FORAGE ORBIT GARANT DRILLING

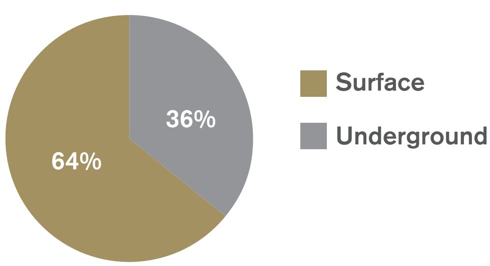
ANNUAL REPORT 2023

PROFILE

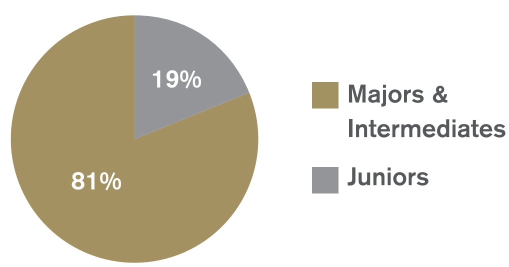
Headquartered in Val-d'Or, Québec, Orbit Garant Drilling (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 212 drill rigs and approximately 1,300 employees. Orbit Garant provides services to major, intermediate and junior mining companies, through each stage of mining exploration, development and production. The Company also provides geotechnical drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies.

MARKET POSITION (BY PERCENTAGE OF REVENUE[1])

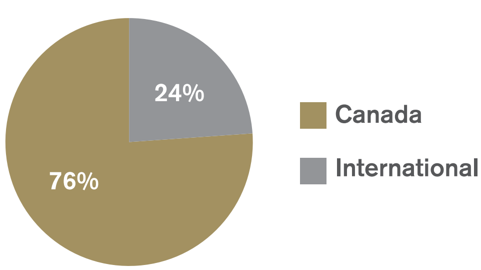
DRILLING ACTIVITY



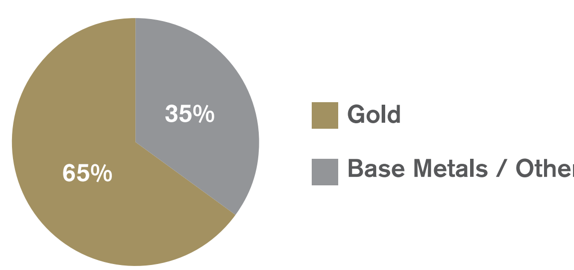
CUSTOMERS



REGIONS



RESOURCE EXPOSURE



1. For the year ended June 30, 2023

To our shareholders,

On behalf of Orbit Garant's Board of Directors, management, and our team of approximately 1,300 people across Canada and our international operations, we are pleased to present our fiscal 2023 annual report.

We had improved financial performance in fiscal 2023, as strong customer demand in Canada drove increased specialized drilling activity and improved pricing on contracts relative to the prior year. We generated a record $201.0 million in revenue in fiscal 2023, despite a temporary, but significant, reduction in drilling activity in Canada during our fourth quarter, attributable to the extensive forest fires and the decisions of certain customers to temporarily suspend or reduce drilling activity on other projects.

Fortunately, we began ramping up the projects that were suspended due to forest fires in early July. We expect to resume operations on all our projects in which drilling activity was suspended or reduced due to customer decisions by January 2024. One of these projects, which is with a major customer, already resumed in the middle of August.

Our fourth quarter results were also impacted by a one-time, non-cash restructuring charge of $4.2 million related to our decision to wind down drilling activities in Burkina Faso and exit the country. The restructuring charge reflects a write-down of inventory to net realizable value. Our decision to exit Burkina Faso is based on our assessment of the significant additional investment required to generate an acceptable return on our investment in this market, combined with the risks associated with the ongoing security concerns within the country. We expect to complete our drilling program in Burkina Faso during the second quarter of this fiscal year.

Despite the impact of the revenue loss in the fourth quarter, our Adjusted EBITDA, excluding the one-time $4.2 million write-down of inventories from restructuring, increased significantly to $19.1 million in fiscal 2023, compared to EBITDA of $10.0 million in fiscal 2022.

Our net loss for fiscal 2023 was $0.7 million, or $0.02 per share, compared to a net loss of $6.6 million, or $0.18 per share, in fiscal 2022. Our improvement this year was primarily attributable to a higher proportion of specialized drilling activity, improved pricing and cost controls in Canada, and a foreign exchange gain of $1.9 million, partially offset by the $4.2 million write-down of inventories from restructuring, a $1.1 million increase in interest expense and the reduction of drilling activities in Canada during the fourth quarter.

At fiscal year-end, our working capital position was $50.4 million, compared to $53.4 million at fiscal 2022 year-end. While our working capital was down year-over-year, we strengthened our balance sheet by repaying a net amount of $4.4 million of our long-term debt and lease liabilities during the year.

We are pleased with our overall performance for fiscal 2023. Unfortunately, our strong momentum throughout the year was negatively impacted late in our fourth quarter by the temporary suspension of drilling activities in Canada. Despite these challenges, we remain positive about our longer-term business outlook. Customer demand in Canada remains strong, particularly from well financed major and intermediate mining companies. We are also experiencing growth in our drilling activities in Chile.

The underlying fundamentals driving our business are solid. Gold prices remain at historically strong levels, which enables gold producers to generate strong margins, and many established producers are focused on exploration and development spending to replace their reserves. In addition, when credit conditions improve, we expect junior exploration companies to be more active with their drilling programs. As a result, we are confident that strong levels of mineral exploration and development spending will be maintained in the gold industry for the foreseeable future. We generate approximately two thirds of our revenue from gold-related projects, so we have high exposure to this sector.

Copper prices have also remained at elevated levels over the past 12 months, despite rising interest rates and economic uncertainty. Copper is needed for the ongoing electrification of the global economy, which is expected to drive strong demand for many years to come. A healthy copper market is positive for our Chilean operations.

Looking ahead, we remain focused on our ***Five-Point Plan***, which consists of:

1. Primarily focusing on Canadian gold drilling operations;
2. Prioritizing longer-term, specialized drilling contracts with major and intermediate customers;
3. Pursuing international contracts in stable jurisdictions that offer attractive returns;
4. Continued investment in our driller training and computerized drilling technology; and
5. Building a team-oriented leadership structure that fosters collaboration and personal accountability.

By continuing to execute our plan, we believe we can drive profitable growth and build long-term value for our shareholders.

In closing, we extend our appreciation to all our personnel, our management team, and our board for their ongoing commitment to the success of Orbit Garant. And to our fellow shareholders, we thank you for your continued support.

Sincerely,

Jean-Yves Laliberté
Chair

Pierre Alexandre
President & Chief Executive Officer

MD&A and Consolidated Financial Statements

YEAR END AND FOURTH QUARTER FISCAL 2023

SEPTEMBER 19, 2023

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 audited consolidated financial statements for the fiscal years ended June 30, 2023 ("Fiscal 2023") and June 30, 2022 ("Fiscal 2022") and the notes thereto which are available on the SEDAR+ website at www.sedarplus.ca.

The Company's Fiscal 2023 audited consolidated financial statements and the accompanying notes ("Financial Statements") were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except when otherwise noted.

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

This MD&A is dated September 19, 2023. Disclosure contained in this document is current to that date unless otherwise stated.

Percentage calculations are based on numbers in the Financial Statements and may not correspond to rounded figures presented in this MD&A.

Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed fiscal year, can be found on SEDAR+ at www.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 jurisdiction, and the operating environment 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, 2023, accessible via www.sedarplus.ca.

FISCAL 2023 SUMMARY

- Revenue totalled $201.0 million, an increase of 2.8% compared to $195.5 million in Fiscal 2022
- Gross margin increased to 9.1% from 7.0% in Fiscal 2022
- Adjusted gross margin (1) increased to 16.2% from 12.2% in Fiscal 2022
- A one-time, non-cash write-down of inventories of $4.2 million from restructuring in Burkina Faso
- Adjusted EBITDA (2) increased to $19.1 million from $10.0 million in Fiscal 2022
- Net loss was $0.7 million compared to net loss of $6.6 million in Fiscal 2022

(1) Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

(2) Adjusted earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 212 drill rigs and approximately 1,300 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate, and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is 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 established international operating subsidiaries in: Winnemucca (Nevada), U.S.A.; Santiago, Chile; Georgetown, Guyana; and in Ouagadougou, Burkina Faso, to support its international operations.

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 for third-party customers from its facilities in Val-d'Or, Québec. 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 Fiscal 2023:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 41% of the Company's total revenue, compared to 33% in Fiscal 2022.
- Approximately 65% of the Company's revenues were generated by gold related operations, and approximately 35% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 64% and 36%, respectively, of the Company's revenue.

- Approximately 81% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 70% in Fiscal 2022. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.

- Approximately 76% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 24% was generated from international drilling contracts, compared to 74% and 26% respectively in Fiscal 2022.

BUSINESS STRATEGY

Orbit Garant's goal is to be the 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 drills and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of health and safety standards in the workplace and promote protection of the environment;
- Establish and maintain long-term relationships with customers;
- Cross-sell drilling services to existing customers;
- Maintain a sound balance sheet and a judicious deployment of capital; and
- Evaluate strategic acquisition opportunities to enhance value for the Company's stakeholders.

INDUSTRY OVERVIEW

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

Gold

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

At the time of this report, the spot price of gold was approximately US$1,930 per ounce, representing an increase of approximately 15% compared to a year ago and an increase of approximately 62% from its trailing five-year price low in September 2018. During August 2020, the spot price of gold traded at a record high of approximately US$2,075 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 metals markets. As emerging markets advance their economic development, their infrastructure and industrial bases expand. Further, residents typically become more affluent, driving increased demand for manufactured goods.

The spot prices of copper and lead are currently higher compared to 12 months ago, while the spot prices of aluminium, nickel and zinc are lower. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$3.52 per pound a year ago and at the time of this report was approximately US$3.75 per pound, an increase of approximately 7%. The spot price of copper, which reached a low of approximately US$2.10 per pound in March 2020, is currently above the mid-point of its trailing five-year price range. The spot price of lead is also above the mid-point of its trailing five-year price range, while the spot prices of aluminum, nickel and zinc are below the mid-points of their respective trailing five-year price ranges.

