



ORBIT GARANT DRILLING INC.

ANNUAL INFORMATION FORM

September 26, 2014

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ANNUAL INFORMATION FORM 2014

Throughout this document, the terms “we”, “us”, “the Company”, and “Orbit Garant” refer to either Orbit Garant Drilling Inc. or Orbit Garant Drilling Inc. together with our wholly owned subsidiaries, including:

- Orbit Garant Drilling Services Inc.,
- Orbit Garant Ontario Inc.,
- 9116-9300 Québec inc. (“**Soudure Royale**”),
- Drift Exploration Drilling Inc. and Drift de Mexico S.A. de C.V., (referred to collectively as “**Drift**”),
- Lantech Drilling Services Inc.,
- Perforacion Orbit Garant Chile SPA, and
- Lantech Liberia Limited

In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars, and the statistical and financial data are presented as of June 30, 2014.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking information” (as defined under applicable securities laws). Forward-looking information is typically identified by words such as “believe”, “expect”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and by conditional verbs such as “will”, “may”, “should”, “could” or “would”. These statements reflect our current beliefs and are based on the information currently available to us.

By its very nature, forward-looking information involves significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking information contained in this Annual Information Form include expansion, capital expenditures, competitive conditions, market conditions and general economic conditions.

Many factors could cause the actual results, performance or achievements of the Company to differ from what we have expressed or implied in our forward-looking statements in this document, and we encourage you not to rely unduly on those statements.

For a description of risks that could cause actual results to differ from our current expectations, please see the section titled “Risk Factors in our Business, Industry and Markets”, as well as in our 2014 Annual Report, Form 40-F, and other filings with Canadian securities commissions on SEDAR (www.sedar.com).

The forward-looking statements in this Annual Information Form have been made with the best information available to us at the time, and there will be no further updating or revisions of the forward-looking statements, once the document is filed.

NON-IFRS FINANCIAL MEASURES

We have prepared this Annual Information Form according to the IFRS (International Financial Reporting Standards). However, certain measures used in this document, such as EBITDA, do not have any standardized meaning under IFRS and could be calculated differently by other companies. We define EBITDA as earnings before interest, income tax expenses, restructuring charges, depreciation, amortization, impairment of goodwill and intangible assets. We believe

that non-IFRS financial measures of this nature, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers in their evaluation of the Company's operating performance. Internally, we use non-IFRS financial measures as a supplemental indicator of business performance and provide them in this document to augment the information provided through financial performance measures that are prepared in accordance with IFRS.

GLOSSARY OF TERMS

In this Annual Information Form, we use a number of industry related terms and acronyms which we define as follows:

“air drill” means a drill that uses compressed air to force a diamond drill bit through rock to cut a cylindrical core, typically (although not exclusively) in underground locations when a reasonably shallow hole is required in a difficult location.

“base metals” means non-precious metals such as copper, zinc, nickel, lead and aluminum.

“BRIC” refers collectively to Brazil, Russia, India and China.

“CDDA” means the Canadian Diamond Drilling Association, an association supporting mining companies, drilling contractors, manufacturers and suppliers in the provision of drilling services and products.

“diamond core drilling” means the use of an annular drill bit with an industrial-grade diamond crown to cut a cylindrical core through solid rock. A wire line device is used to retrieve the core sample being cut by the diamond drill bit without having to remove the entire string of hollow rods from the hole.

“directional drilling” refers to the technique of steering the direction of a drill hole to the desired angle.

“geotechnical drilling” means drilling that is generally done to determine the nature of soil or rock formation in order to better understand the geology or to interpret structural conditions in preparation for construction of, among other things, bridges, roads, buildings, dams and marine structures. This type of drilling can be performed using various types of augers, casing core drilling barrels and specialized sampling tools.

“intermediate mining companies” refers to companies with mining-related revenues over US\$50 million but less than US\$500 million annually.

“junior mining companies” refers to companies that are typically involved in mineral exploration that do not have significant current mining-related revenues.

“major mining companies” refers to large, global mining companies with revenues of more than US\$500 million annually.

“reverse circulation drilling” means the surface drilling process whereby a pneumatic piston forces compressed air and water down the outer shell of a double-walled rod and drives a tungsten-studded button bit to cut and hammer the rock. Air, water, and rock chips are then sucked back up the inner rod by the air differential. At the top, the rock and water are separated by a cyclone, and the rock is deposited in a sample collection container.

“specialized drilling” means drilling for projects that are located in remote regions or that, because of their scope, complexity or technical challenges, require specialized knowledge and/or equipment and cannot generally be completed by small conventional drilling companies.

“underground drilling” means diamond core drilling that is completed at an underground mine and usually occurs during the development and production stages of the mining process.

PROFILE

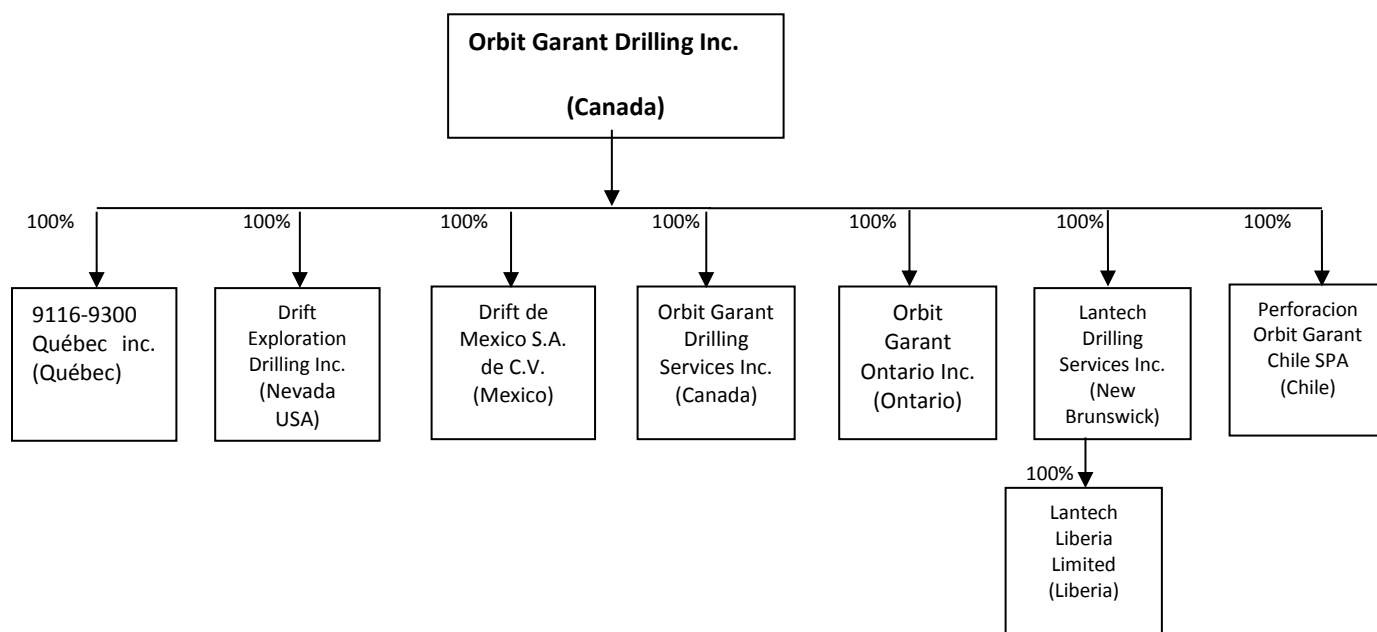
Orbit Garant Drilling is one of the largest Canadian-based mineral drilling companies, with 214 drill rigs, approximately 600 employees, and revenues of \$72 million for the fiscal year ended June 30, 2014. We provide both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. We also provide geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. Our subsidiary, Soudure Royale, manufactures custom drill rigs for conventional and specialized drilling projects.

OUR CORPORATE STRUCTURE

Name, Address and Incorporation

Orbit Garant Drilling is a corporation amalgamated under the *Canada Business Corporations Act* (“**CBCA**”). Our registered head office is located at 3200, boul. Jean-Jacques Cossette, Val-d’Or Québec, Canada, J9P 6Y6.

Inter-corporate relationships as at June 30, 2014



HISTORICAL DEVELOPMENT OF OUR BUSINESS

Our history dates back three decades, to the founding of our two main predecessor companies, Forages Garant & Frères Inc. (“**Forages Garant**”), and Forage Orbit Inc. (“**Orbit**”), which were combined in 2007 to create Orbit Garant.

The first three decades

Forages Garant was founded in 1984 by two brothers Jean and Robert Garant, both experienced and well respected underground drillers who had been employed by a subsidiary of Boart Longyear Limited before branching out on their own. In 1995, Forages Garant was acquired by Michel Mathieu who expanded the company from a small regional drilling company into one of the largest underground drilling companies in Canada.

Orbit was co-founded in 1986 by Pierre Alexandre, now Vice Chairman and Vice President, Business Development of Orbit Garant, and his brother Bernard Alexandre. While the co-founders were trained surface drillers, they organized Orbit to take advantage of the opportunities in the expanding underground drilling market. Orbit grew from three electric drill rigs and one contract in 1986, to approximately 200 employees and 50 drill rigs prior to being combined with Forages Garant in early 2007.

Combining Forces to Create a Major Canadian Drilling Company

Prior to their combination in 2007, Forages Garant focused exclusively on underground drilling, while Orbit generated revenue from underground and surface drilling operations in Canada and internationally, as well as manufacturing operations in Canada. Orbit Garant now provides both surface and underground drilling services in Canada, supported by its manufacturing facilities at the Company's base of operations in Val-d'Or, Québec. We also provide surface drilling services internationally in well-established mining jurisdictions.

Acquisition of Drift's Reverse Circulation Drilling Business

In 2007, we acquired an international drilling business through the purchase of Drift Exploration Drilling, Inc. ("**Drift USA**") and Drift de Mexico, S.A. de C. V. ("**Drift Mexico**") Drift provides reverse circulation drilling services as a subsidiary of Orbit Garant and operates primarily in the United States and Mexico.

