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

8. LONG-TERM DEBT (continued)

- (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 \$187 (\$230 as at June 30, 2021), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.
- (c) On June 28, 2019, the Company signed an amendment to the Third Amended and Restated Credit Agreement with National Bank of Canada, consisting of a revolving credit facility in the amount of \$35,000 along with a revolving credit facility in the amount of US\$5,000, 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 had no capital repayments for the first six months and the interest over such period was 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 \$44 (\$50 as at June 30, 2021), 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 10). As at September 30, 2021, the Company was compliant with its financial covenants (June 30, 2021: the Company was compliant with its financial covenants).

As at September 30, 2021, the prime rate in Canada was 2.45% for Canadian loans (2.45% as at June 30, 2021), the prime rate in United States was 3.25% and the base rate in the United States was 3.75% for US loans (3.25% and 3.75%, respectively as at June 30, 2021).

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

	\$
Within one year	2,346
Later than one year and no later than five years	29,507
Later than five years	1,412
	<u>33,265</u>

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

As at September 30, 2021		Within	Later than one	Later than
\$000s	Total	one year	but no later than	five years
	\$	\$	\$	\$
CAN	24,526	104	24,422	-
US (US\$4,190)	5,339	1,435	3,904	-
Chilian UF (CLF 49)	2,295	168	715	1,412
Pesos chiliens (CLP\$705,360)	1,105	639	466	-
	<u>33,265</u>	<u>2,346</u>	<u>29,507</u>	<u>1,412</u>

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

9. LEASE LIABILITIES

The summary of of the activity related to the lease liabilities for the three-month periods ended September 30, 2021 and 2020 is as follows:

	September 30 2021	September 30 2020
	\$	\$
Lease liabilities recognized, beginning of period	1,996	4,603
Additions	612	-
Disposals	-	(45)
Finance costs	34	61
Payment of lease liabilities, including related finance costs	(209)	(249)
Foreign exchange differences	(2)	59
	2,431	4,429
Current portion	716	2,891
Balance, end of period	1,715	1,538

Lease payments required in the next years are as follows:

	September 30 2021
	\$
Within one year	844
Later than one year and no later than five years	1,475
Later than five years	554
	2,873
Less: discounting impact	(442)
Present value of lease payments	2,431

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

10. 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:

	September 30 2021	June 30 2021
	\$	\$
Long-term debt	33,034	32,425
Lease liabilities	2,431	1,996
Factoring liability	1,066	2,880
Share capital	59,204	59,204
Equity-settled reserve	1,524	1,452
Retained earnings	11,005	12,342
Accumulated other comprehensive loss	(3,037)	(2,650)
Cash and equivalents	(1,775)	(3,256)
	103,452	104,393

The Company's objective when managing its capital structure is to maintain financial flexibility in order to i) preserve access to capital markets; ii) meet financial obligations; and iii) finance internally generated growth and potential new acquisitions. To manage its capital structure, the Company may adjust spending, issue new shares, issue new debt or repay existing debts.

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants, such as Senior debt to earnings before income taxes, interest, depreciation and amortization ratio, Senior debt to capitalization ratio and fixed charge coverage ratio. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. As at September 30, 2021, as mentioned in Note 8, the Company complied with its covenants (June 30, 2021: 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.

11. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

	Three-month period ended September 30, 2021		Year ended June 30, 2021	
	Number of shares	\$	Number of shares	\$
Common shares				
Balance, beginning of the period	37,372,756	59,204	37,021,756	58,857
Shares issued:				
For share options exercised	-	-	351,000	347
Balance, end of the period	37,372,756	59,204	37,372,756	59,204

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

11. SHARE CAPITAL (continued)

Net (loss) earnings per share

Diluted net earnings per common share was calculated based on net earnings divided by the average number of common shares outstanding using the treasury shares method. For the numbers in the three-months period ended September 31, 2021, stock options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

	September 30 2021 (3 months)	September 30 2020 (3 months)
Net (loss) earnings per share - basic		
Net (loss) earnings attributable to common shareholders	\$ (1,337)	\$ 3,470
Weighted average basic number of common shares outstanding	37,372,756	37,021,756
Net (loss) earnings per share - basic	\$ (0.04)	\$ 0.09

	September 30 2021 (3 months)	September 30 2020 (3 months)
Net earnings (loss) per share - diluted		
Net (loss) earnings attributable to common shareholders	\$ (1,337)	\$ 3,470
Weighted average basic number of common shares outstanding	37,372,756	37,021,756
Adjustment to average number of common shares - share options	-	117,536
Weighted average diluted number of common shares outstanding	37,372,756	37,139,292
Net (loss) earnings per share - diluted	\$ (0.04)	\$ 0.09

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

	September 30, 2021 (3 months)		September 30, 2020 (3 months)	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the period	3,342,500	1.24	3,155,000	1.28
Cancelled during the period	-	-	(6,000)	0.90
Outstanding at end of the period	3,342,500	1.24	3,149,000	1.28
Exercisable at end of the period	1,464,834	1.56	1,675,335	1.30

