



**Unaudited Interim Condensed Consolidated
Financial Statements**

Second Quarter Fiscal 2025

(For the three and six-month periods ended December 31, 2024 and 2023)

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

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Earnings (Loss)

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

	Notes	December 31 2024 (3 months) \$	December 31 2023 (3 months) \$	December 31 2024 (6 months) \$	December 31 2023 (6 months) \$
Contract revenue	20	43,419	43,345	91,854	87,662
Cost of contract revenue	3	36,263	40,380	77,068	80,380
Gross profit		7,156	2,965	14,786	7,282
Expenses					
General and administrative expenses		4,402	4,327	8,162	8,457
Foreign exchange (gain) loss		(336)	402	(574)	398
Finance costs		804	881	1,564	1,735
Interest revenue		(433)	-	(854)	-
	3	4,437	5,610	8,298	10,590
Earnings (loss) before income taxes		2,719	(2,645)	6,488	(3,308)
Income tax expense (recovery)	13				
Current		757	41	1,906	75
Deferred		403	(1,011)	(138)	(1,274)
		1,160	(970)	1,768	(1,199)
Net earnings (loss)		1,559	(1,675)	4,720	(2,109)
Net earnings (loss) per share	12				
Basic		0.04	(0.05)	0.12	(0.06)
Diluted		0.04	(0.05)	0.12	(0.06)

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

For the three and six-month periods ended December 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Net earnings (loss)	1,559	(1,675)	4,720	(2,109)
Other comprehensive (loss) earnings				
Cumulative translation adjustments, net of income tax of \$(12) (December 31, 2023: \$12)	(1,224)	21	(1,045)	(472)
Other comprehensive earnings (loss)	(1,224)	21	(1,045)	(472)
Comprehensive earnings (loss)	335	(1,654)	3,675	(2,581)

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Changes in Equity

For the six-month periods ended December 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

Six-month period ended December 31, 2024					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 12)				
Balance as at July 1, 2024	59,204	923	4,673	(4,571)	60,229
Total comprehensive (loss) earnings					
Net earnings	-	-	4,720	-	4,720
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(1,045)	(1,045)
Other comprehensive loss	-	-	-	(1,045)	(1,045)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 12)	-	93	-	-	93
Share buyback (Note 11)	(36)	-	-	-	(36)
Share options cancelled (Note 12)	-	(74)	74	-	-
Total transactions with shareholders	(36)	19	74	-	57
Balance as at December 31, 2024	59,168	942	9,467	(5,616)	63,961

Six-month period ended December 31, 2023					Total
	Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Shareholders' equity
	\$	\$	\$	\$	\$
	(Note 12)				
Balance as at July 1, 2023	59,204	981	5,786	(4,327)	61,644
Total comprehensive earnings (loss)					
Net loss	-	-	(2,109)	-	(2,109)
Other comprehensive loss					
Cumulative translation adjustments	-	-	-	(472)	(472)
Other comprehensive loss	-	-	-	(472)	(472)
Transactions with shareholders, recorded directly in equity					
Share-based compensation (Note 12)	-	59	-	-	59
Share options cancelled	-	(204)	204	-	-
Total transactions with shareholders	-	(145)	204	-	59
Balance as at December 31, 2023	59,204	836	3,881	(4,799)	59,122

See accompanying notes to interim condensed consolidated financial statements.

Page 4

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Financial Position

As at December 31, 2024 and June 30, 2024

(in thousands of Canadian dollars)

(Unaudited)

	Notes	December 31 2024	June 30 2024
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		528	332
Trade and other receivables		34,204	30,530
Inventories		46,087	42,964
Income taxes receivable		265	537
Prepaid expenses		412	734
Current portion of long-term receivable		1,134	552
Current portion of net investment in finance leases		52	-
		82,682	75,649
Non-current assets			
Investments	4	1,287	1,411
Long-term receivable	5	1,427	1,692
Net investment in finance leases	6	36	-
Property, plant and equipment	7	35,876	33,394
Right-of-use assets		4,530	3,211
Intangible assets		198	211
Deferred tax assets		4,439	4,309
Total assets		130,475	119,877
LIABILITIES			
Current liabilities			
Trade and other payables		27,565	25,410
Income taxes payable		1,558	117
Factoring liability		2,133	-
Current portion of long-term debt	8	886	450
Current portion of lease liabilities	9	1,365	1,060
		33,507	27,037
Non-current liabilities			
Long-term debt	8	30,329	30,909
Lease liabilities	9	2,678	1,702
		66,514	59,648
EQUITY			
Share capital	12	59,168	59,204
Equity-settled reserve		942	923
Retained earnings		9,467	4,673
Accumulated other comprehensive loss		(5,616)	(4,571)
Equity attributable to shareholders		63,961	60,229
Total liabilities and equity		130,475	119,877