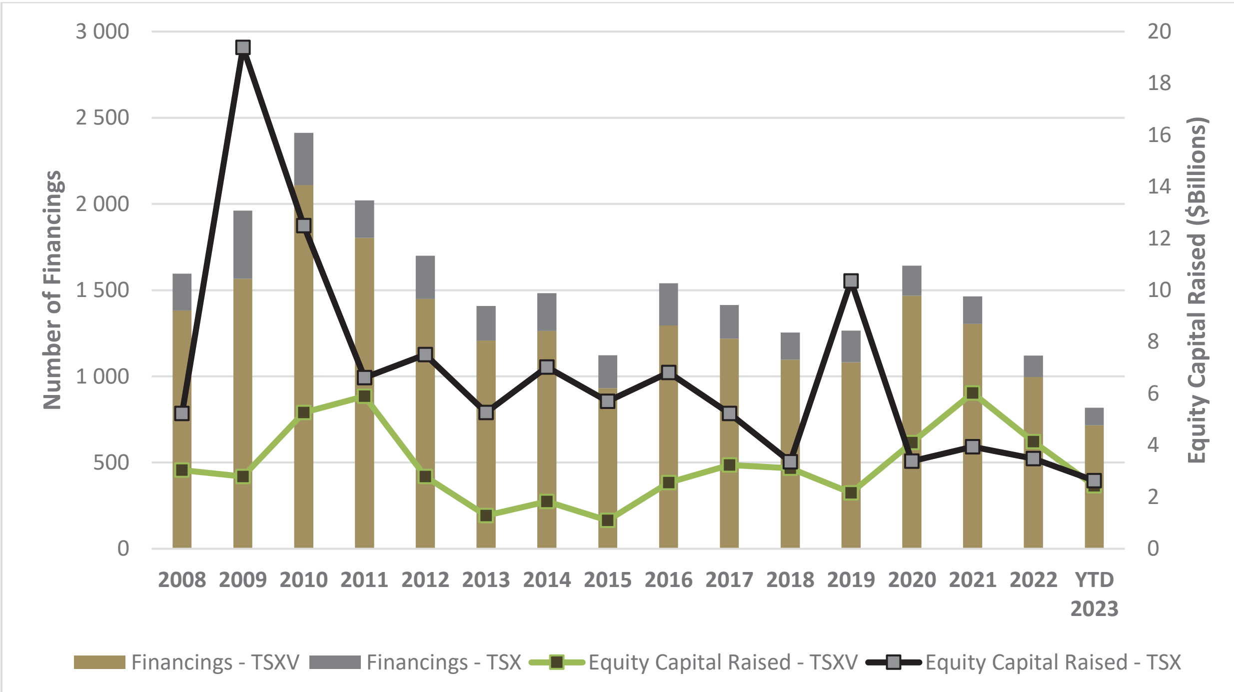
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short-term mismatches between supply and demand, and other factors. At the time of this report, the spot price of iron ore was approximately US$125 per tonne, compared to approximately US$100 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 and base metals prices have been relatively favourable for mining companies seeking to raise capital to fund exploration and/or development activities. Mining financing activity in the first eight months of 2023 was above the comparable levels in 2022, but below the comparable levels in 2021.

TSX / TSX-V Mining Sector Financings (2008 to August 31, 2023)



Mining companies listed on the Toronto Stock Exchange ("TSX") and the TSX-Venture Exchange ("TSX-V") completed 818 financings and raised $5.1 billion of equity capital during the first eight months of 2023, according to TMX Group. By comparison, they completed 753 financings and raised $4.8 billion of equity capital during the first eight months of 2022. In the comparable period in 2021, they completed 1,018 financings and raised $7.3 billion of equity capital.

According to reports from S&P Capital IQ Metals and Mining Research, drilling results were reported from 256 projects in June 2023, compared to 332 projects in May 2023 and 285 projects in April 2023. The total number of drill holes in June 2023 was 3,821, compared to 4,637 in May and 3,691 in April. While global drilling activity slowed in June 2023, there were significant month-over-month increases in the prior two months.

According to a report from S&P Global Market Intelligence (March 2023), global exploration budgets for nonferrous metals increased by an estimated 16% to US$13.0 billion in 2022, from US$11.2 billion in 2021, reflecting the industry's continued recovery from the negative impact of the COVID-19 pandemic. S&P noted that strong metal prices supported continued investment in exploration and/or development programs by mining companies in 2022, though activity slowed in the second half of the year, reflecting slightly weaker metal prices and lower financing activity. For 2023, S&P forecasts that global exploration budgets for nonferrous metals will decline by 10% to 20% from 2022 levels, reflecting global economic uncertainty.

OVERALL PERFORMANCE

Results of operations for the year ended June 30, 2023

FISCAL YEARS ENDED JUNE 30 * ($millions)		Fiscal 2023	Fiscal 2022	2023 vs. 2022 Variance
Revenue *		**201.0**	195.5	**5.5**
Gross profit *		**18.3**	13.7	**4.6**
Gross margin (%)		**9.1**	7.0	**2.1**
Adjusted gross margin (%) (1)		**16.2**	12.2	**4.0**
Net earnings (loss) *		**(0.7)**	(6.6)	**5.9**
Net earnings (loss) per common share	- Basic ($)	**(0.02)**	(0.18)	**0.16**
	- Diluted ($)	**(0.02)**	(0.18)	**0.16**
Adjusted EBITDA * (2)		**19.1**	10.0	**9.1**

(1) Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."
(2) Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."

Orbit Garant had 212 drill rigs as at June 30, 2023, compared to 217 drill rigs at the end of Fiscal 2022. During Fiscal 2023, the Company manufactured five new drill rigs, while five conventional drill rigs were dismantled and five were sold in Burkina Faso. Orbit Garant currently has 44 drill rigs outfitted with computerized monitoring control technology.

During the year, the Company made the decision to exit Burkina Faso due to the significant additional investment required to generate an acceptable return on investment, as well as the increased security concerns within the country. therefore, the Company expects to complete its drilling program in Burkina Faso during the second quarter of Fiscal 2024. As a result of this restructuring initiative, Orbit Garant recognized a write-down of inventories based on the fair value less cost of disposal for a portion of inventories and estimated sales less cost to complete for inventory expected to be consumed until the end of the contract. Fair value was determined using industry knowledge. The restructuring charges consist of a one-time, non-cash write-down of $4.2 million to reduce inventory to net realizable value.

SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30 *($millions)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Contract revenue			
Drilling Canada *	152.1	145.2	130.0
Drilling International *	48.9	50.3	33.3
Total *	201.0	195.5	163.3
Gross profit *	18.3	13.7	20.3
Gross margin (%)	9.1	7.0	12.4
Adjusted gross margin (%) (1)	16.2	12.2	17.9
Net earnings (loss) *	(0.7)	(6.6)	2.3
Net earnings (loss) per common share ($)	(0.02)	(0.18)	0.06
Net earnings (loss) per common share diluted ($)	(0.02)	(0.18)	0.06
Total assets *	127.6	137.1	138.1
Long-term debt including current portion *	34.3	36.9	32.4
Lease liabilities including current portion*	1.2	2.1	2.0
Adjusted EBITDA * (2)	19.1	10.0	17.6
Adjusted EBITDA margin (%) (2)	9.5	5.1	10.9
Total metres drilled (million)	1.6	1.8	1.7

(1) Reflects gross margin, excluding depreciation expenses and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures."
(2) Adjusted EBITDA = Earnings before interest, taxes, depreciation, amortization, and write-down of inventories from restructuring in Burkina Faso. See "Reconciliation of non-IFRS financial measures".

RESULTS OF OPERATIONS

FISCAL 2023 COMPARED TO FISCAL 2022

Contract Revenue

Revenue in Fiscal 2023 totalled $201.0 million, an increase of 2.8%, compared to $195.5 million in Fiscal 2022. The increase was primarily attributable to increased specialized drilling activity and improved pricing in Canada, partially offset by a decline in international drilling activity.

Canada revenue totalled $152.1 million in Fiscal 2023, an increase of 4.8% compared to $145.2 million in Fiscal 2022, reflecting increased specialized drilling activity and improved pricing, partially offset by a reduction of drilling activity in the fourth quarter of 2023 ("Q4 2023") due to forest fires in Québec as well as customer decisions to temporarily suspend or reduce drilling activity on certain other projects, as described further below in the discussion of Q4 2023 results.

International revenue totalled $48.9 million in Fiscal 2023, a decrease of 2.8%, compared to $50.3 million in Fiscal 2022. The decline was primarily due to a reduction of drilling activity in Burkina Faso, partially offset by increased drilling activity in Chile and Guinea.

Write-down of inventories from restructuring in Burkina Faso

The Company recorded a restructuring charge in Q4 2023 relating to its decision to exit Burkina Faso and to complete its drilling program in the country during the second quarter of Fiscal 2024. The restructuring charges consist of a one-time, non-cash write-down of $4.2 million to reduce inventory to net realizable value.

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

Gross profit for Fiscal 2023 was $18.3 million, compared to $13.7 million in Fiscal 2022. Gross margin was 9.1% compared to 7.0% in Fiscal 2022. Depreciation expenses and the write-down of inventories from restructuring totalling $10.1 million and $4.2 million, respectively, are included in cost of contract revenue for Fiscal 2023, compared to depreciation expenses of $10.1 million in Fiscal 2022. Adjusted gross margin, excluding depreciation expenses and write-down of inventories from restructuring, was 16.2% in Fiscal 2023, compared to 12.2% in Fiscal 2022.

The increases in gross profit and gross margin were primarily attributable to increased specialized drilling activity, improved pricing and cost controls in Canada, partially offset by the $4.2 million write-down of inventories from restructuring and a reduction of drilling activities in Canada in Q4 2023, as discussed further below in the discussion of Q4 2023 results. Prior year margins were impacted by project ramp-up costs in Canada, mobilization costs for new, long-term projects in Guinea and Chile, and Omicron-related work interruptions starting in November 2021.

General and Administrative Expenses

General and administrative (G&A) expenses were $16.4 million, or 8.2% of revenue in Fiscal 2023, compared to $14.5 million or 7.4% of revenue in Fiscal 2022.

Operating Results

Earnings from operations for Fiscal 2023 were $5.7 million, compared to $2.4 million in Fiscal 2022.

Drilling Canada's operating earnings totalled $16.2 million in Fiscal 2023, compared to operating earnings of $12.2 million in Fiscal 2022. The increase is primarily attributable to increased specialized drilling activity, improved pricing, cost controls, and decreased project ramp-up costs, partially offset by a reduction of drilling activities in Canada in Q4 2023, as discussed further below. Drilling Canada's operating earnings in Fiscal 2022 also reflect Omicron-related work interruptions starting in November 2021.

Drilling International's operating loss was $10.5 million in Fiscal 2023, compared to an operating loss of $9.8 million in Fiscal 2022. The increased operating loss was attributable to the $4.2 million write-down of inventories from restructuring, partially offset by increased drilling activity in Chile and Guinea, reduced mobilization costs related to the Company's projects in Chile and Guinea, and the absence of Omicron-related work interruptions in Chile.

Foreign Exchange (Gain) Loss

Foreign exchange gain was $1.9 million in Fiscal 2023, compared to a foreign exchange loss of $0.4 million in Fiscal 2022.

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

Adjusted EBITDA was $19.1 million for Fiscal 2023, an increase of $9.1 million compared to EBITDA of $10.0 million in Fiscal 2022. The increase was primarily attributable to increased specialized drilling activity, improved pricing and cost controls in Canada and a $1.9 million foreign exchange gain, partially offset by a reduction of drilling activities in Canada in Q4 2023, as discussed below. Prior year EBITDA reflects higher project ramp-up costs in Canada, higher mobilization costs for new long-term projects in Guinea and Chile, and Omicron-related work interruptions beginning in November 2021.

Financial Expenses

Interest costs related to long-term debt, lease liabilities and bank charges were $3.4 million in Fiscal 2023, compared to $2.2 million during Fiscal 2022, reflecting general interest rate increases.

Income Tax

Income tax expense was $1.1 million in Fiscal 2023, compared to an income tax expense of 3.2 million in Fiscal 2022. The effective tax rate for Fiscal 2023 results from no deferred tax assets being recognized for international operations, offset by the recognition of previously unrecognized deductible temporary differences and tax losses of prior periods in Chile.