Initial Public Offering of Orbit Garant

On June 26, 2008, we completed our initial public offering ("IPO") of 15,000,000 Common Shares at a price of \$4.00 per Common Share. Our Common Shares trade on the Toronto Stock Exchange (the "**TSX**") under the symbol "OGD". A copy of the IPO Prospectus, dated June 20, 2008, may be obtained at www.sedar.com.

Acquisition of a Canadian Surface Diamond Drilling Company

On October 10, 2008, we acquired 9129-5642 Québec Inc. (a Canadian surface diamond drilling company), enhancing our surface drilling services. This company was dissolved on December 30, 2011.

Acquisition of Advantage Control Technologies

On November 8, 2010, we acquired all the issued and outstanding shares of 1085820 Ontario Limited doing business as Advantage Control Technologies ("**Advantage**"), based in Sudbury, Ontario, which specializes in the development of new technologies for mineral drilling.

Expanding Ontario Operations with the Acquisition of a Surface Drilling Business

On December 13, 2010, we acquired Morris Drilling Inc. ("**Morris**"), a surface drilling business also based in Sudbury. We subsequently combined the Morris business with the Advantage operations and consolidated our Ontario operations in Advantage. On February 8, 2011, the Company changed the name of Advantage to Orbit Garant Ontario Inc.

Expanding Internationally with the Acquisition of Lantech Drilling

On December 16, 2011, we acquired Lantech Drilling Services Inc. ("**Lantech Drilling**") which offers geotechnical drilling and exploration services to mining and mineral exploration companies, engineering and consulting firms and government agencies. At a purchase price of \$12 million, this was our largest acquisition to date, and added 32 rigs to our fleet while providing a strategic entry point to the African mineral drilling market. Lantech also expanded Orbit Garant's mineral drilling to include iron ore.

ORBIT GARANT TODAY – AN OVERVIEW OF OUR BUSINESS

Orbit Garant has grown to become one of the largest underground mineral drilling companies in Canada and has a significant and growing market presence in surface drilling in Canada and internationally.

- Underground drilling is typically undertaken at the production stage where it is required to delineate deposits and to assist the mine operator in identifying where production efforts should be focused.
- Surface drilling is typically undertaken at the exploration stage to assess a potential resource, or in the initial stages of delineating a known mineral deposit.

We provide services to major mining companies such as Agnico-Eagle Mines Limited,, Goldcorp Inc. and Glencore Corporation, as well as to intermediate mining companies such as, Canadian Malartic Partnership, and Helca Mining Company, as well as several junior mining companies.

OUR STRATEGIC DIRECTION

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 opportunities and through the provision of best-in-class underground and surface drilling services, equipment and personnel for our customers' mineral exploration, development and production requirements.

To achieve our goal, we are pursuing two core business strategies and implementing a number of strategic initiatives:

1. **Establish and maintain our competitive advantage through our focus on quality, specialized technology, qualified personnel and leading health and safety, and environmental standards.**

Initiatives:

- Provide conventional, specialized and geotechnical drilling services;
- Manufacture custom drill rigs and equipment to fit the needs of customers;
- Maintain a strong commitment to research and development ("R&D") and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training courses for our personnel to continuously improve labour efficiency and ensure the availability of a skilled labour force;
- Maintain a high level of safety standards in the work environment; and
- Promote protection of the environment.

2. **Expand in attractive markets through strategic acquisitions, investments, partnerships and customer relationships.**

Initiatives:

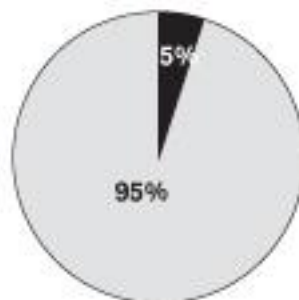
- Focus primarily on major and well financed intermediate mining and exploration companies operating in stable jurisdictions;
- Establish and maintain long-term relationships with customers;
- Cross-sell services and products to existing customers;
- Expand our operations in strategic regions; and
- Evaluate strategic acquisitions and other opportunities to enhance value for our stakeholders.

OUR GEOGRAPHIC SEGMENTS AND MARKETS



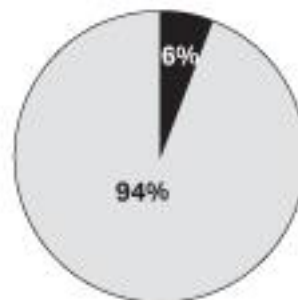
Contract Drilling Revenue Mix

2014



■ Drilling Canada
■ Drilling International

2013



■ Drilling Canada
■ Drilling International

Canada

Orbit Garant's Canadian drilling operations, which include surface and underground drilling, are conducted in Québec, Ontario, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Nunavut and British Columbia. The Company's manufacturing operations are conducted in Val d'Or, Quebec and Sudbury, Ontario.

Revenue was approximately \$68.2 million for the domestic drilling segment, for the 12 months ended June 30, 2014.

International

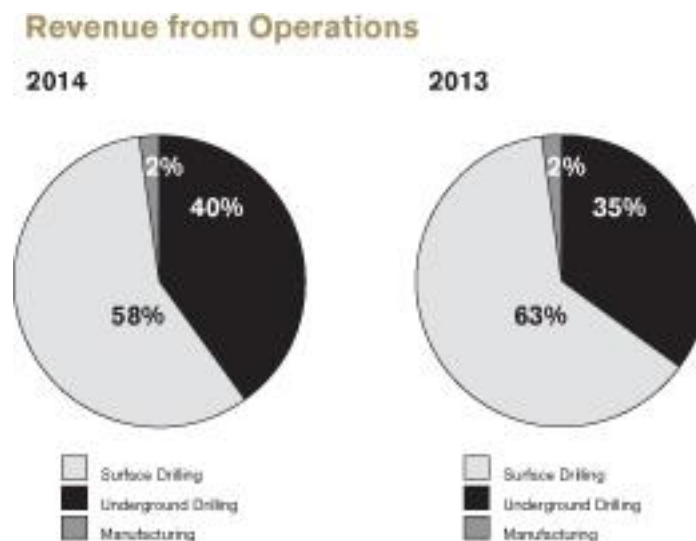
Orbit Garant's International drilling operations are conducted in the United States, Mexico, West Africa and South America.

Revenue was approximately \$3.3 million for the international drilling segment, for the 12 months ended June 30, 2014.

Growth in each of these areas is driven both by organic growth and acquisitions.

OUR PRODUCTS AND SERVICES

Orbit Garant provides surface and underground drilling services to customers while also manufacturing drills and components, primarily for customer projects.



Surface Drilling

Our largest business is providing surface drilling services (both diamond core drilling and reverse circulation drilling) to our domestic and international customers. In general, surface drilling is required by mining/exploration companies in order to evaluate mineral deposits and determine if they can be developed economically. Such drilling services generally involve the use of hydraulic drill rigs to drill into soil and rock formations from the surface to obtain core samples that are delivered to the customer for evaluation and analysis.

This business accounted for approximately \$42.0 million (58.7% of our revenues) for the fiscal year ended June 30, 2014, compared to \$65.7 million (63.0% of revenue) in the fiscal year ended June 30, 2013.

Our specialized, high quality approach

The surface drilling contracts for which we compete often involve operating in harsh environments, such as desert terrain, rain forests, swampland, high altitudes, arctic and subarctic regions and other remote locations. We evaluate each prospective project based on the complexity of the work required and then propose a custom-designed package of equipment, drill methods and procedures as the optimum approach for the project. Working in conjunction with our engineering departments at Orbit Garant Ontario and Soudure Royale, we design or modify specialty drill rigs (such as heli-portable drill rigs and computerized drills) to meet the specific requirements of our customers. We also manufacture and provide other ancillary support equipment, such as water recirculation systems, heat recovery systems and systems to enhance fuel efficiency.

In addition to providing conventional surface drilling services, we offer the following specialized surface drilling services:

- deep hole drilling (1,000 metres and beyond);
- directional drilling;
- large diameter drilling (using PQ-sized (4 $\frac{7}{8}$ inches) drilling diameter drill bits);
- heli-portable drill rigs;
- geotechnical drilling services; and
- very hard rock (Iron Formation) drilling.

Our average surface drilling contract is for programs totalling 5,000 to 10,000 metres, taking six to 12 months to complete, but we occasionally sign longer term contracts with some of our larger customers. Occasionally, as market conditions and capacity permit, we conduct smaller programs in the range of 2,500 total metres, taking approximately three months to complete.

We are paid primarily in Canadian dollars (approximately 99%) for all the surface drilling work completed internationally, with the small remainder being paid in other currencies, including US dollars and Mexican pesos.

We plan to use our scale, scope and specialized expertise to expand our surface drilling business both in Canada and internationally.

Underground Drilling

Underground drilling services accounted for approximately \$28.3 million or 39.6% of our revenue for the fiscal year ended June 30, 2014, compared to \$36.9 million (35.4%) for the fiscal year ended June 30, 2013.

Underground drilling is an essential component of underground exploration, development and mine operations. Our underground drilling services principally involve the use of electric hydraulic drills that are used to drill longer, often larger-diameter holes required for exploration and delineation of new underground mine reserves. Our underground fleet also includes air drills that are smaller and more manoeuvrable than the electric-hydraulic drills and are typically used in ongoing mine operations to help with detailed definition of the ore.

Manufacturing

Through Soudure Royale and Orbit Garant Ontario - two of our wholly-owned subsidiaries - we manufacture and maintain high quality surface and underground drills, primarily to support our drilling services, and, to a lesser extent, to sell to other drilling companies.

Our drill rigs are designed and engineered to meet the rigorous demands of the mineral drilling industry and our customers' expectations. During the year ended June 30, 2014, Soudure Royale manufactured four drills for the Company and also provided supplies and equipment support. This business accounted for \$1.3 million, or 1.8%, of

revenue for the year, compared to \$1.6 million (1.5%) of revenue for the year ended June 30, 2013. While not a major revenue generator, we believe our manufacturing operations add considerable value to our drilling service operations.

Our focus on quality, safety and reliability

Drilling services for ongoing mining operations are generally undertaken for an extended period of time and underground drilling contracts are typically entered into for a period of one to two years. Because of the mobilization and demobilization costs associated with changing drilling suppliers mid-stream, customers are reluctant to change suppliers unless the new provider is either substantially cheaper, or if there has been a safety issue with the incumbent. Our comprehensive employee health and safety program has resulted in an excellent safety record, which we believe enhances our competitive position in winning and retaining drilling contracts.

