



MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER FISCAL 2025

(Three and six-month periods ended December 31, 2024)

February 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") is a review of the results of operations, the liquidity, and the capital resources of Orbit Garant Drilling Inc. This discussion contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six-month periods ended December 31, 2024 as compared with the corresponding period of the previous year and also with the audited consolidated financial statements and MD&A contained in the Company's annual report for the fiscal year ended June 30, 2024 ("Fiscal 2024") and the notes thereto, which are available on the SEDAR+ website at www.sedarplus.ca and the Company's website at www.orbitgarant.com.

The Company's second quarter of Fiscal 2025 ("Q2 2025") unaudited interim condensed consolidated financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except where otherwise noted. Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this MD&A.

In this MD&A, references to the "Company" or to "Orbit Garant" shall mean, as the context may require, either Orbit Garant Drilling Inc. or Orbit Garant Drilling Inc. together with its wholly owned subsidiaries.

This MD&A is dated February 12, 2025. Disclosure contained in this document is current to that date unless otherwise stated.

Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed fiscal year, can be found on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

Securities laws encourage companies to disclose forward-looking information in order for investors to have a better understanding of a company's future prospects and make informed investment decisions.

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates and assumptions about: the markets in which the Company operates; the world economic climate as it relates to the mining industry; the Canadian economic environment; and the Company's ability to attract and retain customers and to manage its assets and operating costs. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Risks and uncertainties that could cause actual results, performance, or achievements to differ materially include the world economic climate as it relates to the mining industry, the Canadian economic environment, the Company's ability to attract and retain customers and manage its assets and operating costs, the political situation in certain jurisdictions, and the operating environments in which the Company operates.

Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A. For a more complete discussion of the risk factors that could cause the Company's actual results to materially differ from its current expectations, please refer to the Company's Annual Information Form dated September 19, 2024, accessible via www.sedarplus.ca.

NON-IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this MD&A do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. The Company uses non-IFRS measures including Adjusted Net Earnings (loss) before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), "Adjusted EBITDA Margin", "Adjusted Gross Profit" and "Adjusted Gross Margin". Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

For a description of how Orbit Garant defines these non-IFRS Measures and for reconciliations to the nearest IFRS measures for the periods presented in this MD&A, please see "Reconciliation of Non-IFRS Measures" on page 17.

Q2 2025 SUMMARY

- Revenue totalled \$43.5 million, an increase of 0.2% compared to \$43.4 million in the second quarter of Fiscal 2024 ("Q2 2024")
- Gross margin increased to 16.5% from 6.8% in Q2 2024
- Adjusted gross margin ⁽¹⁾ increased to 21.5% from 12.5% in Q2 2024
- Net earnings were \$1.5 million compared to a net loss of \$1.7 million in Q2 2024
- Adjusted EBITDA ⁽¹⁾ increased to \$5.6 million from \$1.0 million in Q2 2024
- Orbit Garant repurchased and cancelled 44,288 Common Shares at an average weighted price of \$0.82 per share pursuant to its normal-course issuer bid program

⁽¹⁾ See "Reconciliation of non-IFRS financial measures."

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 188 drill rigs and

approximately 1,000 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate, and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Argentina, Kazakhstan, Burkina Faso, Ghana, and Guinea. The Company has international operating subsidiaries in Santiago, Chile and Georgetown, Guyana to support its current international operations. Following the decision to cease its operations in West Africa, the Company finalized its exit from West Africa in the fourth quarter of fiscal year 2024 ("Q4 2024").

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

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

For the six-month period ended December 31, 2024

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 50% of the Company's total revenue, compared to 41% in the first six months of Fiscal 2024.
- Approximately 64% of the Company's revenues were generated by gold related operations, approximately 25% were generated by copper related operations with the remaining 11% being related to other base metal operations.
- Approximately 78% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 90% in the first six months of Fiscal 2024. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 72% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 28% was generated from international drilling contracts, compared to 71% and 29%, respectively, in the first six months of Fiscal 2024.

BUSINESS STRATEGY

Orbit Garant's goal is to be a leading Canadian-based mineral drilling company, through the pursuit of both domestic and international market opportunities, and through the provision of best-in-class underground and surface drilling services, equipment, and personnel for all stages of the mining and minerals business, including exploration, development, and production. The Company employs the following business strategies:

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in Canada and other stable jurisdictions;
- Provide conventional, specialized, and geotechnical drilling services;
- Manufacture customized drill rigs and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the Company's continued implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve efficiency and to maintain the availability of a skilled labour force;
- Maintain a high level of health and safety standards throughout our operations and promote protection of the environment in the regions where we operate;
- Establish and maintain long-term relationships with customers; and
- Maintain a sound balance sheet and a disciplined management of our capital resources.