Net Loss

Net loss for Fiscal 2023 was $0.7 million, or $0.02 per share, compared to a net loss of $6.6 million, or $0.18 per share, in Fiscal 2022. The positive variance in Fiscal 2023 is primarily attributable to a higher proportion of specialized drilling activity, improved pricing and cost controls in Canada, and a $1.9 million foreign exchange gain, partially offset by the $4.2 million non-cash write-down of inventories from restructuring, the reduction of drilling activities in Canada in Q4 2023, and a $1.1 million increase in interest expense. The reduced net loss for Fiscal 2023 also reflects decreased project ramp-up costs in Canada, a reduction in mobilization costs for drilling projects in Guinea and Chile, and the absence of Omicron-related work interruptions.

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2023				Fiscal 2022			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		46.8	49.3	51.6	53.3	53.8	45.2	45.9	50.6
Gross profit [(1)]*		0.7	4.6	6.8	6.2	6.9	0.3	2.7	3.8
Gross margin %		1.4	9.4	13.1	11.7	12.8	0.7	6.0	7.4
Net earnings (loss) *		(4.1)	0.2	2.1	1.1	0.5	(4.1)	(1.7)	(1.3)
Net earnings (loss) per common share ($)	- Basic	(0.11)	0.01	0.05	0.03	0.01	(0.10)	(0.05)	(0.04)
	- Diluted	(0.11)	0.01	0.05	0.03	0.01	(0.10)	(0.05)	(0.04)

(1) Includes amortization and depreciation expenses related to operations and write-down of inventories from restructuring in Burkina Faso.

SEASONALITY

The Company's quarterly revenue reflects certain seasonal factors. In underground drilling operations, scheduled mine shutdowns over holiday and summer periods at some locations reduce revenue during these periods. In domestic and international surface drilling operations, weather conditions often cause drilling programs to pause, or to be planned around seasonal fluctuations.

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2023 ("Q4 2023"), COMPARED TO THE FOURTH QUARTER OF FISCAL 2022 ("Q4 2022")

Contract Revenue

Revenue for Q4 2023 totalled $46.8 million, a decrease of 13.1% compared to $53.8 million for Q4 2022, reflecting a decrease in drilling activity in Canada, partially offset by increased international drilling activity.

Canada revenue totalled $32.6 million in Q4 2023, a decrease of 22.6% compared to $42.0 million in Q4 2022. The decline is primarily attributable to a reduction of drilling activity in the quarter due to forest fires in Québec as well as customer decisions to temporarily suspend or reduce drilling activity on certain other projects. All of the Company's surface and underground drilling projects in Québec and one surface drilling project in Ontario were suspended for various periods from May 29 into July 2023 due to forest fires. These drilling project suspensions resulted in a revenue reduction of approximately $3.0 million in Q4 2023. The Company started ramping these projects back up in early July and by July 26, operations on all previously suspended surface and underground drilling projects had fully resumed. The Company expects to resume operations on its other drilling projects that were temporarily suspended or reduced due to customer decisions by January 2024. One of these projects resumed in mid-August 2023.

International revenue increased to $14.2 million in Q4 2023 from $11.8 million in Q4 2022. The increase was primarily attributable to increased drilling activity in Chile.

Write-down of inventories from restructuring in Burkina Faso

The Company recorded a one-time, non-cash $4.2 million restructuring charge in Q4 2023 relating to its decision to exit Burkina Faso and complete its drilling program in the country during the second quarter of Fiscal 2024. The restructuring charge reflects a write-down of inventory to its net realizable value.

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

Gross profit for Q4 2023 was $0.7 million compared to $6.9 million in Q4 2022. Gross margin for Q4 2023 was 1.4% compared to 12.8% in Q4 2022. The decrease in gross profit and gross margin was primarily attributable to the $4.2 million write-down of inventories from restructuring and a reduction of drilling activity in Canada during the quarter, as discussed above. Depreciation expenses and the write-down of inventories from restructuring totalling $2.6 million and $4.2 million, respectively, are included in the cost of contract revenue for Q4 2023, compared to depreciation expenses of $2.3 million in Q4 2022. Adjusted gross margin, excluding depreciation expenses and the write-down of inventories from restructuring, was 15.9% in Q4 2023, compared to adjusted gross margin of 17.2% in Q4 2022. The decline in adjusted gross margin was primarily attributable to the Company's reduction of drilling activity in Canada during the quarter.

General and Administrative Expenses

G&A expenses were $5.1 million, or 10.9% of revenue, in Q4 2023, compared to $3.8 million, or 7.0% of revenue, in Q4 2022.

Operating Results (Loss)

Loss from operations for Q4 2023 was $3.5 million compared to earnings from operations of $4.0 million in Q4 2022.

Drilling Canada's operating earnings totalled $1.3 million in Q4 2023, compared to $6.0 million in Q4 2022. The decline was primarily attributable to the Company's reduction of drilling activity, as discussed above.

Drilling International's operating loss totalled $4.8 million in Q4 2023, compared to an operating loss of $2.0 million in Q4 2022. The increased loss from operations was primarily attributable to the $4.2 million write-down of inventories from restructuring, partially offset by the increased drilling activity in Chile.

Foreign Exchange Loss (Gain)

Foreign exchange loss was $0.8 million in Q4 2023, compared to a foreign exchange loss of $0.1 million in Q4 2022.

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

Adjusted EBITDA totalled $1.8 million in Q4 2023, compared to EBITDA of $5.7 million in Q4 2022. The decrease was primarily attributable to the reduction of drilling activity in Canada, as discussed above.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.9 million in Q4 2023, compared to $0.7 million in Q4 2022.

Income Tax (Recovery)

Income tax recovery was $2.1 in Q4 2023, compared to a tax expense of $1.9 million in Q4 2022.

Net Earnings (Loss)

Net loss for Q4 2023 was $4.1 million, or $0.11 per share, compared to net earnings of $0.5 million, or $0.01 per share, in Q4 2022. The net loss in Q4 2023 was primarily attributable to the $4.2 million write-down of inventories from restructuring and a reduction of drilling activity in Canada, as discussed above.

EFFECT OF EXCHANGE RATE

The Company realizes portions of its business activities in the following foreign currencies: US dollars ("US $"), Chilean Pesos ("CLP"), Ghanaian cedi ("GHS"), West African Francs ("XOF"), and Guinean Francs ("GNF"), and is thus exposed to foreign exchange fluctuations. Orbit Garant does not actively manage this risk.

As at June 30, 2023, and 2022, the Company had the following amounts of cash and accounts receivable in foreign currencies and has provided the respective impact on earnings before income taxes ("EBIT") in Canadian dollars, if the corresponding foreign exchange rates were to change by plus or minus 10%:

As at June 30, 2023 (millions)	US $	CLP	GHS	XOF	GNF
Cash	0.2	177.6	-	565.7	2,566.9
Accounts receivable	0.4	2,797.3	-	182.7	7,036.2
EBIT impact +/- 10% CAD$	(0.1)	0.2	-	0.1	-

As at June 30, 2022 (millions)	US $	CLP	GHS	XOF	GNF
Cash	0.1	42.3	-	332.2	1,321.6
Accounts receivable	0.5	1,381.8	5.9	609.4	3,656.4
EBIT impact +/- 10% CAD$	(0.1)	-	0.1	-	

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 $18.8 million in Fiscal 2023, compared to $9.3 million in Fiscal 2022.

The change in non-cash operating working capital items was an outflow of $0.7 million, compared to an outflow of $1.1 million in Fiscal 2022.The change in non-cash operating working capital in Fiscal 2023 was primarily attributable to:

- $9.7 million related to a decrease in accounts receivable and prepaid expenses, partially offset by
- $8.8 million related to a decrease in accounts payable, and
- $1.6 million related to an increase in inventory.

Investing Activities

Cash used in investing activities totalled $8.4 million in Fiscal 2023, compared to $10.8 million in Fiscal 2022. During Fiscal 2023, $9.4 million was used for the acquisition of property, plant and equipment and intangible assets, partially offset by a cash inflow of $1.0 million on disposal of investments, property plant and equipment. During Fiscal 2022, $12.0 million was used for the acquisition of property, plant and equipment, intangible assets and for deposits on purchased equipment, partially offset by a cash inflow of $1.2 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2023, the Company repaid a net amount of $4.4 million of its long-term debt and lease liabilities. In Fiscal 2022, cash flow of $2.7 million was generated from financing activities.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility (the "Credit Facility") with National Bank of Canada Inc., in its capacity as agent ("National Bank"). On March 8, 2021, the Company and National Bank entered into a fourth amended and restated credit agreement in respect of the Credit Facility which was subsequently amended by a first amending agreement dated as of November 22, 2021, and a second amending agreement dated as of May 10, 2022, and a third amending agreement dated September 9, 2022 (collectively, the "Credit Agreement"). This Credit Facility, as at June 30, 2023, consisted of a $30.0 million revolving credit facility and a US$5.0 million revolving credit facility guaranteed by Export Development Canada ("EDC"). The Credit Agreement expires on November 2, 2024.

On September 9, 2022, the Company entered into an additional loan agreement with the Business Development Bank of Canada (the "BDC Loan Agreement") which provides for a term loan in the principal amount of $8.47 million. The loan bears interest at a fixed rate of 6.70% 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 may be reduced by 0.20% from November 2023, if certain financial covenants are met by the Company. Orbit Garant's obligations under the BDC Loan Agreement are secured: (a) by a first ranking immovable hypothec on the building serving as the Company's head office located in Val-d'Or, Quebec (the "Property"); and (b) guaranteed on a solidary (joint and several) basis by certain of the Company's subsidiaries.

As a result of Orbit Garant entering into the BDC Loan Agreement and in order to extract the Property from the borrowing base under the Credit Agreement, the Company entered into a third amending agreement to the Credit Agreement with National Bank on September 9, 2022 (the "Third Amending Agreement"), pursuant to which the amount available for borrowing under the revolving facility contemplated under the Credit Agreement was reduced, as of that date, from $35.0 to $30.0 million. Other noteworthy amendments made pursuant to the Third Amending Agreement include consents by National Bank to authorize the first ranking immovable hypothec on the Property pursuant to the BDC Loan Agreement and modifications to certain financial covenants of the Company applicable to its first fiscal quarter of 2023 and future quarters.

Orbit Garant repaid a net amount of $9.3 million in Fiscal 2023 on its Credit Facility, compared to a withdrawal of $7.3 million in Fiscal 2022. The Company's long-term debt, under the Credit Facility, including US$2.0 million ($2.6 million) drawn from the US$5.0 million revolving credit facility and the current portion, was $22.2 as at June 30, 2023, compared to $31.5 million as at June 30, 2022. The reduction primarily reflects the utilization of a substantial portion of the $8.47 million borrowed under the BDC Loan Agreement to repay amounts draw on Credit Facility.

As at June 30, 2023, the Company's working capital totalled $50.4 million, compared to $53.4 million as at June 30, 2022. 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 working capital expenditures and repayment of its debt obligations. Orbit Garant principal capital expenditures are related to the acquisition of drill rigs and related drilling equipment.

Sources of Financing

As at June 30, 2023, Orbit Garant complied with all covenants in the Credit Agreement, in the EDC Loan and the BDC Loan Agreements. 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 November 2, 2024. As at June 30, 2022, the Company had drawn $22.2 million ($31.5 million as at June 30, 2022) 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 above, 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.