OUR PEOPLE

Both underground and surface drilling require a high degree of expertise and technical competence to ensure that the core samples are extracted properly, to accurately and efficiently reflect the location, composition and extent of the mineral deposit. Our pricing and revenue is typically based on the number of metres drilled, but the productivity, and therefore profitability, of a drilling project is largely determined by how effectively our workers extract core samples.

Maintaining a skilled and experienced workforce is a critical component for any company operating in the drilling services industry and it is something at which Orbit Garant has excelled. We have been able to attract and retain a highly skilled work force of approximately 600 non-unionized employees.

The following table summarizes the number of employees at Orbit Garant by function, as at June 30, 2014:

Employees assigned to drilling operation:	456
Support (garage):	71
Administration:	<u>57</u>
Total:	584

Developing qualified drillers and helpers

Our drills are operated by personnel known as “drillers” and “driller helpers”. Drillers most often begin their careers as driller helpers, where they develop the skills necessary to operate drilling machinery by assisting seasoned drillers. Occasionally, two drillers will share a helper, but the most common ratio is one to one. Typically, a helper is promoted to a driller within one year. Employees are usually paid a base hourly rate plus a performance bonus based on metres drilled. We established our pay scale on the recommendation of the CDDA and we attempt to structure compensation to reward drillers who exceed productivity expectations.

In order to increase the quality of drillers and driller helpers, we, in collaboration with the school board in Val-d'Or, have established a training course program to certify students as drillers. The program curriculum requires that students complete a practical component by acting as driller helpers with Orbit Garant. Our arrangement with the Val-d'Or school board is exclusive and provides us with access to students to recruit for permanent employment upon completion of the certification .

Our Drill Fleet

We currently have 214 drill rigs, of which 87 are underground drills (including 69 electric drills and 18 air drills) and 127 are surface drills (including 120 hydraulic drills and seven reverse circulation drills). Twelve of our underground drill rigs and eight surface drill rigs are currently equipped with our computerized monitoring and control technology.

The following table shows the number of drill rigs for each of our geographic segments as at June 30, 2014:

Geographic location	Number of drills	Percentage
Canada	190	88.8
International	24	11.2
TOTAL	214	100.0

We refurbish our drills every five to seven years in order to extend their useful life.

The depth to which a rig can drill is primarily a function of its capacity to hold a drill string, which can weigh up to several tons, and its torque power to rotate the drill string in a bore hole. We maintain rigs that are able to drill to a depth of approximately 3,000 metres in order to meet the range of drilling services required by our customers.

Orbit Garant's drills are complemented by ancillary assets such as trucks and light vehicles, mud systems (pumps and tanks) and air compressors.

OUR CUSTOMERS AND CONTRACTS

Drilling contracts are typically awarded following a tender process and prices are typically quoted on a per metre (or foot) basis and, in certain circumstances, as a day rate per drilling rig. Customers generally pay for costs such as fuel, gas, food and lodging for our employees, as well as the costs to mobilize and demobilize the drilling operations.

We have developed strong customer relationships and we have served some of our customers for more than 20 years.

Our underground drilling customers are typically major gold and base metal mining companies with which we have long-standing relationships. The costs of mobilizing and demobilizing a new drilling contractor, as well as the disruption to the customer's operation, places us in a favourable position when bidding to retain an underground contract for an existing customer.

Our revenues are secured by both short-term and long-term (two to five year) contracts, and pricing may be periodically renegotiated to reflect changing market conditions.

Our surface drilling customers are a mix of intermediate and major mining companies, as well as junior mining companies exploring for gold and base metals.

For the 12 months ended June 30, 2014, approximately 75% of revenue from our drilling operations was derived from more established intermediate and major mining companies, and approximately 25% was generated from services provided to junior mining companies. We believe our established position and solid reputation in the industry help us to attract new customers.

OUR COMPETITIVE ENVIRONMENT

The mineral drilling services industry is comprised of a number of small regional competitors as well as multinational corporations, including Boart Longyear Limited, Energold Drilling Corp., Foraco International S.A., Layne Christensen Company, Major Drilling Group International Inc. and others.

Our industry is undergoing a period of consolidation as regional companies have been acquired by both public and private drilling companies.

We compete against both multinational and smaller regional drilling service providers on the basis of price, accuracy, safety, productivity, reliability, experience and environmental record. We believe that Orbit Garant is differentiated from smaller regional providers due to our highly qualified personnel, comprehensive training programs, high health and safety standards, high quality service, custom technologies and competitive pricing.

Orbit Garant is one of the few market players that is vertically-integrated, enabling us to help our customers plan and execute all aspects of their drilling programs, through exploration, development and production. Our manufacturing subsidiary, Soudure Royale, provides us with a clear competitive advantage as it enables us to quickly build custom drill rigs at a cost that is significantly lower than purchasing from an external supplier. Soudure Royale also performs rig maintenance services to support optimum drill rig utilization rates and manufactures other support equipment and consumables. Soudure Royale can also manufacture conventional drill rigs for third parties.

We are also well positioned to take advantage of our innovative, computerized monitoring and control drilling technology. A growing number of our drill rigs are being equipped with the new technology. In field trials and current customer deployments, our computerized monitoring and control technology has already demonstrated improved health and safety conditions, increased driller productivity rates and reduced labour and consumable component costs.

CAPITAL EXPENDITURES

We acquired Soudure Royale and Orbit Garant Ontario to ensure that we have the people and infrastructure in place to provide our drilling operations with the high quality machinery and parts, and state-of-the-art equipment and technology they need to meet the exacting demands of our customers. To maintain our high quality standards and provide customers with superior service and specifically tailored solutions, we remain committed to investing in R&D.

At the end of fiscal 2014, we had 20 drill rigs featuring our proprietary computerized monitoring and control technology. This technology reduces the operating costs of our drilling operations, enhance productivity and improve our cost competitiveness.

Capital expenditures totalled \$3.1 million in fiscal 2014 and \$9.3 million in fiscal 2013. The Board of Directors has approved the 2015 fiscal capital budget of \$6.8 million. The Board of Directors and the senior management team will continuously monitor market conditions, including metals prices and customer demand, and adjust our capital expenditure budget as required.

SUPPLIERS

During the 12-month period ended June 30, 2014, we spent approximately \$15.6 million on materials, supplies and other inventory items from over 300 suppliers, with the top 10 suppliers accounting for approximately 49% of the total dollar value of supplies purchased during the year.

The largest (by volume) and most important items we purchase include drill rods, grease and other lubricants, cylinders, hydraulic pumps, wire cables, drills, hoses, diamond bits and reaming shells.

Our largest suppliers are currently MBI Drilling Products, Fordia Group Inc., Pétrole J.C. Trudel, CMAC Thyssen and Boart Longyear Limited. We maintain good relations with all of our suppliers and take advantage of volume discounts when possible.

HUMAN RESOURCES AND SAFETY

Our human resources department has the ability to evaluate the effectiveness and deployment of our drillers and to provide oversight on health and safety issues. This department plays a key role in recruiting, training and retaining highly

skilled drillers and ensuring that our workers are operating in a safe environment. We have implemented a high quality health and safety program with qualified trainers who ensure that all drillers receive the necessary training to ensure a safe workplace. In addition, for certain job sites, our customers impose their own safety policies. Our standard practice is to comply with the higher safety standard, whether that standard is ours or that of our customer.

REGULATORY ENVIRONMENT

Orbit Garant's operations are subject to a broad range of federal, provincial, state and local laws and regulations governing environmental, transportation and occupational health and safety matters. We believe that we are in full compliance with the laws and regulations pertaining to our operations.

ENVIRONMENTAL PROTECTION

Our operations are subject to environmental regulation under the laws of Canada, the United States and any other jurisdictions where we operate. Our customers are responsible for obtaining the environmental permits necessary for our drilling activities and our policy is to comply with all applicable environmental standards and regulations.

Some of the equipment we manufacture and utilize – such as water recirculation systems, heat recovery systems and fuel efficiency systems – are designed to meet and exceed environmental standards while generating operating efficiencies and cost savings for the Company and its customers.

RISKS AND UNCERTAINTIES IN OUR BUSINESS, INDUSTRY AND MARKETS

The following is a summary of the risk factors that relate to our business operations and the industry within which we operate, and should be read in conjunction with the detailed information appearing elsewhere in this Annual Information Form. While we have endeavoured to provide a comprehensive list, these risks and uncertainties may not be the only ones relevant to the Company. Unknown risks or those that may seem immaterial at this time could also have a negative impact on our future operations and results.

RISKS RELATED TO OUR BUSINESS AND THE INDUSTRY

Cyclical Downturns

Demand for drilling services and products is driven by the level of mineral exploration and development activities conducted by mining companies. Those activities are driven primarily by commodity prices, which are subject to cyclical demand. We face an ongoing risk that low commodity prices could substantially reduce future exploration and drilling expenditures by mining companies, resulting in a decline in demand for our services, with a negative impact on our revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

Our business is influenced by a variety of global and country-specific economic and business conditions (including inflation, interest rates and exchange rates and access to debt and capital markets), as well as by monetary and regulatory policies. Deterioration in domestic or global economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have an adverse impact on our financial performance and condition, cash flows and growth prospects.

Attracting and Retaining Qualified Drillers

A supply of drillers qualified to operate our drills is essential to our business, so our ability to attract, train and retain high quality drillers is a high priority. Failing to retain qualified drillers or attract and train new ones could have an adverse effect on our financial performance, financial condition, cash flows and growth prospects. As well, rising rates paid to

drillers and helpers would exert pressure on our profit margins if we are unable to pass on the higher costs to our customers.

The Increased Cost of Sourcing Materials and Supplies

When bidding on an underground drilling contract, the cost of sourcing materials and supplies is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to the risk of increased costs over the time period. An unanticipated increase in the cost of labor or materials and supplies during that period could result in could reduce our profit margins with an adverse impact on our financial performance, financial condition, cash flows and growth prospects.