INDUSTRY OVERVIEW

Orbit Garant provides drilling services, in Canada and internationally, to the minerals industry through all stages of mine development, from exploration through production. Client mining companies consist of major (or senior), intermediate, and junior companies (which generally focus on exploration only). Mining companies' budgets for external drilling services, such as those offered by Orbit Garant, are typically determined by ferrous (iron) and non-ferrous (precious and base) metals prices, and the availability of capital to finance exploration (particularly in the case of juniors) and development programs, and/or ongoing mining operations.

Gold

Gold prices are determined by the balance between supply (primarily mine production) and the many sources of demand including global demand for gold jewelry, investment demand, and to a much lesser extent, demand from industrial applications.

At the time of this report, the spot price of gold was approximately US\$2,892 per ounce, representing an increase of approximately 43% compared to a year ago and an increase of approximately 99% from its trailing five-year price low in March 2020. On February 10, 2025, the spot price of gold traded at a record high above US\$2,940 per ounce.

Base Metals

Aluminum, copper, lead, nickel and zinc are the primary base metals. Base metals' prices generally reflect global economic conditions, as these metals are used primarily in infrastructure, industrial and manufacturing applications. Demand from emerging markets, particularly China and India, has a major influence on base metal markets. As emerging markets advance their economic development, their infrastructure and industrial bases expand. Further, residents typically become more affluent, driving increased demand for manufactured goods.

The spot prices of aluminum, copper and zinc are higher compared to 12 months ago, while the spot prices of lead and nickel are lower. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US\$3.69 per pound a year ago and at the time of this report was approximately US\$4.69 per pound, an increase of approximately 27%. The spot price of copper, which reached a low of approximately US\$2.10 per pound in March 2020 and a record high of approximately \$5.16 per pound in May 2024, is currently above the mid-

point of its trailing five-year price range. The spot prices of aluminum, lead and zinc are near the mid-points of their respective trailing five-year price ranges, while the spot price of nickel is near the lower end of its trailing five-year price range.

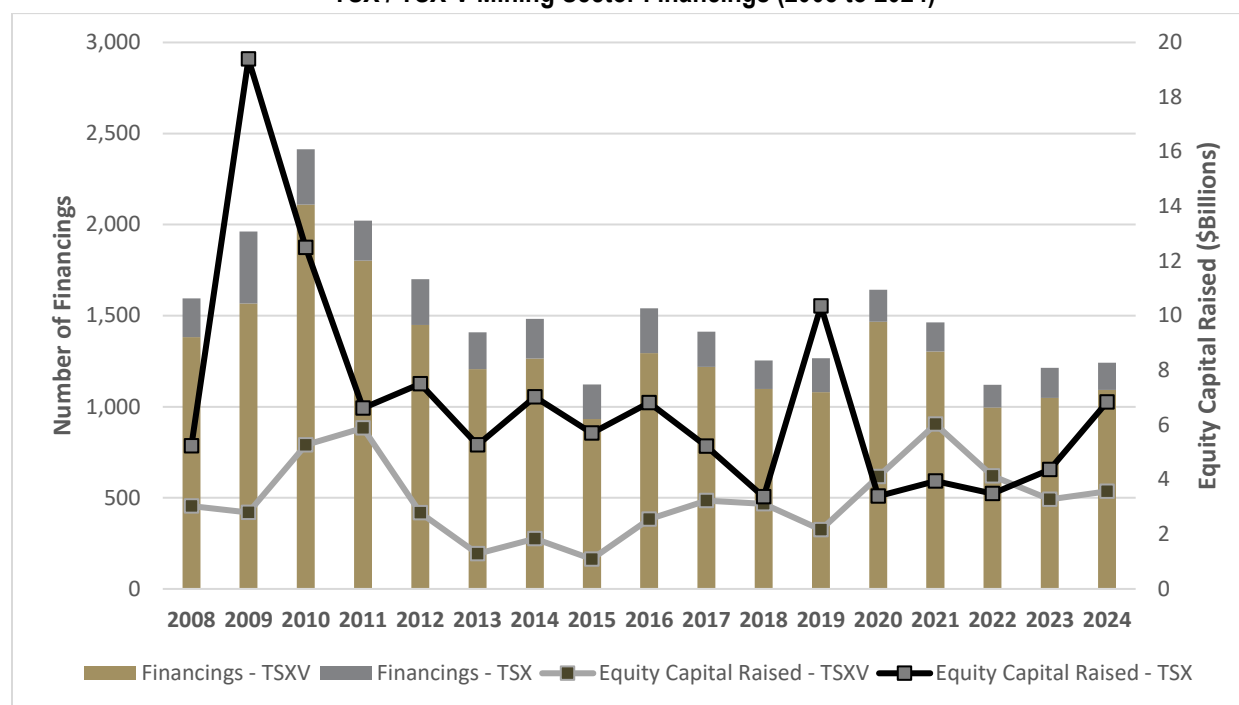
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short-term mismatches between supply and demand, and other factors. At the time of this report, the spot price of iron ore was approximately US\$106 per tonne, compared to approximately US\$129 per tonne one year ago. In May 2021, the spot price of iron ore reached a record high of approximately US\$233 per tonne.