Contingencies and commitments (notes 15 and 16)

APPROVED BY THE BOARD

Daniel Maheu, Director

Nicole Veilleux, Director

See accompanying notes to interim condensed consolidated financial statements.

Page 5

ORBIT GARANT DRILLING INC.

Interim Condensed Consolidated Statements of Cash Flows

For the three and six-month periods ended December 31, 2024 and 2023

(in thousands of Canadian dollars)

(Unaudited)

		December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	Notes	\$	\$	\$	\$
OPERATING ACTIVITIES					
Earnings (loss) before income taxes		2,719	(2,645)	6,488	(3,308)
Items not affecting cash					
Depreciation of property, plant and equipment		2,219	2,577	4,352	5,187
Depreciation of right-of-use assets		281	145	492	295
Amortization of intangible assets		16	56	31	120
Gain on disposal of property, plant and equipment	7	(118)	(85)	(112)	(154)
Share-based compensation	12	49	33	93	59
Finance costs		804	881	1,564	1,735
Interest revenue from long-term receivable	5	(433)	-	(854)	-
Net change in fair value of investments	4	330	72	124	153
		5,867	1,034	12,178	4,087
Changes in non-cash operating working capital items	14	(2,423)	3,008	(4,992)	1,886
Income taxes paid		(132)	(8)	(197)	(12)
Finance costs paid		(780)	(1,006)	(1,505)	(1,827)
		2,532	3,028	5,484	4,134
INVESTING ACTIVITIES					
Proceeds from disposal of investments	4	-	68	-	68
Collection of long-term receivable	5	252	-	737	-
Collection of net investment in finance leases	6	19	-	19	-
Acquisition of property, plant and equipment	7	(4,906)	(2,592)	(7,117)	(5,204)
Proceeds from disposal of property, plant and equipment	7	367	166	424	302
Acquisition of intangible assets		(9)	(19)	(18)	(45)
		(4,277)	(2,377)	(5,955)	(4,879)
FINANCING ACTIVITIES					
Proceeds from factoring		4,449	3,244	7,091	8,059
Repayment on factoring		(2,289)	(3,143)	(4,936)	(8,797)
Proceeds from long-term debt		36,395	24,447	61,495	46,547
Repayment of long-term debt		(36,261)	(25,152)	(61,873)	(45,145)
Repayment of lease liabilities		(337)	(253)	(652)	(533)
Repurchase of common shares	11	(36)	-	(36)	-
		1,921	(857)	1,089	131
Effect of exchange rate changes on cash and cash equivalents		(460)	(28)	(422)	(318)
(Decrease) increase in cash		(284)	(234)	196	(932)
Cash and cash equivalents, beginning of the period		812	1,483	332	2,181
Cash and cash equivalents, end of the period		528	1,249	528	1,249

See accompanying notes to interim condensed consolidated financial statements.

Page 6

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

1. DESCRIPTION OF BUSINESS

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

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

	% of voting rights
Orbit Garant Drilling Services Inc.	100%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Orbit Garant Chile S.A.	100%
Orbit Garant Drilling Ghana Limited	100%
Perforación Orbit Garant Peru S.A.C.	100%
OGD Drilling (Guyana) Inc.	100%
Forage Orbit Garant BF S.A.S.	100%
Forage Orbit Garant Guinée SARLU	100%
Sarliq-Orbit Garant Inc.	49%

2. BASIS OF PREPARATION

Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34"). The IFRS accounting policies that are set out in Note 3 to the Company's annual audited consolidated financial statements for the year ended June 30, 2024 were consistently applied to all periods presented. These interim condensed consolidated financial statements have not been subject to a review engagement by the Company's independent auditors.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates, assumptions and judgments. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in Note 4 in the Company's annual audited consolidated financial statements for the year ended June 30, 2023. They remained unchanged for the three and six-month periods ended December 31, 2024.