The Impact of Leverage and Restrictive Covenants

Through a credit agreement between the Company and National Bank of Canada Inc. (the “**Credit Agreement**”) we have access to credit facilities to fund, among other things, working capital and acquisitions. **The degree to which Orbit Garant is leveraged could have important consequences**, including:

- a limit on our ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future;
- a reduction in funds available for future operations if a significant portion of our cash flow from operations must be dedicated to debt payments; and
- the impact of variable interest rates, which expose us to the risk of increased interest costs.

As well, the **Credit Agreement contains a number of restrictive covenants that limit management discretion** with respect to certain business matters, including:

- changes in ownership of the Company;
- our ability to create liens or other encumbrances;
- our ability to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees; and
- our ability to sell or otherwise dispose of assets and merge with another entity.

The **Credit Agreement contains financial covenants that require us 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 which, if not addressed, could lead to acceleration of the debt burden. If indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to cover the debt. In 2014, the Company breached certain of its financial covenants under the Credit Agreement on two different occasions due to difficult market conditions experienced during the year. Although on both occasions the lender agreed to waive the breaches and/or make certain amendments to the covenants that are intended to allow the Company to avoid similar breaches going forward, there can be no assurance that the Company will be able to avoid additional breaches of the financial covenants in the future or that the Company would be able to replace the Credit Agreement with alternate sources of financing.

Our Customers' Access to Equity Markets

Economic factors and equity market conditions could make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This could result in reduced demand for drilling services and could have an adverse effect on our business.

Acquisitions

Part of our core business strategy is to grow through strategic acquisitions, and acquisitions may expose us to unanticipated business risks or liabilities for which we may not be fully indemnified or insured. The success of any acquisition depends on the successful integration of existing and new computer systems, equipment and personnel. Any issues arising from the integration of an acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be dedicated to the ongoing development and expansion of our existing operations, and that, in turn, could have a negative impact on our business.

Supply of Key Materials

If we experience a rapid, significant increase in demand for our services, it could put pressure on the ability of Soudure Royale and Orbit Garant Ontario to manufacture and deliver the new drills and associated materials necessary to meet the increased customer demand in a timely manner. Any impediment to delivering the required equipment could have a negative impact on our capacity and ability to generate incremental revenue.

Competition

We face considerable competition from several large drilling services companies as well as from a number of smaller, regional competitors. Some of our competitors have been in the drilling services industry for a longer period of time and have substantially greater financial resources than we do. The capital cost to acquire drilling rigs is relatively low, enabling existing competitors to finance expansion while providing the opportunity for new competitors to enter the market. Increased competition in the drilling services market may adversely affect our market share, profitability and growth opportunities, including geographic growth.

In addition, there can be no guarantee that the scale advantage we currently enjoy in the Val-d'Or region will continue. Any erosion of our competitive position could have an adverse impact on our business.

A significant portion of the drilling services business is based on contracts awarded through a competitive tender process. We face the risk of losing potential new contracts to competitors if we are unable to demonstrate a competitive advantage when it comes to reliable performance, technical competence and competitive pricing as part of the tender process, or if mining companies decide not to undertake a competitive tender process.

Our Ability to Sustain and Manage Growth

Our ability to grow depends on a number of factors, many of which are beyond our control, such as commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as BRIC. We are also subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place a strain on the management team and will likely require the recruitment of additional management resources.

There is no guarantee that we will be able to:

- manage expanding operations (including any acquisitions) effectively;
- sustain or accelerate growth or ensure that growth results in profitable operations;
- attract and retain sufficient management resources necessary for continued growth; or
- complete successful strategic investments and acquisitions.

The failure to accomplish any of these goals could have an adverse effect on our business and growth prospects.

Future Acquisition Strategy

One of our core business strategies is to grow through strategic acquisitions, in addition to organic growth. There is considerable competition within the drilling services industry for attractive acquisition targets. As we pursue this strategy, there is no guarantee that

- future acquisition opportunities will exist on acceptable terms;
- newly acquired or developed entities will be successfully integrated into our operations; or
- adequate financing will be available on acceptable terms.

Cancellation and Renewal of Customer Contracts

Our contracts with surface drilling customers are typically for a term of six to twelve months and our contracts for underground drilling customer are typically for a term of one to two years. We face the risk of cancellation, as contracts may be cancelled by the customer on short notice in certain circumstances, with limited or no amounts payable to us. There is also a risk that existing contracts may not be renewed or replaced. The failure to renew or replace existing contracts and cancellation of existing contracts could have an adverse effect on our business.

International Expansion and Instability

Most of our operations are in Canada, which is relatively stable, but international expansion entails additional political and economic risk. Some of the countries and regions that we have targeted for expansion are undergoing industrialization and urbanization and do not have the economic, political or social stability enjoyed by more developed nations. Other countries have experienced political or economic instability in the past and may be subject to risks beyond our control. These could include war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, natural disasters, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law, and onerous new regulations, tariffs, taxes and other barriers. As a result, our operations, assets, employees and repatriation of revenue could be impaired or adversely affected by factors related to international expansion.

Operational Risks and Liability

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

As well, in all aspects of our business, we face external and internal operational risks related to processes, systems and people, including business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues and business integration issues, any of which could have an adverse impact on our business.

Currency Exposure

As at June 30, 2014, we had U.S. dollar revenue exposure of approximately \$0.7 million, primarily related to the surface reverse circulation drilling business carried on by Drift. 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 may result from a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues, personnel issues or logistics issues. In addition, we operate in a variety of remote geographic locations, some of which are prone to inclement weather conditions, and natural or other disasters. Any business interruptions could have an adverse impact on our business.

Reputational Risk

Any negative publicity, whether true or not, would be a risk to our reputation, and could cause a decline in our customer base, with an adverse impact on our business. As every risk we face could have an impact on our reputation, reputational risk cannot be managed in isolation from other types of risk. It is vital that every employee and representative of the Company upholds our strong reputation by complying with all applicable policies, legislation and regulations as well as by creating positive experiences with our customers, stakeholders and the public.

Ongoing integration of business systems

The Company has recently installed new operating information and technology systems. These systems are designed to improve the business operations and management oversight. However, there may be a level of disruption to the business with incorrect information produced and relied upon while implementation and training are being completed and Management's attention may be diverted to ensuring the successful integration of the new technology during this process. The Company's financial performance, financial condition, cash flows and growth prospects may be adversely affected by any implementation problems associated with the business systems.

Insurance Limits

While we maintain property, general liability and business interruption insurance, there is no guarantee:

- that this insurance will continue to be offered on an economically feasible basis; or
- that all events that could give rise to a loss or liability are insurable; or
- that the amount of insurance we carry will, at all times, be sufficient to cover each and every loss or claim that may occur involving our assets or operations.

Legal and Regulatory Risk

The mining and drilling industries are highly regulated and we are subject to complex legal, environmental and health and safety regulations which may differ in the different jurisdictions where we operate. Failing to comply with regulations could lead to penalties, including fines or even suspension of operations, which could have a significant impact on our business and on our financial strength and future earnings potential. Furthermore, our mineral exploration customers are also subject to similar legal, regulatory, health and safety regulations which could affect their operations or, in some cases, their decision to go ahead with mineral exploration or mine development. That, in turn, could have a negative impact on our business.

Legislative and Regulatory Changes

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

Environment, Health and Safety Requirements and Related Risks

Our operations are subject to a broad range of federal, provincial, state and local laws and regulations, as well as permits and other approvals relating to the protection of the environment and workers' health and safety. These laws and regulations govern everything from our operations' air emissions and water discharges to the handling of non-hazardous and hazardous waste (including waste water), and the storage, handling, disposal and clean-up of dangerous goods and hazardous materials such as chemicals, as well as anything else that could have an impact on the health and safety of workers or the general public. We are subject to these laws wherever we operate, in Canada and in other jurisdictions. This means we may be involved from time to time in administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Any proceedings or inquiries of that nature could have an adverse effect on our business, financial condition and results of operations.

The drilling activities and operations at our worksites may involve operating hazards that could result in personal injury and loss of life. As noted in the "Insurance Limits" section, there is no guarantee that our insurance will be sufficient or effective against all claims or hazards to which we may be subject or that we will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which we are not fully insured could have an adverse impact on our business. As well, if our implementation of health and safety and environmental policies is seen to be inadequate, our reputation and relationships with customers may deteriorate, which could lead to the loss of contracts.

RISKS RELATED TO OUR CAPITAL STRUCTURE AND COMMON SHARES

Equity Market Risks

There are always risks associated with any investment in equity securities. The market price of our Common Shares may fluctuate as it is subject to the impact of numerous domestic and global factors, such as:

- general economic conditions;
- general mining industry and drilling industry conditions;
- general equity market conditions;
- actual or anticipated fluctuations in our results of operations;
- changes in our estimates (or those of securities analysts) of our future results of operations; and
- other risks identified in this section.

Influence of Existing Shareholders

As at September 26, 2014, Pierre Alexandre, our Vice-Chairman & VP Corporate Development held or controlled, directly or indirectly, approximately 28% of our outstanding Common Shares. As a result, he has the ability to influence the Company's strategic direction and policies (including any merger, consolidation or sale of our assets), as well as the election and composition of our Board of Directors. His ability to affect Orbit Garant's control and direction could reduce the Company's attractiveness as a target for potential take-over bids and business combinations, and that, in turn, could affect the price of our Common Shares.

Dilution

We may raise additional funds in the future by issuing equity securities and holders of Common Shares have no pre-emptive rights in connection with such further issuances. As well, additional Common Shares may be issued in connection with the exercise of options granted. Any additional equity issuances could, depending on the issue price of the securities, substantially dilute the interests of Common Shareholders.

Dividend Payments

We do not expect to pay dividends, as our policy is to use cash for future growth or debt repayment. As well, our Credit Agreement places restrictions on the declaration of dividends.