Market Participants

Over the last 12 months, gold prices have been favourable for mining companies seeking to raise capital to fund exploration and/or development activities. Prices for the primary base metals have been mixed over the last 12 months. However, the price of copper, the flagship base metal, has remained favourable for mining companies seeking to raise capital. Mining companies listed on the Toronto Stock Exchange ("TSX") and TSX Venture Exchange ("TSX-V") raised more equity capital in 2024 compared to 2023. However, junior mining companies continue to face challenging financing conditions that are restricting their exploration and development activity.

TSX / TSX-V Mining Sector Financings (2008 to 2024)



Mining companies listed on the TSX and TSX-V completed 1,242 financings and raised \$10.4 billion of equity capital during 2024, according to TMX Group. Those figures include a large \$1.6 billion equity offering completed by First

Quantum Minerals Ltd. By comparison, mining companies listed on the two exchanges completed 1,213 financings and raised \$7.6 billion of equity capital during 2023. In 2022, they completed 1,121 financings and raised \$7.6 billion of equity capital.

According to a report from S&P Global Market Intelligence (December 2024), global exploration budgets for nonferrous metals totaled an estimated US\$12.5 billion in 2024, a decline of approximately 2% from 2023 levels. S&P noted that grassroots and late-stage exploration budgets decreased by 8% and 5%, respectively, compared to 2023 levels, while minesite exploration budgets increased by 2%. Despite the year-over-year decline in global exploration budgets, the total for 2024 represents the third highest annual level since 2013.

OVERALL PERFORMANCE

Results of operations for the second quarter ended December 31, 2024

SECOND QUARTERS ENDED DECEMBER 31 * (\$millions)	Fiscal 2025 2 nd Quarter	Fiscal 2024 2 nd Quarter	2025 vs. 2024 Variance
Revenue *	43.5	43.4	0.1
Gross profit *	7.2	3.0	4.2
Gross margin (%)	16.5	6.8	9.7
Adjusted gross margin (%) ⁽¹⁾	21.5	12.5	9.0
Net earnings (loss) *	1.5	(1.7)	3.2
Net earnings (loss) per common share	- Basic (\$)	(0.05)	0.09
	- Diluted (\$)	(0.05)	0.09
Adjusted EBITDA * ⁽²⁾	5.6	1.0	4.6

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

⁽²⁾ Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and interest revenue from the long-term receivable. See "Reconciliation of non-IFRS financial measures."

Orbit Garant had 188 drill rigs as at December 31, 2024, in line with the end of Fiscal 2024. During Q2 2025, the Company manufactured three new computerized drill rigs, and three conventional drill rigs were dismantled. Orbit Garant currently has 46 drill rigs outfitted with its computerized monitoring and control technology.

Normal-Course Issuer Bid

On October 28, 2024, Orbit Garant announced its intention to make a normal course issuer bid (the "NCIB Program") to purchase outstanding common shares of Orbit Garant (the "Common Shares") on the open market in accordance with the rules of the TSX. Pursuant to the NCIB Program, Orbit Garant may purchase, from time to time, in aggregate up to 1,868,637 Common Shares over a 12-month period commencing on October 31, 2024, and terminating on October 30, 2025.

During Q2 2025, Orbit Garant repurchased and cancelled 44,288 Common Shares at an average weighted price of \$0.82 per share pursuant to the NCIB Program. The Company repurchased and cancelled an additional 24,628 common shares between December 31, 2024, and the date of this MD&A.

Sale of Assets in West Africa

Orbit Garant completed its final drilling program in Burkina Faso during the second quarter of Fiscal 2024 ("Q2 2024"). Orbit Garant subsequently made the decision to not renew its drilling contract in Guinea, which was completed at the end of Q2 2024, as the Company determined that it was no longer financially viable to maintain drilling activities in West Africa considering its exit from Burkina Faso.

During Q4 2024, the Company entered into an agreement to sell its inventories located in West Africa for an amount of \$1.2 million, and its property, plant and equipment for an amount of \$6.3 million, and recorded a short-term receivable as compensation, for an amount of \$7.5 million.

As at June 30, 2024, for accounting purposes, the Company recorded a derecognition of the short-term receivable and the recognition of a new long-term receivable of \$3.9 million following a significant change in contractual payment terms of the receivable. The effect of this substantial modification of the receivable was a loss of \$3.5 million included in the expenses of the Consolidated Statements of Loss in Fiscal 2024. The Company also recognized an expected credit loss on this receivable for an amount of \$1.7 million in the Consolidated Statements of Loss in Fiscal 2024.

Orbit Garant is now primarily focusing on its operations in Canada and South America. The Company's exit from West Africa is having a positive impact on its gross margins.