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

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's 2024 annual audited consolidated financial statements.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on February 12, 2025.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

2. BASIS OF PREPARATION (continued)

Principles of consolidation

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

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

3. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Cost of contract revenue	2,296	2,540	4,437	5,107
General and administrative expenses	220	238	438	495
Total depreciation and amortization	2,516	2,778	4,875	5,602

Principal expenses by nature

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Depreciation and amortization	2,516	2,778	4,875	5,602
Employee benefits expense	22,414	22,408	45,669	44,808
Cost of inventories	10,694	10,291	21,855	20,627
Lease expenses ^(a)	2,855	2,977	5,640	5,730
Interest on long-term debt	602	803	1,296	1,569
Interest on lease liabilities	72	48	128	77
Factoring charges and other interest	130	30	140	89
Other expenses	1,417	6,655	5,763	12,468
Total cost of contract revenue and expenses	40,700	45,990	85,366	90,970
Cost of contract revenue	36,263	40,380	77,068	80,380
Other expenses	4,437	5,610	8,298	10,590
Total cost of contract revenue and expenses	40,700	45,990	85,366	90,970

^(a) This amount consists of lease payments related with short term lease agreements. No sublease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

4. INVESTMENTS

	Six-month period ended December 31, 2024	Year ended June 30, 2024
	\$	\$
Investments in public companies, beginning of the year	1,411	320
Conversion of trade receivables	-	1,500
Proceeds from disposal of investments	-	(68)
Change in fair value of investments measured at fair value through profit or loss	(124)	(341)
Investments in public companies, end of the period	1,287	1,411

5. LONG-TERM RECEIVABLE

	Six-month period ended December 31, 2024	Year ended June 30, 2024
	\$	\$
Long-term receivable, beginning of year	2,244	-
Proceeds from disposal of inventories, property, plant and equipment	-	7,501
Interest revenue	854	-
Collection of long-term receivable including related interest revenue	(737)	(71)
Effect of the substantial modification of a receivable	-	(3,540)
Expected credit loss on long-term receivable	-	(1,644)
Foreign exchange differences	200	(2)
	2,561	2,244
Current portion	1,134	552
Balance, end of period	1,427	1,692

As at December 31, 2024, the carrying value of the long-term receivable before expected credit loss is \$4,205 (\$3,888 as at June 30, 2024) and the allowance for expected credit loss is \$1,644 (\$1,644 as at June 30, 2024). The long-term receivable is not past due.

6. NET INVESTMENT IN FINANCE LEASES

	Six-month period ended December 31, 2024
	\$
Net investment in finance leases, beginning of year	
Proceeds from disposal of property, plant and equipment	107
Interest revenue	4
Collection of net investment in finance leases including related interest revenue	(23)
	88
Current portion	52
Balance, end of period	36

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

6. NET INVESTMENT IN FINANCE LEASES (continued)

Lease payments receivable in the next years are as follows:

	December 31
	2024
	\$
Within one year	60
Later than one year and no later than five years	37
	97
Less: discounting impact	(9)
Present value of lease payments receivable	88

7. PROPERTY, PLANT AND EQUIPMENT

	December 31	December 31	December 31	December 31
	2024	2023	2024	2023
	(3 months)	(3 months)	(6 months)	(6 months)
	\$	\$	\$	\$
Acquisition of property, plant and equipment	4,906	2,592	7,117	5,204
Proceeds from disposal of property, plant and equipment	(367)	(166)	(424)	(302)
Gain on disposal of property, plant and equipment	(118)	(85)	(112)	(154)