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

On December 20, 2018, Orbit Garant entered into an additional loan agreement with EDC for a term loan in the principal amount of up to US$5.15 million for the purposes of financing the acquisition of certain assets of Projet Production International BF S.A. that was completed on October 11, 2018 (the "EDC Loan"). Orbit Garant is required to repay this loan in 57 consecutive monthly installments commencing May 2019, and maturing July 2024. The Company's obligations under the EDC Loan, are secured by a junior hypothec over all of Orbit Garant's assets. Orbit Garant's long-term debt under the EDC Loan including the current portion, amounted to $1.5 million as at June 30, 2023 ($3.0 million as at June 30, 2022).

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 $2.5 million as at June 30, 2023, ($2.1 million as at June 30, 2022).

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.

As at June 30, 2023, the Company had future contractual obligations as follows:

($000s)	Total	Less than 1 year	1-3 years	4-5 years	Subsequent years
Long-term debt	34,638	1,994	23,250	2,422	6,972
Lease liabilities	1,219	528	530	161	-
Short-term leases	6	6	-	-	-
Total	35,863	2,528	23,780	2,583	6,972

OUTSTANDING SECURITIES AS AT SEPTEMBER 19, 2023

Number of common shares	37,372,756
Number of options	1,960,000
Fully diluted	39,332,756

During Fiscal 2023, the Company issued 550,000 options and cancelled 1,833,500 options.

RELATED PARTY TRANSACTIONS

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

During Fiscal 2023, and Fiscal 2022, the Company entered into the following transactions with its related company and with persons related to directors:

($000s)	Fiscal 2023	Fiscal 2022
Revenue	35	31
Expenses	96	172

As at June 30, 2023, a negligible amount was a receivable resulting from these transactions (a negligible amount as at June 30, 2022)

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)	Fiscal 2023	Fiscal 2022
Salaries and fees	1,195	1,054
Share-based compensation	62	84
Total	1,257	1,138

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 3 of the Fiscal 2023 audited consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the Company's Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date and amounts of revenues and expenses for the relevant period. Although Management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant, or which are complex, are presented as follows:

A- CRITICAL ACCOUNTING ESTIMATES

Inventories

Part of the inventory was estimated based on the number of drills on mining site. In estimating the cost of this inventory, management considers the estimated amount of inventory per drill, based on the most reliable evidence available at the time the estimate was made.

Impairment of non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. As at June 30,2023, the Company concluded that there were impairment indicators for assets located in Burkina Faso, and it performed an impairment test was performed on property, plant and equipment, right of use assets and intangible assets located in Burkina Faso. No impairment was recognized as a result of this test. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of future cash flows. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions are used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Consequently, the impact on the Consolidated Financial Statements of future periods could be material.

Deferred income tax assets

The assessment of the probability in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income (and expenses) and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by Management based on specific facts and circumstances.

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. The Company's income tax provision is based on tax rules and regulations that are subject to interpretation and may be challenged by tax authorities. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

B- JUDGMENTS

Functional currency

In determining the functional currency of its foreign subsidiaries, the Company needs to evaluate different factors such as the currency that mainly influences sales prices and costs, the economic environment, and the degree of autonomy of the subsidiary. Following the evaluation of the different factors, when the functional currency is not obvious, the Company uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease if a significant event of change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew has occurred.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

<u>EBITDA, adjusted EBITDA and adjusted EBITDA margin:</u> EBITDA is defined as net earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of the write-down of inventories from restructuring in Burkina Faso. Adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to contract revenue.

<u>Adjusted gross profit and adjusted gross margin:</u> Adjusted gross profit is defined as gross profit excluding depreciation and write-down of inventories from restructuring in Burkina Faso. 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 is an important measure when analyzing its operating profitability, as it removes the impact of financing costs, certain non-cash items, income taxes and restructuring costs. As a result, Management considers it a useful and comparable benchmark for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(unaudited) (in millions of dollars)	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net earnings (loss) for the period	(4.1)	0.5	(0.7)	(6.6)	2.3
Add:					
Finance costs	0.9	0.7	3.4	2.2	2.3
Income tax expense	(2.1)	1.9	1.1	3.2	2.5
Depreciation and amortization	2.9	2.6	11.1	11.2	10.5
EBITDA	(2.4)	5.7	14.9	10.0	17.6
Write-down of inventories from restructuring in Burkina Faso	4.2	-	4.2	-	-
Adjusted EBITDA	1.8	5.7	19.1	10.0	17.6
Contract revenue	46.8	53.8	201.0	195.5	163.3
Adjusted EBITDA margin (%) (1)	3.8	10.6	9.5	5.1	10.9

(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.

Reconciliation of Adjusted Gross Profit and Adjusted Gross Margin

(unaudited) (in millions of dollars)	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Contract revenue	46.8	53.8	201.0	195.5	163.3
Cost of contract revenue	46.2	46.8	182.7	181.7	143.1
Less:					
depreciation	(2.6)	(2.3)	(10.1)	(10.0)	(8.9)
write-down of inventories from restructuring in Burkina Faso	(4.2)	-	(4.2)	-	-
Direct costs	39.4	44.5	168.4	171.7	134.2
Adjusted gross profit	7.4	9.3	32.6	23.8	29.1
Adjusted gross margin (%) [1]	15.9	17.2	16.2	12.2	17.9

[1] Adjusted gross profit, divided by contract revenue X 100

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 19, 2023. 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 to the Business and Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies, which in turn, are driven significantly by commodity prices. There is a continued risk that low commodity prices could substantially reduce future exploration and drilling expenditures by mining companies, which in turn, could result in a decline in the demand for the drilling services offered by the Company and would materially impact the Company's revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

The operating and financial performance of Orbit Garant is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as monetary and regulatory policies. Deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance and condition, cash flows and growth prospects of the Company.

Reliance on and Retention of Employees

In addition to the availability of capital for equipment, a key limiting factor in the growth of drilling services companies is the supply of qualified drillers, on whom the Company relies upon to operate its drills. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its customers through price increases.

Increased Cost of Sourcing Consumables

When bidding on an underground drilling contract, the cost of sourcing consumables is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to an increase in the cost of consumables and labor during that period. A material increase in the cost of labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Country Risks

The Company does business internationally in numerous regions of different countries and with this comes the risk of dealing with business and political systems in a variety of jurisdictions. Unanticipated events in a country (precipitated by developments within or external to the country), such as economic, political, legal, tax related, regulatory or legal changes (or changes in interpretation), could, directly or indirectly, have a material negative impact on operations and assets. The risks include, but are not limited to, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, changes in mining or investment policies, nationalization/expropriation of projects or assets, corruption, delays in obtaining or inability to obtain necessary permits, nullification of existing mining claims or interests therein, hostage takings, labour unrest, opposition to mining from environmental or other non-governmental organisations or shifts in political attitude that may adversely affect the business. There has been an emergence of a trend by governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions. Such events could result in reductions in revenue and additional transition costs as equipment is shifted to other locations. Nationalization/expropriation of mining projects has a direct impact on suppliers (such as the Company) to the mining industry.

While the Company works to mitigate its exposure to potential country risk events, the impact of any such event is mostly not under the Company's control, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, the Company can give no assurance that it will not be subject to any country risk event, directly or indirectly, in the jurisdictions in which it operates.

Tax Risks

Orbit Garant operates in many countries and is therefore subject to many different forms of taxation in various jurisdictions throughout the world, including but not limited to, property tax, income tax, withholding tax, commodity tax, social security and other payroll related taxes, foreign currency, and capital repatriation laws. An unfavorable interpretation of the current tax legislation could have a material adverse effect on the profitability of the Company or may lead to disagreements with tax authorities regarding the interpretation of tax law.

Tax law and its administration are extremely complex and often require the Company to make subjective determinations. The Company must make assumptions about, but not limited to, the tax rates in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections due to tax law and its administration which are extremely complex. To the extent that such assumptions differ from actual results, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may have to record additional tax expenses and liabilities, including interest and penalties. Moreover, there is a risk in which the countries where the Company operates may change their current tax regime with little prior notice or that the tax authorities in these jurisdictions may attempt to claim tax on the global revenues of the Company.

Leverage and Restrictive Covenants

Orbit Garant entered into the Credit Agreement in order to provide it with credit facilities to fund, among other things, working capital and acquisitions. The degree to which Orbit Garant is leveraged could have important consequences, including: i) Orbit Garant's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; ii) a significant portion of Orbit Garant's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; and iii) certain of Orbit Garant's borrowings (including borrowings under the Credit Agreement) will be at variable rates of interests, which exposes Orbit Garant to the risk of increased interest rates which may have an adverse effect on Orbit Garant's financial condition.

The Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's Management with respect to certain business matters. These covenants place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the Credit Agreement will mature no later than November 2, 2024. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant or available on acceptable terms, in an amount sufficient to repay the Credit Agreement at maturity or to fund Orbit Garant's needs thereafter. This could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Acquisitions

Orbit Garant is continuously seeking business acquisitions. It may be exposed to business risks or liabilities for which it may not be fully indemnified or insured. The ongoing integration of existing and new computer systems, equipment and personnel may impact the success of the acquisitions. Any issues arising from the integration of the acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of the Company's existing operations. If this happens, it may have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Supply of Consumables

If the Company should grow, it could put pressure on its ability to manufacture or otherwise obtain new drills and consumables required to conduct the Company's drilling operations. This could constrain Orbit Garant's ability to increase its capacity and increase or maintain revenue and profitability.

Competition

The Company faces competition from several large drilling services companies and many smaller, regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period and have substantially greater financial and other resources than the Company has. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability, and growth opportunities. The capital cost to acquire drilling rigs is relatively low, enabling competitors to finance expansion and providing opportunity for new competitors to enter the market. This dynamic exposes the Company to the risk of reduced market share and scope for geographic growth, as well as lower revenue and margin for its existing business.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company will lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence, and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process.

Ability to Sustain and Manage Growth

Orbit Garant's ability to grow will depend on several factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as Brazil, Russia, India and China ("BRIC") economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's Management personnel and likely will require the Company to recruit additional management personnel.

There can be no assurance that the Company will be able to: i) manage its expanding operations (including any acquisitions) effectively; ii) sustain or accelerate its growth or that such growth, if achieved, will result in profitable operations; iii) attract and retain sufficient management personnel necessary for continued growth; or, iv) successfully make strategic investments or acquisitions. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Future Acquisition Strategy

Orbit Garant intends to grow through acquisitions in addition to organic growth. There is considerable competition within the drilling services industry for attractive acquisition targets. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations. Additionally, the Company cannot give assurances that it will be able to secure the adequate financing on acceptable terms to pursue this strategy.

Customer Contracts

The Company's surface drilling customer contracts are typically for a term of six (6) to twelve (12) months and its underground drilling customer contracts are typically for a term of one to two years and can be cancelled by the customer on short notice in prescribed circumstances with limited or no amounts payable to the Company. There is a risk that existing contracts may not be renewed or replaced. The failure to renew or replace some or all these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, consolidation by the Company's customers could materially and adversely affect the Company's results of operations and financial condition.

International Expansion and Instability

Expansion internationally entails additional political and economic risk. Some of the countries and areas targeted by the Company for expansion are undergoing industrialization and urbanization and do not have the economic, political or social stability that many developed nations now possess. Other countries have experienced political or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other barriers. There is a risk that the Company's operations, assets, employees, or repatriation of revenue could be impaired or adversely affected by factors related to the Company's international expansion and have a material adverse effect on the financial performance, financial condition, cash flow and growth prospects of the Company.