ANALYSIS OF Q2 2025, COMPARED TO Q2 2024

Contract Revenue

Revenue for Q2 2025 totalled \$43.5 million, an increase of 0.2% compared to \$43.4 million for Q2 2024.

Canada revenue totalled \$30.8 million in Q2 2025, an increase of 4.0% compared to \$29.6 million in Q2 2024, reflecting increased drilling activity.

International revenue totalled \$12.7 million in Q2 2025, a decrease of 8.0% compared to \$13.8 million in Q2 2024, reflecting the Company's cessation of drilling activities in West Africa, partially offset by increased drilling activity in South America.

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

Gross profit for Q2 2025 was \$7.2 million compared to \$3.0 million in Q2 2024. Gross margin for Q2 2025 was 16.5% compared to 6.8% in Q2 2024. Depreciation expenses totalling \$2.3 million, are included in the cost of contract revenue for Q2 2025, compared to depreciation expenses totalling \$2.5 million for Q2 2024. Adjusted gross margin, excluding depreciation expenses, was 21.5% in Q2 2025, compared to adjusted gross margin, excluding depreciation expenses, of 12.5% in Q2 2024. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to the Company's increased drilling activity in both segments during the quarter, improved operational performance, and the cessation of drilling activities in West Africa, which were unprofitable.

General and Administrative Expenses

General and administrative ("G&A") expenses were \$4.4 million, or 10.1% of revenue, in Q2 2025, compared to \$4.3 million, or 10.0% of revenue, in Q2 2024.

Operating Results (Loss)

Earnings from operations for Q2 2025 were \$3.8 million compared to a loss from operations of \$0.5 million in Q2 2024.

Canada's operating earnings totalled \$1.2 million in Q2 2025, compared to an operating loss of \$0.4 million in Q2 2024, reflecting increased drilling activity and improved operational performance.

International's operating earnings totalled \$2.6 million in Q2 2025, compared to an operating loss of \$0.1 million in Q2 2024, reflecting increased drilling activity in South America, and the cessation of drilling activities in West Africa, as discussed above.

Foreign Exchange (Gain) Loss

Foreign exchange gain was \$0.3 million in Q2 2025, compared to a \$0.4 million foreign exchange loss in Q2 2024.

Adjusted EBITDA (see Reconciliation of non-IFRS financial measures)

Adjusted EBITDA totalled \$5.6 million in Q2 2025, compared to adjusted EBITDA of \$1.0 million in Q2 2024. The increase was primarily attributable to increased operating earnings across both operating segments.

Financial Expenses

Interest costs related to long-term debt and bank charges were \$0.8 million in Q2 2025, compared to \$0.9 million in Q2 2024, reflecting a decrease in general interest rates.

Interest Revenue

During Q2 2025, the Company recorded \$0.4 million as interest revenue on the long-term receivable related to the sale of assets in West Africa compared to nil in Q2 2024.

Income Tax (recovery)

Income tax expense was \$1.2 million in Q2 2025, compared to a tax recovery of \$1.0 million in Q2 2024. The effective tax rate for Q2 2025 results primarily from no deferred tax assets being recognized for certain international operations and the recognition of probable tax expense adjustment to prior years for certain international subsidiaries.

Net Earnings (Loss)

Net earnings for Q2 2025 were \$1.5 million, or \$0.04 per share (diluted), compared to a net loss of \$1.7 million, or \$0.05 per share (diluted), in Q2 2024. The Company's net earnings in Q2 2025 were primarily attributable to increased operating earnings across all segments, as discussed above.

SIX MONTHS ENDED DECEMBER 31, 2024, COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2023.

SIX MONTHS ENDED DECEMBER 31 * (\$millions)	Fiscal 2025 Six Months	Fiscal 2024 Six Months	2025 vs. 2024 Variance
Revenue *	91.9	87.7	4.2
Gross profit *	14.8	7.3	7.5
Gross margin (%)	16.1	8.3	7.8
Adjusted gross margin (%) ⁽¹⁾	20.8	14.0	6.8
Net earnings (loss) *	4.7	(2.1)	6.8
Net earnings (loss) per common share - Basic (\$)	0.12	(0.06)	0.18
- Diluted (\$)	0.12	(0.06)	0.18
Adjusted EBITDA * ⁽²⁾	12.1	4.0	8.1

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

⁽²⁾ Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and interest revenue from the long-term receivable. See "Reconciliation of non-IFRS financial measures."

Contract Revenue

Revenue totalled \$91.9 million for the six-month period ended December 31, 2024, an increase of 4.8% compared to \$87.7 million during the comparable period in Fiscal 2024, primarily reflecting increased drilling activity in both segments.

Canada revenue totalled \$66.2 million for the first six months of Fiscal 2025, an increase of \$3.6 million, or 5.8%, compared to \$62.6 million for the same period last fiscal year, reflecting increased drilling activity.