Credit Risk

We provide credit to our customers in the normal course of operations, and are therefore subject to the risk of financial loss from defaults. Our policy is to provide credit solely to credit-worthy counterparties and to obtain sufficient collateral, where appropriate, as a means of mitigating the risk. On a continuing basis, we carry out credit checks on our customers and maintain provisions for contingent credit losses. Demand for our drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada («EDC») on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2014, the amount of the insurance coverage from EDC represents approximately 5% of the accounts receivable (35% in June 30, 2013). Due to the reduction of International drilling demands the Company did not meet the EDC requirements. Consequently, the insurance coverage ceased as of May 1, 2014. Considering the paid premiums and claims made over the past years, the Company has evaluated that this change will have little impact on its financial results.

As at June 30, 2014, 45% (37% as at June 30, 2013) of the trade accounts receivable are aged as current and 7% (7% as at June 30, 2013) of receivables are impaired.

One major customer represented 12% of the trade accounts receivable as at June 30, 2014 (one major customer represented 26% as at June 30, 2013).

Two major customer represented 30% of the contract revenue for the year ended June 30, 2014 (for the year ended June 30, 2013, one major customer represented 22% of the contract revenue).

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

We do not use derivatives to manage credit risk.

Interest Rate Risk

As a significant part of our long-term debt bears interest at variable rates, we are subject to interest rate risk.

As at June 30, 2014 the Company has estimated that a one percentage point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings of approximately \$0.1 million (\$0.1 million in 2013).

Fair Value

The fair value of cash, accounts receivable, accounts payable and accrued liabilities is approximately equal to their carrying values, due to their short-term maturity. The fair value of the investments is equal to their original costs.

The fair value of long-term debt approximates its carrying value as it bears interest at variable rates and has financing conditions similar to those currently available to the Company. The fair value on the contingent consideration has been evaluated with a discounted rate value.

DIVIDEND POLICY: WE REINVEST IN THE BUSINESS

Our longstanding policy is to reinvest earnings to finance the growth and development of our business. We have not declared any dividends in the past three years, nor do we intend to pay dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the Board and will depend on our financial condition, results of operations, capital requirements and other relevant factors, including any restrictions contained in the Credit Agreement.

DESCRIPTION OF OUR CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preference shares, issuable in series (the **"Preference Shares"**).

As of June 30, 2014, there were 33,276,519 Common Shares and no Preference Shares issued and outstanding.

Common Shares

Registered holders of our Common Shares are entitled to receive a notice of and attend meetings of Orbit Garant's shareholders, and to vote at these meetings on the basis of one vote per share. Registered holders are also entitled to participate, on a prorated basis, in any distribution of our net assets in the event of the liquidation, dissolution or winding-up of the Company (subject to any preferential rights of any Preference Shares or any other shares which may rank prior to the Common Shares).

Holders of Common Shares are entitled to dividends, if, as and when declared by the Board, subject to any preferential rights of any Preference Shares, if issued. Holders of Common Shares are not, as shareholders, generally liable for any liability, act or default of the Company.

Preference Shares

The Board may, from time to time, issue Preference Shares in one or more series, and may determine the designations, rights, privileges, restrictions and conditions of any Preference Shares issued.

Prior Option Plan

On January 31, 2007 the Board approved the creation of the prior option plan (the **"Prior Option Plan"**). A total of 1,033,000 options that may be exercised for Common Shares on a one-for-one basis are outstanding under this plan, with no new options issued under this plan after June 26, 2008. All outstanding options granted under the Prior Option Plan vested as to 50% on June 26, 2008, as to 25% on June 26, 2009 and as to 25% on June 26, 2010. All options will expire on the tenth anniversary of the date of the grant, with the last options expiring on August 20, 2017.

New Option Plan

On the closing of Orbit Garant's initial public offering, we adopted a new option plan, which was prepared in accordance with TSX's policies on listed company security-based compensation arrangements (the **"New Option Plan"**). Those eligible for options under the New Option Plan include any director, officer or employee of Orbit Garant, of our subsidiaries, a corporation controlled by an eligible individual, or a family trust of which at least one trustee is an eligible person and of which all of the beneficiaries are the eligible person and his or her spouse or children.

The aggregate number of common shares which may be issued from treasury under the New Option Plan or reserved for issuance upon the exercise of options under the 2008 stock option plan shall not exceed 10% of the issued and outstanding common shares.

The number of Common Shares which may be issued or reserved for issuance to any one person under the New Option Plan, or any other employee-related plan or options for services granted by the Company, may not exceed 5% of the aggregate issued and outstanding Common Shares at that time. Without the approval of our non-insider shareholders, no option will be granted under the New Option Plan if the grant would result in the number of Common Shares which may be issued or reserved for issuance under the New Option Plan and all other share compensation arrangements (other than the Prior Option Plan) exceeding 10% of outstanding Common Shares.

The Board, through the recommendation of the Corporate Governance and Compensation Committee, administers the New Option Plan and determines, among other things; options, vesting periods, exercise price and other attributes of the options (pursuant to the New Option Plan, applicable securities legislation and the rules of the TSX). 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 occurred over that period) of the Common Shares at the time of the grant of the option. Options may be exercised during a period determined under the New Option Plan, and may not exceed 10 years. In the event that an option expires during a Blackout Period (as defined in the New Option Plan) or within nine business days following the expiration of a Blackout Period, the expiration of the option will be automatically extended to the tenth business day following the expiration of the Blackout period.

Unless otherwise determined by the Board, options vest at the rate of 20% per year, commencing 12 months after the date of grant. In the event of a transaction that would result in a “change of control” under the New Option Plan, the Board may declare either that all options are then exercisable, or that all (or some) the options may be exercised only within a set 30 day period. Under the New Option Plan, a change of control is generally defined as:

- the sale of all (or substantially all) the Company’s assets;
- an acquisition by an offer for a majority of the voting rights attaching to the Common Shares; or
- the completion of a merger or a similar transaction whereby the shareholders of the Company would hold less than 50% of the voting securities of the resulting entity.

If an option holder ceases to be a director, officer or employee of Orbit Garant or one of our subsidiaries, all that holder’s unvested options will terminate (all options, whether vested or unvested, will terminate if the option holder resigns or is terminated for just cause). Vested options will terminate on the earlier of the expiry date of the option or 30 days after the holder’s termination (unless the event of termination is death or termination not for cause, in which case the period will be extended to one year). Options are not transferable, except that on the death of an option holder, options may be exercised by a legal representative or by a person who acquires the option by bequest or inheritance.

The Board may amend the New Option Plan without shareholder approval in instances such as the following:

- (i) amendments of a “housekeeping” nature;
- (ii) a change to the vesting provision of any option;
- (iii) a change to the termination provisions of any option that does not entail an extension beyond the original expiration date;
- (iv) the introduction of a cashless exercise feature payable in securities, whether or not such a feature provides for a full deduction of the number of underlying securities from the New Option Plan reserve;
- (v) the addition of a form of financial assistance and any amendment to a financial assistance provision, which is adopted; and
- (vi) a change to the eligible participants of the New Option Plan.

THE MARKET FOR OUR SECURITIES

Our Common Shares are listed and posted for trading on the TSX under the symbol “OGD”, as they have been since June 26, 2008. The following table provides the reported high and low prices and the trading volume for the Common Shares on the TSX for the fiscal year ended June 30, 2014:

Year High: \$1.94

Year low: \$0.90

Total Volume 4,555,558

Month	Year	High (C\$)	Low (C\$)	Volume
June	2014	1.63	1.45	235,651
May	2014	1.91	1.53	104,288
April	2014	1.65	1.38	325,804
March	2014	1.94	1.56	138,403
February	2014	1.72	1.42	348,967
January	2014	1.70	1.20	357,170
December	2013	1.70	1.03	99,737
November	2013	1.08	0.99	1,390,767
October	2013	1.25	1.00	510,364
September	2013	1.30	0.99	179,575
August	2013	1.25	1.05	195,032
July	2013	1.20	0.90	669,800

ORBIT GARANT’S DIRECTORS AND OFFICERS

Directors:

Name, Province and Country of residence	Position with Orbit Garant	Director since	Principal Occupation (if not with Orbit Garant)
Eric Alexandre Québec, Canada	Director, President and Chief Executive Officer	2007	
Pierre Alexandre Québec, Canada	Director, Vice-Chairman and Vice President Business Development	2007	
Patrick Godin ^{3,5} Québec, Canada	Director	2008	Chief Operating Officer, Director Stornoway Diamond Corporation

Name, Province and Country of residence	Position with Orbit Garant	Director since	Principal Occupation (if not with Orbit Garant)
William N. Gula ^{3,5} Ontario, Canada	Director	2011	Managing Director, Morrison Park Advisors
Jean-Yves Laliberté ^{2,5} Québec, Canada	Director	2008	Chief Financial Officer, Cartier Resources Inc.
Guthrie J. Stewart ¹ Québec, Canada	Director	2008	Corporate Director
Edmund J. Stuart ^{3,4} Ontario, Canada	Director	2008	President, Brannach Services Inc.

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- (1) Non-Executive Chair of the Board of Directors
(2) Chair of the Audit Committee
(3) Member of the Audit Committee
(4) Chair of the Corporate Governance and Compensation Committee
(5) Member of the Corporate Governance and Compensation Committee

The term of office of each director will expire at the time of the next annual meeting.

Executive officers:

Name, Province and Country of Residence	Position with Orbit Garant
Eric Alexandre, Québec, Canada	President, Chief Executive Officer and Director
Pierre Alexandre, Québec, Canada	Vice-Chairman and Director, Vice President Business Development
Alain Laplante, Québec, Canada	Vice-President and Chief Financial Officer, Corporate Secretary

In each case, the officer's position with Orbit Garant indicated above is that officer's principal occupation.

Share ownership

As at September 22, 2014, the directors and executive officers, as a group, owned or controlled, directly or indirectly, 9,469,617 Common Shares representing approximately 28% of the outstanding Common Shares of the Company.

Employment History

The principal occupations of the directors and executive officers for the previous five years are described below. Except as otherwise disclosed in this Annual Information Form, no director or executive officer has any material conflict of interest with the Company.