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

8. LONG-TERM DEBT

	December 31 2024	June 30 2024
	\$	\$
Revolving credit facility of US\$3,000 as at June 30, 2024 authorized for a maximum amount of \$7,195 (US\$5,000), bearing interest at base rate plus 0.25%, effective rate as at December 31, 2024 of 8.25% (June 30, 2023: interest at base rate plus 0.25%, effective rate of 9.25%), maturing in November 2026, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below ^{(d) (e)}	-	4,106
Revolving credit facility authorized for a maximum amount of \$30,000, bearing interest at prime rate plus 1.00%, effective rate as at December 31, 2024 of 6.45% (June 30, 2024: interest at prime rate plus 2.00%, effective rate of 8.95%), maturing in November 2026, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below ^{(a) (b) (d)}	18,442	17,189
Loan, bearing interest at 6.50%, payable in monthly instalments of \$63, maturing in October 2042, secured by a first rank hypothec on a land and building ^{(c) (f)}	7,882	7,996
Loan of US\$2,000, bearing interest at rates of 8.12%, payable in monthly instalments of \$60 (US\$42) from June 2025, maturing in May 2029, secured by a second rank hypothec on the universality of all present and future assets ^(g)	2,878	-
Loan of CLF 37 (June 30, 2024: CLF 39), bearing interest at rates of 3.30%, payable in monthly instalments of \$22 (CLF 0.43), maturing in February 2028, secured by a land and building. ^(h)	2,013	2,068
	31,215	31,359
Current portion	(886)	(450)
	30,329	30,909

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

8. LONG-TERM DEBT (continued)

- (a) The Loans bear interest at either (a) the bank's prime rate plus an applicable margin based on a financial covenant or (b) the banker's acceptance rate plus an applicable margin based on a financial covenant. In addition, the Corporation incurs commitment fees, varying between 0.35% to 0.84%. The rate is variable based on the quarterly calculation of a financial ratio and can vary from (a) prime rate plus 0.50% to 2.75% or (b) banker's acceptance rate plus 1.50% to 3.75%.
- (b) As at December 31, 2024, an unamortized amount of \$158 (\$211 as at June 30, 2024), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.
- (c) As at December 31, 2024, an unamortized amount of \$111 (\$114 as at June 30, 2024), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.
- (d) On September 27, 2024, the Company signed the second amendment to the fifth amended and restated credit agreement with National Bank of Canada in respect of the Credit Facility. The Credit Facility consists of a revolving credit facility in the amount of \$30,000 along with a revolving credit facility in the amount of US\$5,000, that will expire November 2, 2026. In addition, the Company's obligations under the US\$5,000 revolving credit facility are guaranteed by EDC. Availability under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. As at December 31, 2024, the borrowing base for the Credit Facility was \$27,062 and US\$5,000 and the undrawn amounts were \$8,462 and US\$4,220.
- (e) As at December 31, 2024, the Company had utilized US\$780 (June 30, 2024: US\$1,655) of this facility for outstanding stand-by letters of credit.
- (f) On September 9, 2022, the Company entered into an additional loan agreement with the Business Development Bank of Canada (the "BDC Loan Agreement") for a term loan in the principal amount of \$8,470. The loan bears interest at a fixed rate of 6.50% per year since November 2023, has a duration of 240 consecutive monthly payments from November 2022 until October 2042. The Company's obligations under the BDC Loan Agreement are secured by a first ranking hypothec on the land and building serving as the Company's head office located in Val-d'Or.
- (g) On November 29, 2024, the Company entered into the EDC Loan Agreement, which provides for a term loan in the principal amount of US\$2,000. This loan bears interest at a fixed rate of 8.12% per year, has a 4-year term and is repayable by way of 48 consecutive monthly payments from June 2025 until May 2029. The Company's obligations under the EDC Loan Agreement are: a) secured by a second ranking hypothec on the universality of all present and future assets; and (b) guaranteed on a solidary (joint and several) basis by certain of our subsidiaries. The Company's long-term debt under the EDC Loan Agreement including the current portion amounted to US\$2,000 (\$2,878) as at December 31, 2024 (nil as at June 30, 2024).
- (h) As at December 31, 2024, an unamortized amount of \$20 (\$23 as at June 30, 2024), representing financing fees, has been netted against the long-term debt. This amount is being amortized to earnings over the term of the debt, using the effective interest method.

Under the terms of the long-term debt agreements, the Company must satisfy certain restrictive covenants as to minimum financial ratios (Note 10). As at December 31, 2024, the Company was compliant with its financial covenants (June 30, 2024: the Company was compliant with its financial covenants).

As at December 31, 2024, the prime rate in Canada was 5.45% for Canadian loans (6.95% as at June 30, 2024), the prime rate in United States was 7.50% and the base rate in the United States was 8.00% for US loans (8.50% and 9.00%, respectively as at June 30, 2024).