International revenue totalled \$25.7 million for the six months ended December 31, 2024, an increase of \$0.6 million, or 2.3%, compared to \$25.1 million in the comparable period last fiscal year, reflecting increased drilling activity in South America, partially offset by the cessation of drilling activities in West Africa during Q2 2024.

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

Gross profit for the first six months of Fiscal 2025 was \$14.8 million, compared to \$7.3 million in the comparable period of Fiscal 2024. Gross margin was 16.1% compared to 8.3% for the same period a year ago. Depreciation expenses totalling \$4.4 million are included in cost of contract revenue for the first half of Fiscal 2025, compared to \$5.1 million for the same period a year ago. Adjusted gross margin, excluding depreciation expenses, was 20.8% in the first six months of Fiscal 2025, compared to adjusted gross margin of 14.0% in the comparable period a year ago. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to increased drilling activity in both segments during the first half of Fiscal 2025, improved operational performance, and the cessation of drilling activities in West Africa during Q2 2024, which were unprofitable.

General and Administrative Expenses

G&A expenses were \$8.2 million for the six-month period ended December 31, 2024, compared to \$8.5 million in the same period a year ago. As a percentage of revenue, G&A expenses were 8.9% of revenue in the first six months of Fiscal 2024 compared to 9.6% of revenue for the first half of Fiscal 2024.

Operating Results (Loss)

Earnings from operations for the six-month period ended December 31, 2024, were \$8.3 million, compared to operating earnings of \$0.7 million for the first half of Fiscal 2024.

Drilling Canada's operating earnings totalled \$3.6 million, compared to operating earnings of \$1.1 million in the first half of Fiscal 2024, reflecting increased drilling activity and improved operational performance.

Drilling International's operating earnings were \$4.7 million in the first half of Fiscal 2025, compared to an operating loss of \$0.4 million in the first half of Fiscal 2024, reflecting increased drilling activity in South America and the cessation of drilling activities in West Africa during Q2 2024, as discussed above.

Foreign Exchange Gain (Loss)

Foreign exchange gain was \$0.6 million in the first half of Fiscal 2025, compared to a foreign exchange loss of \$0.4 million in the first half of Fiscal 2024.

Adjusted EBITDA (see Reconciliation of non-IFRS financial measures)

Adjusted EBITDA totalled \$12.1 million for the first six months of Fiscal 2025, compared to \$4.0 million in the comparable period last fiscal year. The increase was attributable to increased operating earnings across all drilling segments.

Financial Expenses

Interest costs related to long-term debt, lease liabilities and bank charges were \$1.6 million for the first half of Fiscal 2025, compared to \$1.7 million during the comparable period last year, reflecting a decrease in general interest rates.

Income Tax Expense (Recovery)

Income tax expense was \$1.8 million in the six-month period ended December 31, 2024, compared to an income tax recovery of \$1.2 million for the comparable period in Fiscal 2024. The effective tax rate for the six-month period ended December 31, 2024, primarily reflects no deferred tax assets being recognized for certain international operations and the recognition of probable tax expense adjustment to prior years for certain international subsidiaries, partially offset by the recognition of previously unrecognized deductible temporary differences and tax losses of prior periods.

Interest Revenue

During the first half of Fiscal 2025, the Company recorded \$0.9 million as interest revenue on the long-term receivable

related to the sale of assets in West Africa, compared to nil in the first six months of Fiscal 2024.

Net Earnings (Loss)

Net earnings for the six-month period ended December 31, 2024, were \$4.7 million, or \$0.12 per share (diluted), compared to a net loss of \$2.1 million, or \$0.06 per share (diluted), for the first half of Fiscal 2024. Orbit Garant's net earnings for the first half of Fiscal 2025 were primarily attributable to increased operating earnings across all segments, as discussed above.

SUMMARY OF QUARTERLY RESULTS

* (\$millions)		Fiscal 2025		Fiscal 2024				Fiscal 2023	
		Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Contract revenue *		43.5	48.4	45.3	48.2	43.4	44.3	46.8	49.3
Gross profit * ⁽¹⁾		7.2	7.6	7.5	6.4	3.0	4.3	0.7	4.6
Gross margin %		16.5	15.8	16.6	13.2	6.8	9.7	1.4	9.4
Net earnings (loss) *		1.5	3.2	(1.2)	2.0	(1.7)	(0.4)	(4.1)	0.2
Net earnings (loss) per common share (\$)	- Basic	0.04	0.08	(0.04)	0.05	(0.05)	-	(0.11)	0.01
	- Diluted	0.04	0.08	(0.04)	0.05	(0.05)	-	(0.11)	0.01

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

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes paid), was \$5.9 million in Q2 2025, compared to \$1.0 million in Q2 2024.