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

11. SHARE CAPITAL (continued)

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

Range of exercise price \$	Outstanding at September 30, 2021	Weighted average remaining life (years)	Weighted average exercise price \$	Exercisable at September 30, 2021	Weighted average exercise price \$
0.50 - 1.49	2,079,500	3.63	0.86	428,500	0.76
1.50 - 2.49	1,263,000	1.84	1.86	1,036,334	1.89
	3,342,500			1,464,834	

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Expense related to share-based compensation	72	60

12. INCOME TAXES

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
(Loss) Earnings before income taxes	(542)	5,000
Statutory rates	26.50%	26.50%
Income taxes based on statutory rates	(144)	1,325
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	21	13
Non-deductible share-based compensation expense	19	16
Difference of income tax rates between territories	23	(1)
Withholdings taxes	53	42
Income tax assets unrecognized	849	148
Non-taxable portion of capital gain	(44)	3
Prior years adjustments	17	-
Other	1	(16)
Total income tax expense	795	1,530

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

13. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Trade and other receivables	(944)	(5,158)
Inventories	(3,806)	1,259
Prepaid expenses	99	83
Trade and other payables	5,550	(1,359)
	899	(5,175)

14. 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.

15. COMMITMENTS AND GUARANTEES

Commitments

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 \$149 for the rental of offices. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The lease payments under these lease agreements for the next three years amount to \$77 for 2022, \$67 for 2023 and \$5 for 2024.

Guarantees

For the three-month period ended September 30, 2021, the Company issued some bank guarantees in favor of customers for a total amount of \$1,474 (for the three-month period ended September 30, 2020: \$1,007), maturing between March 2022 and October 2022. For the three-month periods ended September 30, 2021 and 2020, the Company has not made any payments in connection with these guarantees.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

16. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
Revenues	\$ -	\$ 6
Expenses	38	37

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

In addition, for the three-month period ended September 30, 2021, repayments of a lease liability totalling \$21 were made to Dynamitage Castonguay Ltd. (for the three-month period ended September 30, 2020: \$0).

Transactions with associate parties

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
Revenues	\$ 7,000	\$ 6,964

As at September 30, 2021, trade and other receivables included an amount receivable of \$3,574 from one of the Company's associates (June 30, 2021: \$3,065).

As at September 30, 2021, the investment in an associate totaled \$0 in the interim condensed consolidated statements of financial position (June 30, 2021: \$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.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

17. KEY MANAGEMENT COMPENSATION

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

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
	\$	\$
Salaries and fees	246	250

18. 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.

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.

Fair value

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

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

18. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

As at September 30, 2021, the investments are measured at fair value and are classified as a Level 1 financial instrument as the fair value is determined using quoted prices in the active markets.

As at September 30, 2021	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	1,775	1,775			
Trade and other receivables	41,668	41,668			
Financial assets measured at fair value					
Investments	211	211	211	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	36,036	36,036			
Factoring Liability	1,066	1,066			
Long-term debt	33,034	33,034			
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			

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the three-month period ended September 30, 2021.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

19. SEGMENTED INFORMATION

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

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

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
Contract revenue	\$	\$
Canada	37,901	31,392
International ⁽¹⁾	12,669	4,235
	50,570	35,627
Earnings (loss) from operations		
Canada	3,308	7,913
International	(2,233)	(1,574)
	1,075	6,339
General and corporate expenses ⁽²⁾	1,171	743
Finance costs	446	596
Income tax expense	795	1,530
	2,412	2,869
Net (loss) earnings	(1,337)	3,470
 ⁽¹⁾ The International operating segment included West African revenue as follow:	 5,131	 2,293
Chilean revenue as follows :	6,622	1,000

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

	September 30 2021 (3 months)	September 30 2020 (3 months)
Depreciation and amortization	\$	\$
Canada	1,588	1,468
International	866	924
Total depreciation and amortization included in earnings from operations	2,454	2,392
Unallocated and corporate assets	349	432
Total depreciation and amortization	2,803	2,824

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three-month periods ended September 30, 2021 and 2020

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

(Unaudited)

19. SEGMENTED INFORMATION (continued)

	As at September 30, 2021	As at June 30, 2021
	\$	\$
Identifiable assets		
Canada	89,480	85,370
Chile	17,704	20,815
West Africa	29,777	26,729
International - Other	5,030	5,228
	141,991	138,142
Property, plant and equipment		
Canada	25,562	25,893
Chile	6,429	7,044
West Africa	9,016	5,400
International - Other	734	921
	41,741	39,258
Right-of-use assets		
Canada	1,548	1,002
Chile	37	73
West Africa	902	930
International - Other	92	101
	2,579	2,106
Intangible assets		
West Africa	26	141
	September 30	September 30
	2021	2020
	(3 months)	(3 months)
	\$	\$
Non-current assets acquisitions		
Canada	1,861	565
International	2,312	30
Unallocated and corporate assets	56	28
	4,229	623