Eric Alexandre: President, Chief Executive Officer and Director. Mr. Alexandre co-founded Orbit Garant Drilling in January 2007. Prior to Orbit Garant Drilling, from 2004 to 2007, he was a partner and General Manager of Orbit Drilling. Mr. Alexandre has more than fourteen years of experience in the financial industry, with a particular expertise in financial

and administrative management. From 1998 to 2003, he was a Commercial Account Director for the National Bank of Canada. While a student, he spent the summers working as a diamond driller. Mr. Alexander holds the title of Professional Chartered Accountant (CPA, CMA) and an undergraduate Honours Business Administration degree from the Université du Québec. Mr. Alexandre oversees the day to day operations and is actively involved in all contract negotiations and current expansion of the Company in Canada and internationally.

Pierre Alexandre: Vice Chairman, Vice-President Business Development and Director. Mr. Pierre Alexandre co-founded Orbit Garant Drilling in January 2007 and under his leadership the Company has grown to become one of the most prominent Canadian operators in diamond drilling. He was previously the founder, President and CEO of Orbit Drilling (1986). Mr. Alexandre has more than thirty-eight years of experience in the diamond drilling industry, with a particular expertise in operational planning and business relationship development and he has a valuable understanding of how to succeed in the drilling industry. From 1974 to 1983, he worked as a surface driller for various drilling companies. As Vice Chairman of Orbit Garant, he draws from his hands-on drilling experience to provide technical operating advice to the Company and is still active in generating domestic and international expansion.

Patrick Godin: Director. Mr. Godin is a professional mining engineer with more than 20 years of experience in all aspects of mine development, construction and operation. Prior to joining Stornoway, as COO and Director, Mr. Godin held the position of Vice President, Project Development, for G Mining Services Inc. of Montreal, with responsibility for the successful development of the Essakane Project in Burkina Faso under contract to IAMGOLD Corporation. Between 2007 and 2008 he oversaw the development of the Nunavik Nickel Project as Vice President Operations for Canadian Royalties Inc. Between 1991 and 2007 he held successively senior positions with Cambior Inc. and its affiliate companies, with experience in the development and management of several mining operations in the Abitibi-Témiscamingue region of Québec, and culminating in the role of President and General Manager of CJB-CAIMAN S.A.S., the Cambior, and subsequently IAMGOLD, subsidiary in French Guiana. Mr. Godin is a member of the Ordre des Ingénieurs du Québec, a non-executive Chairman of the Board of Directors of GeoMega Resources and holds an ASC certification granted by the Directors College.

William N. Gula: Director. Mr. Gula is a Managing Director of Morrison Park Advisors (“MPA”), an independent investment bank providing financial and strategic advisory services to clients requiring specialized investment banking expertise. Prior to joining MPA in 2011, Mr. Gula was a senior partner at Davies Ward Philips & Vineberg, one of Canada’s leading law firms. He was called to the Ontario Bar in 1979 and practiced in the fields of mergers and acquisitions, securities law and corporate governance. From 1997 to 2004, Mr. Gula was Head of Mergers and Acquisitions at Scotia Capital Inc. Mr. Gula has Bachelor of Science and LLB degrees from the University of Toronto.

Jean-Yves Laliberté: Director. Mr. Laliberté has more than 20 years of experience in finance and accounting with extensive experience in the mining sector. Since June of 2007 he has served as Chief Financial Officer of Cartier Resources Inc., a publicly listed exploration company based in Québec and Director since May 2012. From May of 2008 to April 2011, he served as Chief Financial Officer of Abitex Resources Inc., a publicly listed mineral exploration company based in Québec. Mr. Laliberté is also self-employed. Previously, between April of 2006 and April of 2007, he served as Chief Financial Officer of Scorpio Mining Company. Prior to that, he worked with Richmond Mines Inc., serving as Controller from 1989 to 1994 and as Vice President, Finance for Richmond Mines Inc. and Louvem Mines Inc. from 1994 to 2006. Prior to 1989, he was with KPMG LLP. Mr. Laliberté received his Bachelor degree in Accounting from the Université du Québec en Abitibi-Témiscamingue in 1985 and is a member of the Professional Chartered Accountant (CPA, CA) and an ICD.D certification granted by the Institute of Corporate Directors.

Alain Laplante: Vice-President and Chief Financial Officer. Mr. Laplante joined Orbit Garant in August of 2007 and has more than 27 years of experience in Financial Management and Planning with a particular expertise in financial negotiations and the integration processes after acquisitions. He holds a “Fellow Professional Chartered Accountant” designation (FCPA, FCGA) and an undergraduate degree from the Université du Québec. From 1989 to 2007, he was the Chief Financial Officer at Air Creebec; a regional airline, operating in the provinces of Québec and Ontario. From 2004 to 2005 he was President of the Board of Directors of “l’Ordre des CGA du Québec”. From 1985 to 1989 -

Controller at Plastibec Ltée; a leading manufacturer and supplier of vertical louvers, horizontal slats and valances, which became a publicly traded company during Mr. Laplante's employment.

Guthrie J. Stewart: Director. Mr. Stewart has over 25 years of experience in private equity investing, executive management and corporate law. Until December 2007, Mr. Stewart was a partner of the Equity Fund of EdgeStone Capital Partners. Prior to that, from 1992 to 2000, Mr. Stewart held various executive positions with the Teleglobe Group, including President and Chief Executive Officer of Teleglobe Canada Inc., Executive Vice President, Global Development of Teleglobe Inc. and Chairman and Chief Executive Officer of Teleglobe Media Enterprises. Mr. Stewart commenced undergraduate studies in science at Queen's University and obtained an LLB degree from Osgoode Hall Law School and an MBA from INSEAD in Europe. He is also member of the Faculty Advisory Board at the Desautels Faculty of Management, McGill University. Mr. Stewart holds an ICD.D certification granted by the Institute of Corporate Directors.

Edmund J. Stuart: Director. Mr. Stuart is a member of the Institute of Corporate Directors (ICD.D) and the Association of Professional Geoscientists of Ontario (P.Geo) and has been actively involved in the mining and exploration business for the last 30 years. Of these, 24 years were with Aur Resources Inc. At the time of Aur's acquisition by Teck Resources in 2007, Mr. Stuart held the position of Executive Vice-President, Mining Operations, responsible for Aur's world-wide mining operations. Prior to this, he held various other senior posts with Aur including President, North America Division, with overall responsibility for North-American exploration and mining and Vice-President Development Projects where he was responsible principally for construction of the Duck Pond Mine in Newfoundland. Mr. Stuart is currently President of Brannach Services Inc., a private firm providing consulting services to the minerals industry and formerly served on the Board of Directors of Alexandria Minerals Corporation. Mr. Stuart holds a BSc degree from the University College, Dublin and a MSc (Geo) degree from Michigan Tech University.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is subject to certain claims and lawsuits from time to time in the course of carrying on our business. With the exception of legal proceedings in which we are involved in the ordinary course of business and which, in our opinion, are not material, the Company is not involved in any legal proceedings at present.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Annual Information Form, no director, executive officer or shareholder (or any of their known associates or affiliates) who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, has had any material interest, direct or indirect, in any transaction within the last three years, or in any proposed transaction, that has or could materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is CST Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

As at September 26, 2014, the following are material contracts of the Company beyond those which we have entered into in the ordinary course of business.

- (i) The Prior Option Plan
- (ii) The New Option Plan.

Copies of these contracts are, or will be, available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

AUDIT COMMITTEE INFORMATION

The full text of the Orbit Garant Audit Committee Charter is attached to this document as Appendix “A”. Audit Committee members include Jean-Yves Laliberté, Patrick Godin, William N. Gula and Edmund J Stuart, all of whom are independent and financially literate within the meaning of the applicable securities laws. For a description of each Audit Committee Member’s education and experience relevant to the performance of his or her responsibilities as an audit committee member, please see “Employment History” “Directors and Officers – Biographies”.

Jean-Yves Laliberté is the Chair of the Audit Committee.

Pre-Approval Policies and Procedures

It is within the Audit Committee’s mandate to review and pre-approve any engagements for non-audit services provided by the external auditors or their affiliates, together with the fees for these services, and to consider the impact of this on the independence of the external auditors. The Committee determines whether the external auditors should be prohibited from providing any non-audit services to the Company, and may establish a pre-approval procedure to satisfy the Committee’s requirements for all non-audit services.

Audit Fees

The following fees were billed by the external auditor for our annual financial statements and for the services normally provided by the auditor in connection with our statutory and regulatory filings:

Fees billed in 2014	Fees billed in 2013
\$138,440	\$143,200

Audit Related Fees

The following fees were billed for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements, but are not reported above in the Audit Fees section. These include due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, assistance with aspects of tax accounting, services not required by state or regulation and consultation regarding financial accounting and reporting standards:

Fees billed in 2014	Fees billed in 2013
\$39,800	\$66,433

Tax Fees

The following fees were billed for tax compliance, advice, planning and assistance with tax specific transactions by the external auditor:

Fees billed in 2014	Fees billed in 2013
\$137,570	\$108,585

All Other Fees

No additional fees were billed by the external auditor in 2014 and 2013.

ADDITIONAL INFORMATION

Additional information relating to Orbit Garant may be found on the System for Electronic Document Analysis and Retrieval, which may be accessed on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, if applicable, will be provided in the Information Circular for our Annual & Special Meeting of Shareholders, to be held on **December 4, 2014**. Additional financial information is also provided in Orbit Garant's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended June 30, 2014.

Appendix A

CHARTER OF THE AUDIT COMMITTEE (the “Committee”)

ORBIT GARANT DRILLING INC. Internal controls

1. Objectives

The Committee will assist the Corporation’s board of directors (the “**Board of Directors**” or the “**Board**”) in fulfilling its oversight responsibilities, in particular by reviewing the Corporation’s accounting framework, financial and performance information, internal controls, risk tolerance and compliance with applicable legislation. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management of the Corporation (“**Management**”) and external auditors.

2. Interpretation, Composition and Meeting Particulars

- Key definitions are found in *Schedule 1*.
- Details on Composition are found in *Schedule 2*.
- Details on Meetings and Resources are found in *Schedule 3*.

3. Responsibilities and Duties

3.1 General Responsibilities

While the Committee has the responsibilities and powers set forth below, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate. This is the responsibility of Management and the external auditors. It is the duty of the Committee to conduct investigations, to resolve disagreements, if any, between Management and the external auditors and to assure compliance with laws and regulations. The Audit Committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between Management and the external auditor, regarding financial reporting (Section 2.3 (3) of Regulation 52-110).