Operational Risks and Liability

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

In addition, poor or failed internal processes, people, or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues. The number and significance of the changes and the possibility that the Company may not be able to successfully implement the changes made, may adversely affect the performance of the business and its financial condition, cash flows and growth prospects of the Company.

Currency Exposure

Orbit Garant conducts some of its activities in US $, CLP, GHS, XOF and GNF and is thus exposed to foreign exchange fluctuations. As at June 30, 2023, the Company had the following currency risk exposure related to financial assets and liabilities in US $, CLP, GHS, XOF, and GNF of approximately: $(1.0), $2.7, $0.2, $1.2 and $0.6 million, respectively in Canadian dollars ($(1.1), $(0.5), $1.3, $(0.4) and $0.1 respectively in Canadian dollars as at June 30, 2022). This exposure could change in the future and a significant portion of our revenue could potentially be denominated in currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on our financial performance.

Business Interruptions

Business interruptions can occur because of a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues or product input supply bottlenecks. In addition, the Company operates in a variety of geographic locations, some of which are prone to inclement weather conditions, natural or other disasters including forest fires. The occurrence of such conditions or any business interruption could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Risk to the Company's Reputation

Risks to the Company's reputation could include any negative publicity, whether true or not, and could cause a decline in the Company's customer base and have a material adverse impact on the Company's financial performance, financial condition, cash flows and growth prospects. All risks have an impact on reputation, and as such, reputational risk cannot be managed in isolation from other types of risk. Every employee and representative of the Company is charged with upholding its strong reputation by complying with all applicable policies, legislation and regulations as well as creating positive experiences with the Company's customers, stakeholders, and the public.

Corruption, Bribery and Fraud

Orbit Garant is required to comply with the Canadian *Corruption of Foreign Public Officials Act* ("CFPOA") as well as similar applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. The Company's policies mandate compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that the Company has implemented in relation to its compliance with these laws will be effective or that Company employees, agents, suppliers, or other industry partners have not engaged or will not engage in such illegal conduct for which the Company may be held responsible. Violations of these laws could disrupt the Company's business and result in a material adverse effect on its business and operations.

Environment, Health and Safety Requirements and Related Considerations

The Company's operations are subject to a broad range of federal, provincial, state and local laws and regulations as well as permits and other approvals, including those relating to the protection of the environment and workers' health and safety governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), storage, handling, disposal and clean-up of dangerous goods and hazardous materials such as chemicals, remediation of releases and workers' health and safety in Canada and elsewhere (the ''Environment, Health and Safety Requirements''). As a result of the Company's operations, it may be involved from time to time in administrative and judicial proceedings and inquiries relating to Environment, Health, and Safety Requirements. Future proceedings or inquiries could have a material adverse effect on the Company's business, financial condition, and results of operations.

The activities at clients' worksites may involve operating hazards that can result in personal injury and loss of life. There can be no assurance that the Company's insurance will be sufficient or effective under all circumstances or against all claims or hazards to which it may be subject or that it will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which it is not fully insured could adversely affect the Company's results of operations. In addition, if the Company is seen not to adequately implement health and safety and environmental policies, its relationships with its customers may deteriorate, which may result in the loss of contracts and restrict its ability to obtain new contracts.

Climate Change Risk

Orbit Garant operates in various regions and jurisdictions where environmental laws are evolving and may be different according to each jurisdiction. Several governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased cost in some of the Company's operations. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters including forest fires, resource shortages and changing sea levels could have an adverse financial impact on operations located in the regions where these conditions occur.

Insurance Limits

The Company maintains property, general liability, and business interruption insurance. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will always be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Legislative and Regulatory Changes

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

Legal and Regulatory Risk

The mining and drilling industries are highly regulated by legal, environmental and health and safety regulations. Failure to comply with such regulations could lead to penalties, including fines or suspension of operations which could have a significant impact on the financial strength and future earnings potential of the Company. Furthermore, the Company's mineral exploration customers are also subject to similar legal, regulatory, health and safety regulations which could materially affect their decision to go ahead with mineral exploration or mine development and thereby indirectly negatively impact the Company.

Cyber-Security Risk

While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cyber security risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorised access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients, or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition, and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerability including periodic third-party vulnerability assessments, testing user knowledge of cyber security best practices, and audits of security processes and procedures. In addition, the Company continues to increase the employees' awareness of security policies through ongoing communications.

Risk Related to Structure and Common Shares

Equity Market Risks

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

Influence of Existing Shareholders

As of September 19, 2023, Pierre Alexandre, President and CEO, 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.

Dividend Payments

Orbit Garant does not expect to pay dividends as it intends to use cash for future growth or debt repayment. In addition, the Credit Agreement places restrictions on the ability of Orbit Garant to declare or pay dividends.

Credit Risk

The Company provides credit to its customers in the normal course of its operations. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel, and copper.

In order to reduce the credit risk, the Company is using insurance coverage from EDC on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2023, the amount of the insurance coverage from EDC represents 4% of the accounts receivable (4% as at June 30, 2022).

As at June 30, 2023, 72% (73% as at June 30, 2022) of the trade accounts receivable are aged as current and 3% are impaired (1% as at June 30, 2022).

Three major customers represent 41% of the trade accounts receivable as at June 30, 2023 (one major customer represented 12% as at June 30, 2022).

One major customer represents 18% of the contract revenue for the year ended June 30, 2023 (for the year ended June 30, 2022, one major customer represented 13% of the contract revenue).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings. The Company does not enter derivatives to manage credit risk.

Interest Rate Risk

The Company is subject to interest rate risk since a significant part of the long-term debt bears interest at variable rates.

As at June 30, 2023, the Company estimates that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $ 0.2 million ($0.3 million as at June 30, 2022).

Equity Market Risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the stock markets and individual equity movements and determines the appropriate course of actions to be taken by the Company.

Fair Value

The fair value of cash and 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 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.

OUTLOOK

Customer demand for mineral drilling services in Canada remains strong. However, this high level of demand has resulted in an industry shortage of experienced drillers, which has impeded Orbit Garant's productivity levels in the near term. Further, the shortage has resulted in increased wage costs for experienced drillers. Orbit Garant is addressing the shortage of experienced drillers in Canada through its driller training program, increased wages and its computerized drilling technology. The Company is not experiencing a shortage of experienced drillers in its international operations. The recent global inflation in costs for supplies and materials has also impacted the mineral drilling industry. To offset the increased wage costs in Canada and the higher costs of supplies and materials globally, the Company has been able to implement price increases on its drilling contracts over the past year. Orbit Garant expects to gradually increase its drilling personnel capacity utilization, and driller productivity to drive growth in margins.

The recent forest fires in the Abitibi-Témiscamingue region of Québec that forced Orbit Garant to suspend all its surface and underground drilling projects in Québec and one project in Ontario for various periods from May 29 into July 2023, have abated. The Company started ramping these drilling projects back up in early July and by July 26, operations on all previously suspended surface and underground drilling projects had fully resumed. There have been no further wildfire-related project interruptions. Orbit Garant's drilling activity in Canada was also reduced during Q4 2023 due to customer decisions to temporarily suspend or reduce drilling activity on certain other projects. The Company expects to fully resume operations on these projects by January 2024**.** One of these projects resumed in mid-August 2023.

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 increased drilling services demand in the gold sector as it derived approximately 65% of its revenue from gold related projects during Fiscal 2023.

S&P Global Market Intelligence forecasts that Canada is the only major gold-producing country in the world in which output is expected to increase significantly through 2024. Orbit Garant generated approximately 76% of its revenue from its Canadian operations in Fiscal 2023 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 $0.74 US dollars.

Copper prices are higher compared to 12 months ago, and long-term market sentiment for the metal is positive due to tight supply-demand fundamentals and its important 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 near to long term. 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.

Orbit Garant's international operations provide enhanced market, customer and commodity diversification, as well as increased access to higher margin specialized drilling activity. In South America, Orbit Garant is currently working on projects in Chile and Guyana. In West Africa, the Company is currently working on projects in Guinea and Burkina Faso. Due to the ongoing political instability and security concerns in Burkina Faso, the Company intends to fulfill its remaining drilling contract in the country by the end of the second quarter of Fiscal 2024 and then exit this market altogether.

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 44 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.

Looking ahead, Orbit Garant intends to primarily focus on its Canadian gold drilling operations, prioritizing longer-term, specialized drilling contracts with major and intermediate customers. The Company will selectively pursue international drilling opportunities in South America and West Africa when there is a high degree of cost and margin certainty. Orbit Garant will continue to focus on disciplined management of its variable cost structure and cash, optimizing its drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, driller training, retaining key personnel, and maintaining strong health and safety standards. The Company's primary objective is to maximize profitability on a sustainable basis.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and includes controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at June 30, 2023, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2023.

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.

During Fiscal 2023, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirmed there were no changes to the ICFR that have occurred during the year which materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As of June 30, 2023, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation the CEO and the CFO concluded that the design and operation of these ICFR were effective.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Orbit Garant Drilling Inc.

Opinion

We have audited the consolidated financial statements of Orbit Garant Drilling Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at June 30, 2023 and June 30, 2022;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2023 and June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended June 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of the Accuracy of Mining Sites Inventories

Description of the matter

We draw attention to Note 3 and Note 7 to the consolidated financial statements.

The Entity’s inventories mainly include spare parts and consumables. As at June 30, 2023, the Entity holds inventories of $47.67 million, a portion of which consists of mining sites inventories. Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Why the matter is a key audit matter

We identified the assessment of the accuracy of mining sites inventories as a key audit matter. This matter represented an area of higher assessed risk of material misstatement given the magnitude of the inventory balance and the extent of audit effort needed to address the matter. In addition, significant auditor judgment was required in evaluating the results of our audit procedures over the first-in, first-out cost basis of the mining sites inventories.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We sorted mining sites inventories by items and by location, to calculate movements during the year for items held in inventory at year-end. We performed substantive analytical procedures over the first-in, first-out cost basis for these items, using data including purchase costs and mining sites inventories quantities at year-end. To evaluate the reliability of the data used in the substantive analytical procedures described above:

- we tested a sample of inventory purchases to invoices.
- for a selection of mining sites locations, we observed the Entity’s physical inventory counts at year-end and performed independent test counts for a sample of items which we compared to the Entity’s records.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Alain Bessette.