The change in non-cash operating working capital items was an outflow of \$2.4 million, compared to an inflow of \$3.0 million in Q2 2024. The change in non-cash operating working capital in Q2 2025 was primarily attributable to:

- \$0.5 million related to an increase in accounts receivable, and
- \$0.6 million primarily related to an increase in inventory due to the shipments to the Company's drilling projects in Nunavut and Nunavik for the fiscal year, and
- \$1.4 million related to a decrease in accounts payable, partially offset by
- \$0.1 million related to a decrease in prepaid expenses.

Investing Activities

Cash used in investing activities totalled \$4.3 million in Q2 2025, compared to \$2.4 million in Q2 2024. During Q2 2025, \$4.9 million was used for the acquisition of property, plant and equipment and intangible assets, partially offset by a cash inflow of \$0.6 million on disposal of property, plant and equipment, and the collection of the long-term receivable.

During Q2 2024, \$2.6 million was used for the acquisition of property, plant and equipment, and intangible assets partially offset by a cash inflow of \$0.1 million on disposal of property, plant and equipment, and investments.

Financing Activities

During Q2 2025, the Company generated a net amount of \$1.9 million from its factoring liability, long-term debt and lease liabilities, compared to a repayment of \$0.9 million during Q2 2024.

Orbit Garant's primary sources of liquidity are cash flows from operations and borrowings under revolving credit facilities (collectively, the "Credit Facility") with National Bank of Canada, in its capacity as agent ("National Bank") and financial institutions parties thereto from time to time as lenders (the "Lenders"). On November 2, 2023, the Company entered into a fifth amended and restated credit agreement with National Bank and the Lenders in respect of the Credit Facility (the "Credit Agreement") as amended by a first amending agreement to the Credit Agreement dated as of March 26, 2024 and as further amended by a second amending agreement to the Credit Agreement dated as of September 27, 2024. The Credit Facility consists of a \$30.0 million revolving credit facility, and a US\$5.0 million revolving credit facility guaranteed by Export Development Canada ("EDC") through the export guarantee program. The Credit Facility is secured by a first rank hypothec on the universality of all present and future assets, except for those noted below, and expires on November 2, 2026.

Orbit Garant repaid a net amount of \$2.4 million in Q2 2025 on its Credit Facility, compared to a repayment of \$0.3 million in Q2 2024. The Company's long-term debt, under the Credit Facility, including the current portion, was \$18.6 million as at December 31, 2024, compared to \$21.5 million as at June 30, 2024. No amounts were drawn under the revolving US\$5.0 million portion of the credit Facility as at December 31, 2024 (US\$3.0 million (\$4.1 million) as at June 30, 2024.)

On November 29, 2024, Orbit Garant entered into a loan agreement (the "EDC Loan Agreement") with EDC, which provides for a term loan in the principal amount of US\$2.0 million. This loan bears interest at a fixed rate of 8.12% per year, has a four-year term and the principal amount 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 loan was used to fund the manufacture of three new computerized surface drill rigs for the Company's Chilean operations.

As at December 31, 2024, the Company's working capital totalled \$49.2 million, compared to \$48.6 million as at June 30, 2024. Orbit Garant's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future needs for capital expenditures and repayment of its debt obligations. Orbit Garant's principal capital expenditures are related to the acquisition of drill rigs and related drilling equipment.

Sources of Financing

As at December 31, 2024, the Company complied with all covenants in the Credit Agreement, the EDC Loan Agreement and in the loan agreement (the "BDC Loan Agreement") with the Business Development Bank of Canada ("BDC"). The Company expects that availability under the Credit Facility will continue to provide it with sufficient liquidity

to fund its working capital and capital asset acquisition requirements.

Orbit Garant's primary sources of liquidity are cash flows from operations and borrowings under its Credit Facility. The Credit Facility matures on November 2, 2026. As at December 31, 2024, the Company had drawn \$18.6 million (\$21.5 million as at June 30, 2024) under the Credit Facility.

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. Except as noted below, all of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility. In addition, the Company's obligations under the US\$5.0 million revolving credit facility are guaranteed by EDC. As at December 31, 2024, the borrowing base for the Credit Facility was \$27.1 million and US\$5.0 million, and the undrawn amounts were \$9.7 million and US\$4.2 million.

The Credit Agreement contains covenants that limit Orbit Garant's ability to undertake certain actions without prior approval of the Lender, including *inter alia*: i) mergers, liquidations, dissolutions and changes of ownership; ii) the incurrence of additional indebtedness; iii) encumbering the Company's assets; iv) guarantees, loans, other financial assistance, investments and acquisitions that may be made by the Company; v) investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; vi) capital expenditures exceeding mutually agreed upon limits; vii) amending or entering into certain agreements and viii) certain asset sales. The Credit Agreement also contains a number of financial covenants that the Company must comply with.

In February 2021, OG Chile, entered into a financing agreement with Banco Scotiabank for a total of approximately \$2.6 million in order to purchase the office building it had rented for several years. This agreement bears interest at a rate of 3.3% per annum, has a term of 84 months and is guaranteed by OG Chile's real estate assets. Orbit Garant's long-term debt under this financing agreement, including current portion, amounted to \$2.0 million as at December 31, 2024 (\$2.1 million as at June 30, 2024).