As at December 31, 2024, principal payments required in the next years are as follows:

	\$
Within one year	886
Later than one year and no later than five years	24,030
Later than five years	6,588
	31,504

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

8. LONG-TERM DEBT (continued)

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

As at December 31, 2024		Within	Later than one	Later than
\$000s	Total	one year	but no later than	five years
	\$	\$	\$	\$
CAN	26,593	246	19,759	6,588
US (US\$2,000)	2,878	420	2,458	-
Chilian UF (CLF 37)	2,033	220	1,813	-
	31,504	886	24,030	6,588

9. LEASE LIABILITIES

The summary of the activity related to the lease liabilities for the three-month and six-month periods ended December 31, 2024 and 2023 is as follows:

	December 31	December 31	December 31	December 31
	2024	2023	2024	2023
	(3 months)	(3 months)	(6 months)	(6 months)
	\$	\$	\$	\$
Lease liabilities recognized, beginning of period	3,815	2,086	2,762	1,219
Additions	613	1,138	1,952	2,288
Disposals	(28)	-	(28)	-
Finance cost	72	48	128	77
Payment of lease liabilities, including related finance costs	(409)	(301)	(780)	(610)
Variable lease payment adjustment ^(a)	3	1	5	1
Foreign exchange differences	(23)	(2)	4	(5)
	4,043	2,970	4,043	2,970
Current portion	1,365	1,071	1,365	1,071
Balance, end of period	2,678	1,899	2,678	1,899

^(a) The variable lease payments depend on an index or a rate.

Lease payments required in the next years are as follows:

	December 31
	2024
	\$
Within one year	1,630
Later than one year and no later than five years	2,964
	4,594
Less: discounting impact	(551)
Present value of lease payments	4,043

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

10. CAPITAL MANAGEMENT

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

The Company's capital structure is as follows:

	December 31 2024	June 30 2024
	\$	\$
Long-term debt	31,215	31,359
Lease liabilities	4,043	2,762
Factoring liability	2,133	-
Share capital	59,168	59,204
Equity-settled reserve	942	923
Retained earnings	9,467	4,673
Accumulated other comprehensive loss	(5,616)	(4,571)
Cash and cash equivalents	(528)	(332)
	100,824	94,018

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

Under the terms of certain of the Company's debt agreements, the Company must satisfy certain financial covenants, such as Senior debt to earnings before income taxes, interest, depreciation and amortization ratio, Senior debt to capitalization ratio and fixed charge coverage ratio. Such agreements also limit, among other things, the Company's ability to incur additional indebtedness, create liens, engage in mergers or acquisitions and make dividend and other payments. As at December 31, 2024, as mentioned in Note 8, the Company complied with its covenants (June 30, 2024: the Company was compliant with its financial covenants).

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

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

11. SHARE BUYBACK

During the current fiscal year, the Company initiated its Normal Course Issuer Bid ("NCIB"), ending October 30, 2025. For the three and six months ended December 31, 2024, the Company repurchased and cancelled 44,288 common shares at a cost of \$36 and an average price of \$0.82 per share.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

12. SHARE CAPITAL

Authorized, an unlimited number of common and preferred shares:

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

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

	Six-month period ended December 31, 2024		Year ended June 30, 2024	
	Number of shares	\$	Number of shares	\$
Common shares				
Balance, beginning of the period	37,372,756	59,204	37,372,756	59,204
Movement in share capital:				
Share buyback (Note 11)	(44,288)	(36)	-	-
Balance, end of the period	37,328,468	59,168	37,372,756	59,204

Net earnings (loss) per share

Diluted net earnings (loss) per common share was calculated based on net earnings (loss) divided by the average number of common shares outstanding using the treasury shares method. For the numbers in the the three and six months period ended December 31, 2023, share options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
Net earnings (loss) per share - basic				
Net earnings (loss) attributable to common shareholders	\$ 1,559	\$ (1,675)	\$ 4,720	\$ (2,109)
Weighted average basic number of common shares outstanding	37,372,275	37,372,756	37,372,515	37,372,756
Net earnings (loss) per share - basic	\$ 0.04	\$ (0.05)	\$ 0.12	\$ (0.06)