KPMG LLP*

Montréal, Canada

September 19, 2023

*CPA auditor, public accountancy permit No. A115894

ORBIT GARANT DRILLING INC.
Consolidated Statements of Loss
For the years ended June 30, 2023 and 2022
(in thousands of Canadian dollars, except for data per share)

	Notes	June 30 2023	June 30 2022
		$	$
Contract revenue	23	200,976	195,473
Cost of contract revenue			
Write-down of inventories from restructuring in Burkina Faso	6, 7	4,187	-
Other cost of contract revenue	5	178,459	181,732
		182,646	181,732
Gross profit		18,330	13,741
Expenses			
General and administrative expenses	5	16,444	14,523
Foreign exchange (gain) loss		(1,892)	392
Finance costs	5	3,349	2,235
	5	17,901	17,150
Earnings (loss) before income taxes		429	(3,409)
Income tax expense	16		
Current		475	598
Deferred		623	2,640
		1,098	3,238
Net loss		(669)	(6,647)
Net loss per share	15		
Basic		(0.02)	(0.18)
Diluted		(0.02)	(0.18)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Comprehensive Loss
For the years ended June 30, 2023 and 2022
(in thousands of Canadian dollars)

	June 30 2023	June 30 2022
	$	$
Net loss	(669)	(6,647)
Other comprehensive loss		
Cumulative translation adjustments, net of income tax of $62 (June 30, 2022 : $119)	(275)	(1,402)
Other comprehensive loss	(275)	(1,402)
Comprehensive loss	(944)	(8,049)

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Changes in Equity
For the years ended June 30, 2023 and 2022
(in thousands of Canadian dollars)

Year ended June 30, 2023		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Total Shareholders' equity
		$	$	$	$	$
		(Note 15)				
Balance as at July 1, 2022		59,204	1,624	5,729	(4,052)	62,505
Total comprehensive loss						
Net loss		-	-	(669)	-	(669)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(275)	(275)
Other comprehensive loss		-	-	-	(275)	(275)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 15)	-	83	-	-	83
Stock options cancelled		-	(726)	726	-	-
Total transactions with shareholders		-	(643)	726	-	83
Balance as at June 30, 2023		59,204	981	5,786	(4,327)	61,644

Year ended June 30, 2022		Share capital	Equity-settled reserve	Retained earnings	Accumulated other comprehensive loss	Total Shareholders' equity
		$	$	$	$	$
		(Note 15)				
Balance as at July 1, 2021		59,204	1,452	12,342	(2,650)	70,348
Total comprehensive loss						
Net loss		-	-	(6,647)	-	(6,647)
Other comprehensive loss						
Cumulative translation adjustments		-	-	-	(1,402)	(1,402)
Other comprehensive loss		-	-	-	(1,402)	(1,402)
Transactions with shareholders, recorded directly in equity						
Share-based compensation	(Note 15)	-	206		-	206
Stock options cancelled		-	(34)	34	-	-
Total transactions with shareholders		-	172	34	-	206
Balance as at June 30, 2022		59,204	1,624	5,729	(4,052)	62,505

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.

Consolidated Statements of Financial Position

As at June 30, 2023 and June 30, 2022

(in thousands of Canadian dollars)

	Notes	June 30 2023	June 30 2022
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		2,181	1,018
Trade and other receivables		30,538	39,401
Inventories	7	47,674	49,006
Income taxes receivable		580	664
Prepaid expenses		1,017	1,077
		81,990	91,166
Non-current assets			
Investments	8	320	146
Property, plant and equipment	9	41,156	41,403
Right-of-use assets	10	1,925	2,388
Intangible assets	11	296	320
Deferred tax assets	16	1,876	1,636
Total assets		127,563	137,059
LIABILITIES			
Current liabilities			
Trade and other payables		27,621	33,578
Income taxes payable		1	12
Factoring liability	22	1,449	1,317
Current portion of long-term debt	12	1,994	2,222
Current portion of lease liabilities	13	528	675
		31,593	37,804
Non-current liabilities			
Deferred tax liabilities	16	1,291	657
Long-term debt	12	32,344	34,702
Lease liabilities	13	691	1,391
		65,919	74,554
EQUITY			
Share capital	15	59,204	59,204
Equity-settled reserve		981	1,624
Retained earnings		5,786	5,729
Accumulated other comprehensive loss		(4,327)	(4,052)
Equity attributable to shareholders		61,644	62,505
Total liabilities and equity		127,563	137,059

Contingencies and commitments (notes 18 and 19)

APPROVED BY THE BOARD

(signed) Pierre Alexandre
Pierre Alexandre, Director

(signed) Nicole Veilleux
Nicole Veilleux, Director

See accompanying notes to consolidated financial statements.

ORBIT GARANT DRILLING INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2023 and 2022
(in thousands of Canadian dollars)

	Notes	June 30 2023	June 30 2022
		$	$
OPERATING ACTIVITIES			
Earnings (loss) before income taxes		429	(3,409)
Items not affecting cash			
Depreciation of property, plant and equipment	9	10,372	10,307
Depreciation of right-of-use assets	10	516	515
Amortization of intangible assets	11	207	321
Gain on disposal of property, plant and equipment	9	(484)	(908)
Gain on disposal of right-of-use assets	10	-	(7)
Derecognition of right-of-use assets and lease liabilities	10	(132)	-
Share-based compensation	15	83	206
Write-down of inventories from restructuring in Burkina Faso	6, 7	4,187	-
Finance costs	5	3,349	2,235
Net change in fair value of investments	8	311	85
		18,838	9,345
Changes in non-cash operating working capital items	17	(700)	(1,087)
Income taxes paid		(433)	(187)
Finance costs paid		(3,352)	(2,215)
		14,353	5,856
INVESTING ACTIVITIES			
Proceeds from disposal of investments	8	-	28
Acquisition of property, plant and equipment	9	(9,257)	(11,899)
Proceeds from disposal of property, plant and equipment		996	1,192
Acquisition of intangible assets	11	(179)	(99)
		(8,440)	(10,778)
FINANCING ACTIVITIES			
Proceeds from factoring		16,633	11,613
Repayment on factoring		(16,798)	(12,829)
Proceeds from long-term debt		113,260	102,094
Repayment of long-term debt		(116,627)	(97,425)
Repayment of lease liabilities		(900)	(742)
		(4,432)	2,711
Effect of exchange rate changes on cash and cash equivalent		(318)	(27)
Increase (decrease) in cash and cash equivalent		1,163	(2,238)
Cash and cash equivalents, beginning of period		1,018	3,256
Cash and cash equivalents, end of period		2,181	1,018

See accompanying notes to consolidated financial statements.

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

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, the United States, Central and South America and West Africa.

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

	% of voting rights
Orbit Garant Drilling Services Inc.	100%
9116-9300 Québec inc.	100%
Drift Exploration Drilling Inc.	100%
Drift de Mexico SA de CV	100%
Orbit Garant Chile S.A.	100%
Orbit Garant Drilling Ghana Limited	100%
Perforación Orbit Garant Peru S.A.C.	100%
OGD Drilling (Guyana) Inc.	100%
Forage Orbit Garant BF S.A.S.	100%
Forage Orbit Garant Guinée SARLU	100%
Sarliaq-Orbit Garant Inc.	49%
Tumiit Orbit Garant Inc. (dissolved on June 27, 2023)	49%

2. BASIS OF PREPARATION

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The IFRS accounting policies set out below were consistently applied to all periods presented.

The preparation of consolidated financial statements in conformity with IFRS 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.

These 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 consolidated financial statements were approved for issue by the Board of Directors of Orbit Garant Drilling Inc. on September 19, 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The 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 consolidated statements of loss from the effective date of acquisition to the effective date of disposal, as appropriate. Intercompany transactions and balances are eliminated on consolidation.

Foreign currency translation

Transactions denominated in a currency other than the functional currency of the Company or of a foreign subsidiary whose functional currency is the Canadian dollar, are accounted for using the exchange rate prevailing on the transaction date. On each reporting date, monetary items denominated in a foreign currency are translated using the exchange rate prevailing on that date, and non-monetary items that are measured at historical cost are not adjusted. Exchange differences are recognized in net earnings in the period during which they occur.

The assets and liabilities of foreign subsidiaries whose functional currency is not the Canadian dollar are translated into Canadian dollars by applying the exchange rate prevailing at the reporting date. Revenue and expense items are translated at the average exchange rate for the period. Exchange differences are recognized in OCI under "Cumulative translation adjustments" and are accumulated in equity. The accumulated amount of exchange differences is reclassified in net earnings upon loss of control of a foreign operation. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in OCI under "Cumulative translation adjustments" and are accumulated in equity.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Asset/Liability	Classification
Cash and equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments	Fair value through profit or loss
Trade and other payables	Amortized cost
Factoring liability	Amortized cost
Long-term debt	Amortized cost

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net income. However, for investments in equity instruments that are not held for trading, the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclasified to net income, and no impairment is recognized in net income.

Financial liabilities measured at amortized cost

A financial liability is subsequently measured at amortized cost, using the effective interest method.

Financial liabilities measured at fair value

Financial liabilities measured at fair value are initially recognized at fair value and are remeasured at each reporting date with any changes therein recognized in net income. The Company has no financial liabilities measured at fair value.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank overdraft and short-term deposits with original maturities of three months or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

Trade and other receivables consist of amounts due from normal business activities. An allowance for expected credit losses is maintained to reflect an impairment risk for trade and other receivables based on an expected credit loss model which factors in changes in credit quality since the initial recognition of trade accounts receivable based on customer risk categories. Bad debts are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment. Wages, paid leaves, bonuses and non-monetary benefits are short-term employee benefits, and they are recorded in the annual reporting period in which the employees of the Company render the related services.

Inventories

The Company maintains an inventory of operating supplies, motors, drill rods and drill bits on mining sites and warehouses. These inventories are valued at the lower of cost and net realizable value. Net realizable value is determined using the estimated selling price less estimated costs to complete the sale. Cost is determined on the first-in, first-out basis. Used and revised inventories are adjusted to reflect consumption and the level of refurbishment. The amount of any write-down of inventories can be reversed when the circumstances that led to the write-down no longer exist.

Investments

Investments in publicly traded securities are classified as fair value through profit or loss. Fair value through profit or loss investments are recorded at fair value, with changes in fair value recognized in profit or loss.

Investment in an associate

An associate is an entity over which the Company has significant influence. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control. The Company accounts for its investment in an associate using the equity method. Under the equity method, the investment is initially recognized at cost. Subsequent to initial recognition, distributions received from an associate reduce the carrying amount of the investment. The consolidated statements of comprehensive loss include the Company's share of any amounts recognized by its associate in profit or loss and in other comprehensive loss, if any. Intercompany balances between the Company and its associate are not eliminated.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the acquisition costs, net of government grants and investment tax credits, or manufacturing costs, including preparation, installation and testing costs. The manufacturing costs for drilling equipment include the material, direct labour and indirect specific costs.

Borrowing costs are also included in the cost of self-constructed property, plant and equipment. Future expenditures, such as maintenance and repairs, are expensed as incurred.

Significant improvements are capitalized and amortized over the useful life of the asset.

Property, plant and equipment are recorded at cost and depreciation is calculated using the straight-line method based on their estimated useful life using the following periods:

	Useful life	Residual value
Buildings and components	5 to 40 years	-
Drilling equipment	5 to 10 years	0 - 20%
Vehicles	5 years	-
Other	3 to 10 years	-

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The depreciation is calculated on the cost of an asset less its residual value and begins when the property, plant and equipment are ready for their intended use. Land is not depreciated.

Depreciation methods, residual values and the useful lives of significant property, plant and equipment are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Intangible assets

Intangible assets are accounted for at cost. Amortization is based on their estimated useful life using the straight-line method and the following periods:

Software	3 to 5 years
Patents	10 years

Amortization methods, residual values and the useful lives of significant intangible assets are reviewed at each financial year-end. Any change is accounted for prospectively as a change in accounting estimate.

Government assistance

Government grants are recognized when there is reasonable assurance that the Company has complied with the conditions attached to the grant. When the grant is related to an expensed item, it is recognized as a reduction of the related expense. When the grant is to property, plant and equipment, it is recognized against the net book value of the asset and recognized over the expected useful life as a reduction of asset depreciation.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGU"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Company reviews, at the end of each reporting period, whether events or circumstances have occurred to indicate that the carrying amounts of its non-financial assets with finite useful lives may be less than their recoverable amounts.