3.2 Review of Mandate of the Committee

The Board of Directors shall review and reassess the adequacy of this mandate on an annual basis.

3.3 Public disclosed financial information

3.3.1 The Committee shall review and recommend for approval by the Board of Directors, before release to the public:

3.3.1.1 unaudited interim condensed consolidated financial statements;

- 3.3.1.2 audited consolidated annual financial statements, in conjunction with the report of the external auditors;
 - 3.3.1.3 all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual information form and the management's discussion and analysis of financial condition and results of operations, as well as related press releases, including earnings guidance; and
 - 3.3.1.4 the compliance of Management certification of financial reports with applicable legislation and attestation of the Corporation's disclosure controls and procedures.
- 3.3.2 The Committee shall review and report to the Board of Directors any report or document which accompanies published financial statements (to the extent such a report discusses financial condition or operating results) or which includes financial information extracted or derived from the financial statements of the Corporation for consistency of disclosure with the financial statements themselves.
- 3.3.3 In its review of financial statements, the Committee should obtain an explanation from Management of all significant variances between comparative reporting periods and an explanation from Management for items which vary from expected or budgeted amounts as well as from previous reporting periods.
- 3.3.4 In its review of financial statements, the Committee should review and report to the Board of Directors any unusual or extraordinary items, transactions with related parties, and adequacy of disclosures, asset and liability carrying values, income tax status and related reserves, qualifications, if any, contained in letters of representation and business risks, uncertainties, commitments and contingent liabilities.
- 3.3.5 The Committee shall review any litigation, claim or other contingency and any regulatory or accounting initiative that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.
- 3.3.6 In its review of financial statements, the Committee shall review the appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

3.4 Financial reporting and accounting trends

The Committee shall:

- 3.4.1 review and assess the effectiveness of accounting policies and practices concerning financial reporting;
- 3.4.2 review with Management and with the external auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of Management that may be material to financial reporting;
- 3.4.3 question Management and the external auditors regarding significant financial reporting issues discussed and the method of resolution; and

- 3.4.4 review general accounting trends and issues of accounting policy, standards and practices which affect or may affect the Corporation.

3.5 Internal controls

- 3.5.1 The Committee shall review and monitor the Corporation's internal control procedures, programs and policies, and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems.
- 3.5.2 The Committee shall review:
 - 3.5.2.1 the evaluation of internal controls by the external auditors, together with Management's response;
 - 3.5.2.2 the working relationship between Management and external auditors; and
 - 3.5.2.3 internal control procedures to ensure compliance with the law and avoidance of conflicts of interest.
- 3.5.3 The Committee shall undertake private discussions with staff in charge of the audit function to establish internal audit independence, the level of co-operation received from Management, the degree of interaction with the external auditors, and any unresolved material differences of opinion or disputes.

3.6 External auditors

- 3.6.1 The Committee shall recommend to the Board of Directors the appointment of the external auditors, which must be a member of the Canadian Public Accountability Board (CPAB). The external auditors shall report directly to the Audit Committee (section 2.2 of Regulation 52-110) and that the Audit Committee shall be directly responsible for overseeing the work of the external auditors (section 2.3 (3) of Regulation 52-110).
- 3.6.2 The Committee shall receive every year a report from the external auditors regarding the auditors' independence, discuss such report with the auditors, and if so determined by the Committee, recommend that the Board of Directors take appropriate action to satisfy itself as to the independence of the auditors.
- 3.6.3 The Committee shall take appropriate steps to assure itself that the external auditors are satisfied with the quality of the Corporation's accounting principles and that the accounting estimates and judgments made by Management reflect an appropriate application of International Financial Reporting Standards (IFRS).
- 3.6.4 The Committee shall undertake private discussions on a regular basis with the external auditors to review, among other matters, the quality of financial personnel, the level of co-operation received from Management, any unresolved material differences of opinion or disputes and the effectiveness of the work of the internal audit.

If considered appropriate, the Committee shall establish separate systems of reporting to the Committee by each of Management and the external auditor.

- 3.6.5 The Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees as well as the compensation of any advisors retained by the Committee and shall make recommendations in that respect to the Board of Directors.
- 3.6.6 The Committee shall review and pre-approve any engagements for non-audit services provided by the external auditors or their affiliates, together with the fees for such services, and consider the impact of this on the independence of the external auditors in accordance with Schedule 4. The Committee shall determine what the non-audit services are, that the external auditors are prohibited from providing to the Corporation and may establish a procedure to satisfy the pre-approval requirements by the Committee of all non-audit services in accordance with Schedule 4.
- 3.6.7 When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition.
- The Committee shall review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant it.
- 3.6.8 The Committee shall review all reportable events, including disagreements, unresolved issues and consultations on a routine basis whether or not there is to be a change of auditors.
- 3.6.9 When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a certain number of years and establishing hiring policies for employees or former employees of its external auditor.
- 3.6.10 The Committee must review and approve, if applicable, the Corporation's hiring policies regarding partners, employees or former partners and employees of the present and former external auditors of the Corporation.

3.7 Audit procedures

- 3.7.1 The Committee shall review the audit plans and shall inquire as to the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. The audit plan should be reviewed with the external auditors and with Management, and the Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan.
- 3.7.2 The Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by Management or significant accounting issues on which there was a disagreement with Management.
- 3.7.3 The Committee shall review the post audit or Management letter containing the recommendations of the external auditors, and Management's response and subsequent follow-up to any identified weakness.

3.8 Risk Management and other responsibilities

- 3.8.1 The Committee shall put in place procedures to receive and handle complaints or concerns received by the Corporation about accounting or audit matters including the anonymous submission by employees of concerns respecting accounting or auditing matters.
- 3.8.2 The Committee shall review such litigations, claims, transactions or other contingencies as the external auditors or any officer of the Corporation may bring to its attention, and shall periodically review the Corporation's Risk Management Programs and Comprehensive Computer Disaster Recovery Plans.
- 3.8.3 The Committee shall examine any proposed policy of the Corporation on use of derivatives and monitor any risk associated thereto.
- 3.8.4 The Committee shall review the related party transactions in line with the applicable securities rules and regulations.
- 3.8.5 At the request of the Board of Directors, the Committee shall review business risks that could affect the ability of the Corporation to achieve its business plan.
- 3.8.6 The Committee shall review uncertainties, commitments, and contingent liabilities material to financial reporting.
- 3.8.7 The Committee shall review the effectiveness of control and control systems utilized by the Corporation in connection with the financial reporting of the Corporation.
- 3.8.8 The Committee shall review material valuation issues.
- 3.8.9 The Committee shall review the quality and accuracy of accounting systems, the adequacy of the protections against damage and disruption, and security of confidential information through information systems reporting of the Corporation.
- 3.8.10 The Committee shall review material matters relating to audits of subsidiaries.
- 3.8.11 The Committee shall review cases where Management has sought accounting advice on a specific issue from an accounting firm other than the one appointed as auditor.
- 3.8.12 The Committee shall review any legal matters that could have a significant impact on the financial statements.
- 3.8.13 The Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.
- 3.8.14 The Committee shall report regularly to the Board of Directors on its proceedings, reviews undertaken and any associated recommendations.
- 3.8.15 The Committee shall have the right, for the purpose of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.

4. Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.

No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

Approved by the Board of Directors on September 22 , 2014

Schedule 1

Interpretation

“Accounting or Related Financial Experience” means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with International Financial Reporting Standards (IFRS).

“Audit Services” means the professional services rendered by the issuer’s external auditor for the audit and review of the Corporation’s financial statements or services that are normally provided by the external auditor in connection with the laws applicable in securities matters.

“Committee” means the Audit Committee of the Board of Directors of the Corporation.

“Executive Officer” means, with respect to an entity, an individual who is chair of the entity, President and Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, a Vice-President of a principal business unit, an officer of any subsidiary or any other individual who performs policy-making functions in respect of an entity.

“External Auditor” means a public accounting firm that is retained by the Corporation or any of its subsidiaries to provide Audit Services to the Corporation or any of its subsidiaries, including each of such firm’s affiliated member firm;

“Financially Literate” An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

“Unrelated or Independent Directors” means a director who is “independent” within the meaning set out in National Policy 52-110 – *Audit Committees*.

“Non-audit services” means services other than **“Audit Services”**

“Public Traded Subsidiary” means a subsidiary company, participating voting shares of which are listed for trading on a recognized stock exchange.

Schedule 2

1. Composition

- 1.1 The Committee shall consist solely of Independent Directors, all of whom shall be Financially Literate and at least one of whom shall have Accounting or Related Financial Experience;
- 1.2 Following each Annual General Meeting of Shareholders, the Board of Directors shall elect a minimum of three Directors and a maximum of five Directors, who shall meet all independence and experience requirements, to serve on the Committee until the close of the next Annual General Meeting of Shareholders of the Corporation or until the member ceases to be a Director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board of Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all the powers of the Committee so long as quorum remains.
- 1.3 The Board of Directors shall appoint one of the members of the Committee as the chairman of the Committee (the “**Chairman**”). If the Chairman is absent from a meeting, the members shall select a Chairman from those in attendance to act as Chairman of the meeting.

Schedule 3

1. Meetings and Resources

Regular meetings of the Committee shall be held at least quarterly. The Committee should meet within 45 days following the end of the first three financial quarters of the Corporation and shall meet within 90 days following the end of the fiscal year of the Corporation. The Committee shall have one additional meeting annually for the purposes of discussing general topics relevant to the Committee. Special meetings of the Committee may be called by the Chairman of the Committee, the external auditors, the Chairman of the Board of Directors of the Corporation or the Chief Financial Officer of the Corporation.