On September 9, 2022, Orbit Garant entered into the BDC Loan Agreement, which provides for a term loan in the principal amount of \$8.47 million. This loan bears interest at a fixed rate of 6.50% per year, has a 20-year term and is repayable by way of 240 consecutive monthly payments from November 2022 until October 2042. The fixed interest rate was reduced by 0.20% in November 2023, following the Company's compliance with certain financial covenants. Orbit Garant's obligations under the BDC Loan Agreement are: (a) secured by a first ranking immovable hypothec on the building serving as the Company's head office in Val-d'Or, Quebec; and (b) guaranteed on a solidary (joint and several) basis by certain of the Company's subsidiaries. Orbit Garant's long-term debt under the BDC Loan Agreement, including the current portion, amounted to \$8.0 million as at December 31, 2024 (\$8.1 million as at June 30, 2024).

On November 29, 2024, Orbit Garant entered into the EDC Loan Agreement, which provides for a term loan in the principal amount of US\$2.0 million. This loan bears interest at a fixed rate of 8.12% per year, has a four-year term and the principal amount 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. Orbit Garant's long-term debt under the EDC Loan Agreement including the current portion amounted to US\$2.0 million (\$2.9 million) as at December 31, 2024 (nil as at June 30, 2024).

Orbit Garant believes that it will continue to meet its payment terms under its credit facilities and have sufficient resources to carry on its business operations.

OUTSTANDING SECURITIES AS AT FEBRUARY 12, 2025

Number of common shares	37,303,840
Number of options	2,429,000
Fully diluted	39,732,840

During Fiscal 2025, the Company issued 530,000 options and cancelled 291,000 options. Additionally, the Company repurchased and cancelled 68,916 of its common shares pursuant to its NCIB Program.

RELATED PARTY TRANSACTIONS

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

During Q2 2025, and Q2 2024, the Company entered into the following transactions with its related company and with persons related to directors:

(\$000s)	3 months ended December 31, 2024	3 months ended December 31, 2023	6 months ended December 31, 2024	6 months ended December 31, 2023
Revenue	37	44	84	72
Expenses	8	2	12	9

As at December 31, 2024, a negligible amount was a receivable resulting from these transactions (a negligible amount as at June 30, 2024)

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

Key management personnel and directors' transactions

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

Compensation paid to key management personnel and directors is as follows:

(\$000s)	3 months ended December 31, 2024	3 months ended December 31, 2023	6 months ended December 31, 2024	6 months ended December 31, 2023
Salaries and fees	248	211	475	412
Share-based compensation	36	23	68	42
Total	284	234	543	454

BASIS OF PRESENTATION

Basis of presentation

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34"). The IFRS accounting policies 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 unaudited 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, 2024. They remained unchanged for the three-and six-month periods ended December 31, 2024.

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

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

Principles of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during 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.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

EBITDA, adjusted EBITDA and adjusted EBITDA margin:

EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of (i) the effect of the substantial modification of a receivable and expected credit loss, and (ii) the interest revenue from the collection of the long-term receivable. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.

Adjusted gross profit and adjusted gross margin:

Adjusted gross profit is defined as gross profit excluding depreciation. Adjusted gross margin is defined as the percentage of adjusted gross profit to contract revenue.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

Management believes that EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are important measures when analyzing its operating profitability, as they remove the impact of financing costs, certain non-cash items, income taxes and restructuring costs. As a result, Management considers these measures as useful and comparable benchmarks for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited) (in millions of dollars)	3 months ended December 31, 2024	3 months ended December 31, 2023	6 months ended December 31, 2024	6 months ended December 31, 2023
Net earnings (loss) for the period	1.5	(1.7)	4.7	(2.1)
Add:				
Finance costs	0.8	0.9	1.6	1.7
Income tax expense (recovery)	1.2	(1.0)	1.8	(1.2)
Depreciation and amortization	2.5	2.8	4.9	5.6
EBITDA	6.0	1.0	13.0	4.0
Interest revenue on long-term receivable	(0.4)	-	(0.9)	-
Adjusted EBITDA	5.6	1.0	12.1	4.0
Contract Revenue	43.5	43.4	91.9	87.7
Adjusted EBITDA margin (%) ⁽¹⁾	12.9	2.3	13.2	4.6

⁽¹⁾ Adjusted EBITDA, divided by contract revenue X 100

Adjusted Gross Profit and Adjusted Gross Margin

Although adjusted gross profit and adjusted gross margin are not recognized financial measures defined by IFRS, Management considers them to be important measures as they represent the Company's core profitability, without the

impact of depreciation expense. As a result, Management believes they provide a useful and comparable benchmark for evaluating the Company's performance.