Goodwill, other intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment on June 30 of each financial year or whenever there is an indication that the carrying amount of the asset, of the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value, less costs of disposal, and the value in use of the asset or the CGU. Fair value, less costs of disposal, represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is first impaired. Any excess amount of impairment is recognized and attributed to assets in the CGU, prorated to the carrying amount of each asset in the CGU.

An impairment loss recognized in prior periods for non-financial assets with finite useful lives and intangible assets having an indefinite useful life, other than goodwill, can be reversed through the consolidated statements of (loss) earnings to the extent that the carrying amount at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in earnings in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits. A deferred tax expense or benefit is recognized in other comprehensive loss or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive loss or directly in equity in the same or a different period.

In the course of the Company's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and due to the fact that related tax interpretations and legislation are continually changing. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable.

Financing fees

Financing fees related to long-term debt are capitalized in reduction of long-term debt and amortized using the effective interest rate.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets on leases

Right-of-use assets are initially measured at cost, comprised of the initial measurement of the corresponding lease liabilities, lease payments made on or before the commencement date and any initial direct costs incurred, less any lease incentives received. They are subsequently depreciated on a straight-line basis on the lease term and reduced by impairment losses, if any. If it is reasonably certain that the Company will exercise the purchase options, the underlying asset is depreciated on the basis of its estimated useful life. Right-of-use assets may also be adjusted to reflect the re-measurement of related lease liabilities.

The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease terms range from 2 to 11 years for land and buildings and from 1 to 4 years for vehicles.

The Company has elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index and the exercise price of a purchase option reasonably certain to be exercised. Subsequently, the lease liability is measured at amortized cost using the effective interest method and adjusted for interest and lease payments. In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequently, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to exercise a purchase option for the underlying asset.

Revenue recognition

Revenue from drilling contracts and ancillary services is recognized on the basis of actual metres drilled for each contract, which corresponds to the amount to which the entity has a right to invoice.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the year.

Diluted earnings per share are determined as net earnings (loss), divided by the weighted average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising the share options based on the treasury share method.

Share options

The Company uses the fair value method under IFRS 2 to account for share options. In accordance with this method, compensation cost is measured at the fair value of the option at the grant date using the Black-Scholes option pricing model and is amortized to earnings over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity-settled reserve. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest and is net of share options cancelled prior to being vested. When unexercised share options are forfeited or expired, the amounts are transferred to retained earnings.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant or which are complex, are presented as follows:

A) CRITICAL ACCOUTING ESTIMATES

Inventories

Part of the inventory was estimated based on the number of drills on minings sites. In estimating the cost of this inventory, management takes into account the estimated amount of inventory per drill, based on the most reliable evidence available at the time the estimate was made.

Impairment of non-financial assets

The Company also uses its judgment to determine whether an impairment test must be performed due to the presence of potential impairment indicators. As at June 30, 2023, the company concluded that there were impairment indicators for assets located in Burkina Faso, and it performed an impairment test on property, plant and equipment, right of use assets and intangible assets located in Burkina Faso. No impairment was recognized as a result of this test. In applying its judgment, the Company relies primarily on its knowledge of its business and the economic environment. Significant management estimates are required to determine the recoverable amount of the cash-generating unit ("CGU") including estimates of future cash flows. Differences in estimates could affect whether tangible and intangible assets are in fact impaired and the dollar amount of that impairment. Significant assumptions are used by management to determine the projected revenue, operating expenses, utilization, discount rates and market pricing. Consequently, the impact on the Consolidated Financial Statements of future periods could be material.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

A) CRITICAL ACCOUTING ESTIMATES (continued)

Deferred income tax assets

The assessment of the probability in which deferred tax assets can be utilized is based on the Company’s latest approved budget forecast, which is adjusted for significant non-taxable income (and expenses) and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on specific facts and circumstances.

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgment is required in determining the worldwide provision for income taxes. The Company's income tax provision is based on tax rules and regulations that are subject to interpretation and may be challenged by tax autorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

B) JUDGMENTS

Functional currency

In determining the functional currency of its foreign subsidiaries, the Company needs to evaluate different factors such as the currency that mainly influences sales prices and costs, the economic environment and the degree of autonomy of the subsidiary. Following the evaluation of the different factors, when the functional currency is not obvious, the Company uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term if a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew has occurred.

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

5. EXPENSES BY NATURE

Detail of the depreciation and amortization expenses

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

	June 30 2023	June 30 2022
	$	$
Cost of contract revenue	10,069	10,046
General and administrative expenses	1,026	1,097
Total depreciation and amortization	11,095	11,143

Principal expenses by nature

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

	June 30 2023	June 30 2022
	$	$
Depreciation and amortization	11,095	11,143
Employee benefits expense	102,494	99,610
Cost of inventories	44,305	44,438
Write-down of inventories from restructuring in Burkina Faso	4,187	-
Interest on long-term debt	2,908	1,918
Interest on lease liabilities	92	139
Factoring charges and other interest	349	178
Other expenses	35,117	41,456
Total cost of contract revenue, general and administrative expenses, foreign exchange (gain) losss and finance costs	200,547	198,882
Cost of contract revenue	182,646	181,732
General and administrative expenses, foreign exchange (gain) loss and finance costs	17,901	17,150
Total cost of contract revenue, general and administrative expenses, foreign exchange (gain) loss and finance costs	200,547	198,882

6. WRITE-DOWN OF INVENTORIES FROM RESTRUCTURING IN BURKINA FASO

During the year, the Company made the decision to exit Burkina Faso due to the significant additional investment required to generate an acceptable return on investment, as well as the increased security concerns within that country therefore, the Company expects to complete its drilling program in Burkina Faso during the second quarter of Fiscal 2024.

These restructuring initiatives generated write-down of inventories calculated based on the determination of the fair value of assets less cost of disposal for a portion of inventory and net sales, less estimated cost to complete, for inventory expected to be consummed until the end of the contract. Fair value less cost of disposal was determined through the use of industry knowledge.

The recognized amount consists of a write-down of $4,187 to reduce inventory to net realizable value.

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

7. INVENTORIES

	June 30 2023	June 30 2022
	$	$
Spare parts	17,019	18,007
Consumables	30,132	29,951
Other	523	1,048
	47,674	49,006

Spare parts mainly include motors and machine parts. Consumables mainly include limited life tools, rods, hammers, wire lines and casings.

The cost of inventories recognized as an expense and included in cost of contract revenue has been recorded as follows:

	June 30 2023	June 30 2022
	$	$
	44,305	44,438

During the year, an amount of $4,187 (2022: $0) has been accounted for as a write-down of inventories in Burkina Faso as a result of net realizable value being lower than cost. As at June 30, 2023 and 2022, no amount has been accounted as a reversal of a write-down of inventory.

The Company's credit facilities are in part secured by a general assignment of the Company's inventories.

8. INVESTMENTS

	June 30 2023	June 30 2022
	$	$
Investments in public companies, beginning of the year	146	259
Conversion of trade receivables	485	-
Proceeds from disposal of investments	-	(28)
Change in fair value of investments measured at fair value through profit or loss	(311)	(85)
Investments in public companies, end of the year	320	146

The Company holds common shares in publicly traded companies. These shares are classified as fair value through profit or loss and are reported at fair value, reflecting their quoted share price at the reporting date. The change in fair value of investments is included in general and administrative expenses. The original cost is $940 ($455 as at June 30, 2022).

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

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2022	2,206	11,433	91,093	22,094	2,063	128,889
Additions	-	224	4,031	4,961	41	9,257
Transfer from right-of-use assets (note 10)	-	-	170	29	-	199
Disposals and write-offs	-	(92)	(2,664)	(2,034)	(90)	(4,880)
Effect of movements in exchange rates	260	126	3,247	98	69	3,800
Balance as at June 30, 2023	2,466	11,691	95,877	25,148	2,083	137,265
Accumulated Depreciation						
Balance as at July 1, 2022	-	6,182	63,257	16,305	1,742	87,486
Depreciation	-	422	6,976	2,875	99	10,372
Transfer from right-of-use assets (note 10)	-	-	41	29	-	70
Disposals and write-offs	-	(83)	(2,280)	(1,915)	(90)	(4,368)
Effect of movements in exchange rates	-	42	2,312	138	57	2,549
Balance as at June 30, 2023	-	6,563	70,306	17,432	1,808	96,109

	Land	Buildings and components	Drilling equipment	Vehicles	Other	Total
Cost	$	$	$	$	$	$
Balance as at July 1, 2021	2,515	11,540	86,943	20,945	2,114	124,057
Additions	-	52	10,348	3,377	31	13,808
Disposals and write-offs	-	(10)	(3,586)	(2,062)	(2)	(5,660)
Effect of movements in exchange rates	(309)	(149)	(2,612)	(166)	(80)	(3,316)
Balance as at June 30, 2022	2,206	11,433	91,093	22,094	2,063	128,889
Accumulated Depreciation						
Balance as at July 1, 2021	-	5,825	61,795	15,920	1,679	85,219
Depreciation	-	399	7,216	2,564	128	10,307
Disposals and write-offs	-	-	(3,320)	(2,053)	(2)	(5,375)
Effect of movements in exchange rates	-	(42)	(2,434)	(126)	(63)	(2,665)
Balance as at June 30, 2022	-	6,182	63,257	16,305	1,742	87,486
June 30, 2022:						
Net book value	2,206	5,251	27,836	5,789	321	41,403
June 30, 2023:						
Net book value	2,466	5,128	25,571	7,716	275	41,156

A gain on disposal of property, plant and equipment totalling $484 for the year ended June 30, 2023 (a gain of $908 for the year ended June 30, 2022) is included in cost of contract revenue.

Drilling equipment includes construction work in progress for an amount of $225 ($816 as at June 30, 2022).

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

10. RIGHT-OF-USE ASSETS

		Buildings and components	Vehicles	Total
Cost		$	$	$
Balance as at July 1, 2022		1,671	1,625	3,296
Additions		-	852	852
Disposals and write-offs		-	(62)	(62)
Variable lease payment adjustment		-	6	6
Reassessment of the lease term		(634)		(634)
Transferred to property, plant and equipment	(Note 9)	-	(199)	(199)
Effect of movements in exchange rates		-	27	27
Balance as at June 30, 2023		1,037	2,249	3,286
Accumulated Depreciation				
Balance as at July 1, 2022		592	316	908
Depreciation		270	246	516
Disposals and write-offs		-	(62)	(62)
Reassessment of the lease term		55	-	55
Transferred to property, plant and equipment	(Note 9)	-	(70)	(70)
Effect of movements in exchange rates		-	14	14
Balance as at June 30, 2023		917	444	1,361

	Buildings and components	Vehicles	Total
Cost	$	$	$
Balance as at July 1, 2021	1,668	1,215	2,883
Additions	104	731	835
Disposals and write-offs	(101)	(285)	(386)
Variable lease payment adjustment	-	8	8
Effect of movements in exchange rates	-	(44)	(44)
Balance as at June 30, 2022	1,671	1,625	3,296
Accumulated Depreciation			
Balance as at July 1, 2021	430	347	777
Depreciation	263	252	515
Disposals and write-offs	(101)	(252)	(353)
Effect of movements in exchange rates	-	(31)	(31)
Balance as at June 30, 2022	592	316	908
June 30, 2022:			
Net book value	1,079	1,309	2,388
June 30, 2023:			
Net book value	120	1,805	1,925

A gain on disposal of right-of-use-assets totalling $0 for the year ended June 30, 2023 ($7 for the year ended June 30, 2022) is included in cost of contract revenue.