- 1.1 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the acting members of the Committee from time to time.
- 1.2 Unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- 1.3 Notice of each meeting shall be given to each member, the external auditors, the Chairman of the Board of Directors of the Corporation, the President and CEO and the Chief Financial Officer of the Corporation, any or all of whom shall be entitled to attend, unless a member of that Committee believes that there is a potential conflict of interest in which event only members of the Committee and such other people that the Committee determines necessary will be permitted to attend.
- 1.4 Members of the Committee shall have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.
- 1.5 Notice of Meeting, may be given orally or by letter, telephone facsimile transmission, telephone or electronic device not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The Notice need not state the purpose or purposes for which the meeting is being held.
- 1.6 Opportunities should be afforded periodically to the external auditors and the senior Management to meet separately with the Committee. The Committee and the Chairman should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chairman should meet with Management quarterly in connection with the Corporation's interim financial statements.
- 1.7 The Committee shall have the authority to retain special legal counsel, accountant or other consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Corporation's expense. The Audit Committee has the authority to set and pay the compensation for any advisors employed by the Audit Committee (section 4.1 of Regulation 52-110).
- 1.8 The Chairman of the Committee shall appoint a Secretary of all meetings of the Committee and such Secretary shall maintain minutes of all meetings and deliberations of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Schedule 4

POLICY REGARDING PRE-APPROVAL OF SERVICES PROVIDED BY THE EXTERNAL AUDITOR

1. GENERAL

- 1.1 **Purpose.** The Corporation and its subsidiary entities engage its External Auditor from time to time to provide both Audit Services and Non-Audit Services. The Corporation believes that it may be appropriate to engage the External Auditor to provide certain Non-Audit Services given that the External Auditor possesses unique knowledge of the business and affairs of the Corporation and its subsidiaries and can provide necessary and valuable services to the Corporation and its subsidiaries. The Committee has established this Policy for the pre-approval of services provided to the Corporation and its subsidiaries by the External Auditor for the purpose of identifying, mitigating and/or eliminating potential threats to the independence of the External Auditor.
- 1.2 **Application.** This Policy applies to the Corporation and all of its subsidiary entities. Similar policies are in place at the Publicly Traded Subsidiaries, governing these subsidiaries and their subsidiaries.
- 1.3 **Reporting.** Individuals, who become aware of a situation or incident where this Policy has been, or may be breached, must report the situation or incident immediately. Officers or employees of the Corporation or any of its wholly owned subsidiary entities should report to an Executive Officer of the Corporation. Members of the Board of Directors should report to the Chairman of the Board of the Corporation.
- 1.4 **Consequences of Non-Compliance with this Policy.** Any Director, Officer or other employee of the Corporation or any of its wholly owned subsidiary entities who violates this Policy may face disciplinary action up to and including termination of his or her appointment or employment. Violation of this Policy could also result in other sanctions and/or liability for damages for the director, officer or other employee and/or the Corporation.

2. AUDIT SERVICES

The Committee's approval of the terms of the engagement of the External Auditor for Audit Services and the recommendation to the Board of Directors that a public accounting firm be appointed; the External Auditor of the Corporation shall constitute pre-approval of the Audit Services set forth in Schedule A, ("Audit Services") which Schedule shall be reviewed periodically by the Committee and amended as the Committee may deem necessary or advisable.

3. NON-AUDIT SERVICES

- 3.1 **Prohibited Non-Audit Services.** Neither the Corporation nor any of its subsidiary entities shall engage the External Auditor to provide, directly or indirectly, any of the Non-Audit Services set forth in Schedule B ("*Prohibited Non-Audit Services*").
- 3.2 Permitted Non-Audit Services Budget.
- (a) The CFO shall submit a detailed annual budget, prior to the start of each fiscal year, of Permitted Non-Audit Services (the "Permitted Non-Audit Services Budget") that the CFO would like to have pre-approved for the upcoming fiscal year. The Committee shall review and, if appropriate, recommend to

the Board of Directors that the Permitted Non-Audit Services Budget be approved. At each quarterly meeting of the Committee the CFO shall provide the Committee with a reconciliation of the actual amount of Permitted Non-Audit Services actually incurred against the amount anticipated in the Budget and their best estimate of any additional Permitted Non-Audit Services specific services that they would like to have the Auditor perform. The Committee shall review and, if appropriate, recommend to the Board of Directors that the amended Permitted Non-Audit Services Budget presented at that quarterly meeting be approved.

- (b) Any specific requests for engaging the External Auditor to provide a Permitted Non-Audit Service that does not form part of the Permitted Non-Audit Services Budget (and therefore has not been pre-approved) will be made by the CFO directly to the Chairman of the Committee; provided, however, that at no time can the aggregate of the Permitted Non-Audit Service that has not been pre-approved exceed five percent (5%) of the total amount of fees reasonably expected to be paid to the Auditor in that fiscal year (the "Maximum Non-Approved Permitted Non-Audit Services"). At each meeting of the Committee they shall review and, if appropriate, approve the Permitted Non-Audit Services that were not pre-approved and have been incurred. If the Committee does not approve that expenditure the Maximum Non-Approved Permitted Non-Audit Services for that fiscal year shall be reduced by the amount of the expenditure incurred. If the Committee approves that expenditure the Permitted Non-Audit Services Budget shall be deemed to be amended accordingly and the Maximum Non-Approved Permitted Non-Audit Services shall be re-set as if the expenditure had not been incurred.

3.3 **Independence.** In reviewing Permitted Non-Audit Services for pre-approval, the Committee shall consider the impact of all such services and associated fees on the independence of the External Auditor.

3.4 **Corporate Procedures.** The Committee may establish and maintain appropriate procedures to implement this Policy.

3.5 **Procedures of the External Auditor.** The Corporation shall provide a copy of this Policy to the External Auditor and shall require that the External Auditor implement its own policies and procedures to ensure that Prohibited Non-Audit Services are not provided to the Corporation or to any of its subsidiary entities and that all Permitted Non-Audit Services that are provided to the Corporation or to any of its subsidiary entities have been pre-approved in accordance with this Policy.

3.6 **Publicly Traded Subsidiaries.** The Committee shall require that the Secretary of the Committee, table a report annually, from the Secretary of each Publicly Traded Subsidiary's Audit confirming that:

- (i) such subsidiary has in place a policy substantially the same as the Policy, governing such subsidiary and its subsidiaries; and
- (ii) that the policy of such subsidiary governing Audit Services, Prohibited Non-Audit Services and Permitted Non-Audit Services conforms with Policy and the appropriate Schedules under paragraph 2 and 3 hereof.

Schedule A

AUDIT SERVICES – ORBIT GARANT DRILLING

1. Audits of Consolidated Financial Statements and services normally provided in connection with statutory and regulatory filings or engagements, including consultation on accounting issues, attendance at Audit Committee meetings and other services integral to audits of financial statements for the Corporation and its subsidiaries.
2. Compliance letters, agreed-upon procedures, reviews and similar reports based on Audited Consolidated Financial Statements for the Corporation and its subsidiaries.
3. Other audit engagements that may become necessary in compliance with future regulatory requirements, including audit of Management's assessment of internal controls and audit of internal controls. Services include coordination and review activities that assist in identifying potential audit considerations associated with an anticipated attest engagement

Schedule B

PROHIBITED NON-AUDIT SERVICES

1. **Management Functions:** make a Management decision or perform Management functions for the Corporation or any of its subsidiary entities including: (i) authorizing, approving, executing or consummating a transaction; (ii) having or exercising authority on behalf of the Corporation or any of its subsidiary entities; (iii) determining which recommendation of external auditor will be implemented; or (iv) reporting in a Management role to those charged with governance of the Corporation or any of its subsidiaries entities.
2. **Journal Entries and Sources Documents:** (i) prepare or change a journal entry, determine or change an account code or a classification for a transaction or prepare or change another accounting record without the approval of Management; or (ii) prepare a source document or originating data, or make a change to such a document or data.
3. **Accounting or Bookkeeping:** accounting or bookkeeping services related to the accounting records or financial statements to be audited including: (i) maintaining or preparing the accounting records of the Corporation or any of its subsidiary entities; (ii) preparing the financial statements or preparing financial statements which form the basis of the financial statements on which the audit report is provided; or (iii) preparing or originating source data underlying such financial statements, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of such financial statements.
4. **Valuation:** valuation services to the Corporation or any of its subsidiary entities unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of the financial statements.
5. **Actuarial:** actuarial services to the Corporation or any of its subsidiary entities unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of the financial statements.
6. **Internal Audit:** internal audit services to the Corporation or any of its subsidiary entities that relate to the internal accounting controls, financial systems or financial statements of the Corporation or any of its subsidiary entities unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during the audit of the financial statements.
7. **Financial Information Systems Design and Implementation:** financial information systems design or implementation services where such services involve; (i) directly or indirectly operating, or supervising the operation of the information system of the Corporation or any of its subsidiary entities, or managing the local area network of the Corporation or any of its subsidiary entities; (ii) designing or implementing a hardware or software system that aggregates source data underlying the financial statements or generates information that is significant to the financial statements or other financial information systems of the Corporation or any of its subsidiary entities taken as a whole, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of the financial statements.

8. **Expert and Legal:** expert opinion or other expert services for the purpose of advocating the interest of the Corporation or any of its subsidiary entities in a civil, criminal, regulatory, administrative or legislative proceeding or investigating, or legal services.
9. **Human Resources:** provide any of the following services to the Corporation or any of its subsidiary entities: (i) searching for seeking out prospective candidates for Management, executive or director positions; (ii) engaging in psychological testing, or other formal testing or evaluation programs; (iii) undertaking reference checks of prospective candidates for an executive or director position; (iv) acting as a negotiator or mediator on behalf of the Corporation or any of its subsidiary entities with respect to employees or future employees with respect to any condition of employment, including position, status or title, compensation or fringe benefits; or (v) recommending or advising the entity to hire a specific candidate for a specific job.
10. **Corporate Finance:** (i) promoting, dealing in or underwriting the securities of the Corporation or any of its subsidiary entities; (ii) making investment decisions on behalf of the Corporation or any of its subsidiary entities, or otherwise having discretionary authority over the investments of the Corporation or any of its subsidiary entities; (iii) executing a transaction to buy or sell investment of the Corporation or any of its subsidiary entities; or (iv) having custody of assets of the Corporation or any of its subsidiary entities, including taking temporary possession of securities purchased by the Corporation or any of its subsidiary entities.
11. **Other Services:** any other services prohibited by the Canadian Institute of Chartered Accountants, the Canadian Public Accountability Board or other regulatory body of competent jurisdiction.

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