(unaudited) (in millions of dollars)	3 months ended December 31, 2024	3 months ended December 31, 2023	6 months ended December 31, 2024	6 months ended December 31, 2023
Contract revenue	43.5	43.4	91.9	87.7
Cost of contract revenue (including depreciation)	36.3	40.4	77.1	80.4
Less depreciation	(2.3)	(2.5)	(4.4)	(5.1)
Add gain on disposal of property, plant and equipment	0.1	0.1	0.1	0.2
Direct costs	34.1	38.0	72.8	75.5
Adjusted gross profit	9.4	5.4	19.1	12.2
Adjusted gross margin (%) ⁽¹⁾	21.5	12.5	20.8	14.0

⁽¹⁾ Adjusted gross margin, divided by contract revenue X 100

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 19, 2024. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

Pandemics, Force Majeure, and Natural Disasters

The Company may be affected by pandemics such as the COVID-19 coronavirus, force majeure events and natural disasters. The likelihood and magnitude of such events are inherently difficult to predict, and their significance is highly uncertain and may depend on factors beyond the Company and its control. A prolonged economic disruption, following such an event or disaster, including the COVID-19 outbreak, may have a material and adverse impact on revenues, cash flow and profitability of the Company, including, without limitation, by compromising employee health and productivity in the workplace, disruption of supply chains and the business of the Company's customers.

Risk Related to Structure and Common Shares

Equity Market Risks

There is a risk associated with any investment in shares. The market price of securities such as the Common Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating

performance of the issuers or the industries in which they operate. Consequently, the trading price of the Common Shares may fluctuate.

Influence of Existing Shareholders

As at February 12, 2025, Pierre Alexandre, Director and Executive Vice-President, holds or controls, directly or indirectly, approximately 24% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation, or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly, affect its share price.

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

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

Dilution

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

OUTLOOK

Demand from major and well-financed intermediate mining companies for mineral drilling services in Canada remains generally strong, while demand from junior exploration and certain intermediate mining companies is being negatively impacted by macroeconomic factors which have restricted their access to capital. The strong sustained demand from major and well-financed intermediate mining companies has resulted in increased wage costs for experienced drillers in Canada. Global inflation in costs for supplies and materials has also impacted the mineral drilling industry. To offset increased wage costs in Canada and the higher costs of supplies and materials globally, Orbit Garant was able to adjust its pricing on several of its drilling contracts during the first half of Fiscal 2023. However, customer pricing pressure has since limited the Company's ability to negotiate pricing. Management believes the current weakness in demand for mineral drilling services from junior exploration companies is having a negative impact on industry pricing.

Management believes that the long-term outlook for drilling in the gold industry is positive, as many mining companies are facing declining reserves. Accordingly, increased spending on exploration and mine development will be required for the industry to remain viable. The current strong price of gold supports exploration and development spending on gold projects. Orbit Garant is well positioned to benefit from strong demand for drilling services in the gold sector as it generated approximately 64% of its revenue from gold related projects during the first half of Fiscal 2025.

S&P Global Market Intelligence forecasts that gold production in Canada will rise at a compound annual growth rate of 9% between 2023 and 2027. Orbit Garant generated approximately 72% of its revenue from its Canadian operations in the first half of Fiscal 2025 and is well positioned to benefit from the positive outlook for the gold mining sector in Canada. An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately \$0.70 US dollars.

The long-term market sentiment for copper is positive due to tight supply-demand fundamentals and its key role in the electrification of the global economy. Many industry analysts expect that declining global copper reserves may necessitate increased exploration and development spending for copper over the coming years. Orbit Garant is well positioned for increased spending on copper exploration and development projects due to its presence in Chile, which is the global leader in copper production.

Management believes the Company's proprietary computerized monitoring and control drilling technology will increasingly be an important contributor in reducing both labour and consumable drilling costs, enhancing driller training and productivity rates, and improving safety. Orbit Garant currently has 41 underground drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have demonstrated a significant increase in productivity rates compared to conventional drill rigs. Orbit Garant's customers have responded positively to this improved performance, which has led to new or renewed underground drilling contracts for longer terms. Orbit Garant is now manufacturing surface drill rigs featuring computerized monitoring and control technology. At quarter-end, the Company had five computerized surface drill rigs.

Looking ahead, Orbit Garant intends to primarily focus on its drilling operations in Canada and South America, prioritizing longer-term, specialized drilling contracts with major and intermediate customers. The Company will continue to focus on: disciplined management of its variable cost structure and cash, optimizing its drill rig utilization, increasing productivity rates, technology innovation, driller training, retaining key personnel, and maintaining strong health and safety, and environmental standards.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company, have been detected. Therefore, no matter how well designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

For the three and six-month periods ended December 31, 2024; there have been no significant changes to the ICFR and no change in the assessment of the effectiveness of the Company's ICFR. Accordingly, the CEO and CFO have concluded that the design and operation were effective at a reasonable level as at the end of the period covered by this report.