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
Net earnings (loss) per share - diluted				
Net earnings (loss) per share - basic shareholders	\$ 1,559	\$ (1,675)	\$ 4,720	\$ (2,109)
Weighted average basic number of common shares outstanding	37,372,275	37,372,756	37,372,515	37,372,756
Adjustment to average number of common share - stock options	347,316	-	258,373	-
Weighted average diluted number of common shares outstanding	37,719,591	37,372,756	37,630,888	37,372,756
Net earnings (loss) per share - diluted	\$ 0.04	\$ (0.05)	\$ 0.12	\$ (0.06)

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

12. SHARE CAPITAL (continued)

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

	December 31, 2024 (6 months)		December 31, 2023 (6 months)	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding at the beginning of the period	2,190,000	0.72	1,960,000	0.95
Granted during the period	530,000	0.83	515,000	0.56
Cancelled during the period	(291,000)	0.90	(360,000)	1.74
Outstanding at end of the period	2,429,000	0.72	2,115,000	0.72
Exercisable at end of the period	1,282,326	0.75	1,138,336	0.82

The following table summarizes information on share options outstanding as at December 31, 2024:

Range of exercise price \$	Outstanding at December 31, 2024	Weighted average remaining life (years)	Weighted average exercise price \$	Exercisable at December 31, 2024	Weighted average exercise price \$
0.50 - 0.99	2,159,000	3.20	0.67	1,012,326	0.66
1.00 - 1.49	270,000	1.47	1.07	270,000	1.07
	2,429,000			1,282,326	

The Company's calculations of the fair value of options granted were made using the Black-Scholes option-pricing model. The following table summarizes the grant date fair value calculations with weighted average assumptions:

	Granted in 2025	Granted in 2024
Risk-free interest rate	3.04%	3.87%
Expected life (years)	3	3
Expected volatility (based on historical volatility)	62.02%	66.76%
Expected dividend yield	0%	0%
Fair value of options granted	0.54 \$	0.38 \$

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Expense related to share-based compensation	49	33	93	59

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

13. INCOME TAXES

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Earnings (loss) before income taxes	2,719	(2,645)	6,488	(3,308)
Statutory rates	26.50%	26.50%	26.50%	26.50%
Income taxes based on statutory rates	721	(701)	1,719	(877)
Increase (decrease) of income taxes due to the following:				
Non-deductible expenses	14	19	26	47
Non-deductible share-based compensation expense	13	9	25	16
Difference of income tax rates between territories	2	(25)	(11)	12
Withholdings taxes	6	8	9	12
Income tax assets unrecognized	323	338	177	228
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(132)	(666)	(383)	(644)
Non-taxable portion of capital gain	(85)	56	(92)	14
Prior years adjustments	296	(23)	296	(23)
Other	2	15	2	16
Total income tax expense	1,160	(970)	1,768	(1,199)

14. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Trade and other receivables	(472)	2,879	(3,783)	647
Inventories	(630)	3,137	(3,022)	(393)
Prepaid expenses	111	41	323	209
Trade and other payables	(1,432)	(3,049)	1,490	1,423
	(2,423)	3,008	(4,992)	1,886

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

15. CONTINGENCIES

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

16. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring between 2025 and 2026 which call for total lease payments of \$83 for the rental of offices and \$6 for the rental of drilling equipment. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions. The lease payments under these lease agreements for the next two years amount to \$85 for 2025 and \$4 for 2026.

Guarantees

For the six-month period ended December 31, 2024, the Company issued some bank guarantees in favor of customers for a total amount of \$4,958 (June 30, 2024: \$3,434), maturing between March 2025 and January 2026. For the six-month periods ended December 31, 2024 and 2023, the Company has not made any payments in connection with these guarantees.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

17. RELATED AND ASSOCIATE PARTY TRANSACTIONS

Transactions with related parties

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

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Revenues	37	44	84	72
Expenses	8	2	12	9

As at December 31, 2024, an amount of \$1 was receivable resulting from these transactions (June 30, 2024: \$6).

In addition, for the six-month period ended December 31, 2024, repayments of a lease liability totalling \$48 were made to Dynamitage Castonguay Ltd. (December 31, 2023: \$45).

Transactions with associate parties

The Company entered into the following transactions with Sarliaq-Orbit Garant Inc.:

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Revenues	6,990	7,513	15,649	15,798

As at December 31, 2024, trade and other receivables included an amount receivable of \$2,537 from one of the Company's associates (June 30, 2024: \$2,801).

As at December 31, 2024, the investment in an associate totaled nil in the interim condensed consolidated statements of financial position (June 30, 2024: nil).

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

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

18. KEY MANAGEMENT COMPENSATION

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

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Salaries and fees	248	211	475	412
Share-based compensation	36	23	68	42
	284	234	543	454

19. FINANCIAL INSTRUMENTS

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

Fair value

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

The fair value of the long-term receivable is determined using an evaluation of the estimated market value using a discount rate, adjusted for the customer's own credit risk, that reflects current market conditions.

The fair value of the long-term debt is determined using an evaluation of the estimated market value using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

19. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

As at December 31, 2024, the investments are measured at fair value and are classified as a Level 1 financial instrument as the fair value is determined using quoted prices in the active markets.

As at December 31, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	528	528			
Trade and other receivables	34,204	34,204			
Long-term receivable	2,561	2,561			
Financial assets measured at fair value					
Investments	1,287	1,287	1,287	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	27,565	27,565			
Factoring Liability	2,133	2,133			
Long-term debt	31,215	30,454	-	30,454	-
As at June 30, 2024	Carrying value	Fair value	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets measured at amortized cost					
Cash and cash equivalents	332	332			
Trade and other receivables	30,530	30,530			
Long-term receivable	2,244	2,244			
Financial assets measured at fair value					
Investments	1,411	1,411	1,411	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	25,410	25,410			
Long-term debt	31,359	30,585	-	30,585	-

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the three and six month period ended December 31, 2024.

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

20. SEGMENTED INFORMATION

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

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

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
Contract revenue	\$	\$	\$	\$
Canada	30,787	29,611	66,172	62,565
International ⁽¹⁾	12,632	13,734	25,682	25,097
	43,419	43,345	91,854	87,662
Earnings (loss) from operations				
Canada	1,217	(327)	3,612	1,129
International	2,628	(205)	4,650	(458)
	3,845	(532)	8,262	671
General and corporate expenses ⁽²⁾	755	1,232	1,064	2,244
Finance costs	804	881	1,564	1,735
Interest revenue	(433)	-	(854)	-
Income tax expense	1,160	(970)	1,768	(1,199)
	2,286	1,143	3,542	2,780
Net earnings (loss)	1,559	(1,675)	4,720	(2,109)
⁽¹⁾ The International operating segment included Chilean revenue :	10,486	10,751	21,089	18,749

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

	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
Depreciation and amortization	\$	\$	\$	\$
Canada	1,951	1,888	3,821	3,695
International	345	652	616	1,412
Total depreciation and amortization included in earnings (loss) from operations	2,296	2,540	4,437	5,107
Unallocated and corporate assets	220	238	438	495
Total depreciation and amortization	2,516	2,778	4,875	5,602

ORBIT GARANT DRILLING INC.

Notes to Interim Condensed Consolidated Financial Statements

For the three and six-month periods ended December 31, 2024 and 2023

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

(Unaudited)

20. SEGMENTED INFORMATION (continued)

	As at December 31, 2024	As at June 30, 2024		
	\$	\$		
Identifiable assets				
Canada	89,132	89,881		
Chile	33,688	23,591		
International - Other	7,655	6,405		
	130,475	119,877		
Property, plant and equipment				
Canada	26,364	27,359		
Chile	9,148	5,704		
International - Other	364	331		
	35,876	33,394		
Right-of-use assets				
Canada	2,799	2,686		
Chile	1,515	294		
International - Other	216	231		
	4,530	3,211		
Intangible assets				
Canada	193	204		
Chile	5	7		
	198	211		
	December 31 2024 (3 months)	December 31 2023 (3 months)	December 31 2024 (6 months)	December 31 2023 (6 months)
	\$	\$	\$	\$
Non-current assets acquisitions				
Canada	1,042	3,037	3,348	6,221
International	4,319	615	5,554	1,075
Unallocated and corporate assets	167	97	185	241
	5,528	3,749	9,087	7,537