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

11. INTANGIBLE ASSETS

	Software	Patents	Total
Cost	$	$	$
Balance as at July 1, 2022	2,254	48	2,302
Additions	179	-	179
Effect of movements in exchange rates	16	-	16
Balance as at June 30, 2023	2,449	48	2,497
Accumulated Depreciation			
Balance as at July 1, 2022	1,974	8	1,982
Depreciation	201	6	207
Effect of movements in exchange rates	12	-	12
Balance as at June 30, 2023	2,187	14	2,201

	Software	Patents	Total
Cost	$	$	$
Balance as at July 1, 2021	2,203	19	2,222
Additions	70	29	99
Effect of movements in exchange rates	(19)	-	(19)
Balance as at June 30, 2022	2,254	48	2,302
Accumulated Depreciation			
Balance as at July 1, 2021	1,799	3	1,802
Depreciation	186	5	191
Effect of movements in exchange rates	(11)	-	(11)
Balance as at June 30, 2022	1,974	8	1,982
June 30, 2022:			
Net book value	280	40	320
June 30, 2023:			
Net book value	262	34	296

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

12. LONG-TERM DEBT

	June 30 2023	June 30 2022
	$	$
Revolving credit facility of US$2,000 (June 30, 2022: US$1,000) authorized for a maximum amount of $6,620 (US$5,000), bearing interest at base rate plus 0.25%, effective rate as at June 30, 2023 of 9.00% (June 30, 2022: interest at base rate plus 0.25%, effective rate of 5.50%), maturing in November 2024, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below [d]	2,648	1,289
Revolving credit facility authorized for a maximum amount of $30,000, bearing interest at prime rate plus 1.50%, effective rate as at June 30, 2023 of 8.45% (June 30, 2022: interest at prime rate plus 3.75%, effective rate of 7.45%), maturing in November 2024, secured by a first rank hypothec on the universality of all present and future assets, except for those noted below [a] [b] [d]	19,454	30,003
Loan, bearing interest at 6.70%, payable in monthly instalments of $64, maturing in October 2042, secured by a first rank hypothec on a land and building [c] [e]	8,212	-
Loan of US$1,160 (June 30, 2022: US$2,320), bearing interest at prime rate plus 2.75%, effective rate as at June 30, 2023 of 11.00% (June 30, 2022: bearing interest at prime rate plus 2.75%, effective rate of 7.50%), payable in monthly instalments of $128 (US$97) (June 30, 2022 : $125 (US$97)), maturing in July 2024, secured by a third rank hypothec on the universality of all present and future assets	1,536	2,990
Loans of CLP$400,925 at June 30, 2022, bearing interest at rates of 3.50%	-	558
Loan of CLF 42 (June 30, 2022: CLF 46), bearing interest at rates of 3.30%, payable in monthly instalments of $22 (CLF 0.43), maturing in February 2028, secured by land and building. [f]	2,488	2,084
	34,338	36,924
Current portion	(1,994)	(2,222)
	32,344	34,702

[a] The Revolving credit facility bears 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 1.07%. The rate is variable based on the quarterly calculation of a financial ratio and can vary from (a) prime rate plus 0.50% to 3.75% or (b) banker's acceptance rate plus 1.50% to 4.75%.

[b] As at June 30,2023, an unamortized amount of $146 ($254 as at June 30, 2022), 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 June 30,2023, an unamortized amount of $121 ($0 as at June 30, 2022), 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 May 10, 2022, the Company signed an amendment to the Fourth Amended and Restated Credit Agreement with National Bank of Canada, consisting of a revolving credit facility in the amount of $35,000 along with a revolving credit facility in the amount of US$5,000, that will expire November 2, 2024. On September 9, 2022, as a consequence of securing a new term loan with Business Development Bank of Canada, the amended and restated Credit Agreement has been reduced from $35,000 to $30,000. As at June 30, 2023, the US Credit facility used was US$0 (US$200 as at June 30, 2022).

12. LONG-TERM DEBT (continued)

(e) On September 9, 2022, the Company entered into a 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 6.70% per year, has a duration of 240 consecutive monthly payments from November 2022 until October 2042. The fixed rate may be reduced by 0.20% from November 2023, if certain covenants of a financial nature are met. 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.

(f) As at June 30,2023, an unamortized amount of $34 ($35 as at June 30, 2022), 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 14). As at June 30, 2023, the Company was compliant with its financial covenants (June 30, 2022: the Company was compliant with its financial covenants).

As at June 30, 2023, the prime rate in Canada was 6.95% for Canadian loans (3.70% as at June 30, 2022) and the prime rate in United States was 8.25% and the base rate in the United States was 8.75% for US loans (4.75% and 5.25% respectively as at June 30, 2022).

As at June 30, 2023, principal payments required in the next years are as follows:

	$
Within one year	1,994
Later than one year and no later than five years	25,672
More than five years	6,972
	34,638

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

As at June 30, 2023 $000s	Total	Within one year	Later than one but no later than five years	Later than five years
	$	$	$	$
CAN	27,932	233	20,727	6,972
US (US$3,160)	4,184	1,536	2,648	-
Chilean UF (CLF 42)	2,522	225	2,297	-
	34,638	1,994	25,672	6,972

Reconciliation of movements of long-term debt to cash flows arising from financing activities:

	2023	2022
	$	$
Balance, beginning of year	36,924	32,425
Net change in the revolving credit facility	(9,318)	7,186
Increase in other long-term debts	8,470	-
Repayment of other long-term debts	(2,519)	(2,517)
Transaction costs related to loans	(163)	(226)
Amortization of transaction costs related to loans	160	206
Impact of the change in foreign exchange rates on the foreign currency debts	784	(150)
Balance, end of year	34,338	36,924

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

13. LEASE LIABILITIES

The summary of of the activity related to the lease liabilities for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
	$	$
Lease liabilities recognized, beginning of year	2,066	1,996
Additions	852	837
Disposals	-	(40)
Finance costs	92	139
Payment of lease liabilities, including related finance costs	(992)	(881)
Variable lease payment adjustment	6	8
Reassessment of lease term	(821)	6
Foreign exchange differences	16	1
	1,219	2,066
Current portion	528	675
Balance, end of year	691	1,391

Lease payments required in the next years are as follows:

	June 30 2023
	$
Within one year	587
Later than one year and no later than five years	751
Later than five years	-
	1,338
Less: discounting impact	(119)
Present value of lease payments	1,219

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

14. 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:

	June 30 2023	June 30 2022
	$	$
Long-term debt	34,338	36,924
Lease liabilities	1,219	2,066
Factoring liability	1,449	1,317
Share capital	59,204	59,204
Equity-settled reserve	981	1,624
Retained earnings	5,786	5,729
Accumulated other comprehensive loss	(4,327)	(4,052)
Cash and cash equivalents	(2,181)	(1,018)
	96,469	101,794

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 June 30, 2023, as mentioned in Note 12, the Company complied with its financial covenants (June 30, 2022: 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.

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

15. 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.

	June 30, 2023		June 30, 2022	
Common shares	Number of shares	$	Number of shares	$
Balance, beginning of the year	37,372,756	59,204	37,372,756	59,204
Shares issued:	-	-	-	-
Balance, end of the year	37,372,756	59,204	37,372,756	59,204

Net loss per share

Diluted net loss per common share was calculated based on net earnings divided by the average number of common shares outstanding using the treasury stock method. For 2022 and 2023, stock options are not included in the computation of diluted net loss per share as their inclusion would be anti-dilutive.

Net loss per share - basic		June 30 2023		June 30 2022
Net loss attributable to common shareholders	$	(669)	$	(6,647)
Weighted average basic number of common shares outstanding		37,372,756		37,372,756
Net loss per share - basic	$	(0.02)	$	(0.18)

Net loss per share - diluted		June 30 2023		June 30 2022
Net loss attributable to common shareholders	$	(669)	$	(6,647)
Weighted average basic number of common shares outstanding		37,372,756		37,372,756
Adjustment to average number of common share - stock options		-		-
Weighted average diluted number of common shares outstanding		37,372,756		37,372,756
Net loss per share - diluted	$	(0.02)	$	(0.18)

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

15. SHARE CAPITAL (continued)

Stock option plan

On June 26, 2008, the Company established an equity-settled option plan (the Stock Option Plan), which is intended to aid in attracting, retaining and motivating the Company's officers, employees, directors and consultants. The Stock Option Plan has been prepared in accordance with the TSX's policies on listed company security-based compensation arrangements. Persons eligible to be granted options under the option plan are: any director, officer or employee of Orbit Garant or of any subsidiary company controlled by any such person or a family trust of which at least one trustee is any such person and all of the beneficiaries of which are such person and his or her spouse or children.

The aggregate number of common shares which may be issued from treasury upon the exercise of options under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares. The number of common shares which may be reserved for issuance pursuant to options granted under the Stock Option Plan, together with common shares reserved for issuance from treasury under any other employee-related plan of the Company, or options for services granted by the Company to any one person, shall not exceed 5% of the then aggregate issued and outstanding common shares.

The Board of Directors, through the recommendation of the Corporate Governance and Compensation Committee, manages the Stock Option Plan and determines, among other things, optionees, vesting periods, exercise price and other attributes of the options, in each case pursuant to the Stock Option Plan, applicable securities legislation and the rules of the TSX. Options vest at a rate ranging from 20% to 33% per annum commencing 12 months after the date of grant and expire no later than 7 years after the grant date. Options are forfeited when the option holder ceases to be a director, officer or employee of the Company. The exercise price for any option may not be less than the fair market value (the closing price of the common shares on the TSX on the last trading day on which common shares traded prior to such day, or the average of the closing bid and ask prices over the last five trading days, if no trades accrued over that period) of the common shares at the time of the grant of the option.

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

	June 30, 2023		June 30, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	3,243,500	1.24	3,342,500	1.24
Granted during the year	550,000	0.53	-	-
Cancelled during the year	(1,833,500)	1.34	(99,000)	1.11
Outstanding at end of the year	1,960,000	0.95	3,243,500	1.24
Exercisable at end of the year	1,202,005	1.13	2,256,502	1.40

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

15. SHARE CAPITAL (continued)

The following table summarizes information on share options outstanding as at June 30, 2023:

Range of exercise price $	Outstanding at June 30, 2023	Weighted average remaining life (years)	Weighted average exercise price $	Exercisable at June 30, 2023	Weighted average exercise price $
0.50 - 1.49	1,600,000	2.15	0.77	842,005	0.87
1.50 - 2.49	360,000	0.43	1.74	360,000	1.74
	1,960,000			1,202,005	

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 2023
Risk-free interest rate	2.99% to 3.52%
Expected life (years)	3
Expected volatility (based on historical volatility)	61.89% to 72.29%
Expected dividend yield	0%
Fair value of options granted	$0.25 to $0.30

During the years 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:

	June 30 2023	June 30 2022
	$	$
Expense related to share-based compensation	83	206

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

16. INCOME TAXES

Income tax expense (recovery) comprises the following:

	June 30 2023	June 30 2022
Current tax	$	$
Current year	419	367
Prior years adjustments	56	231
	475	598
Deferred tax		
Current year	646	2,760
Prior years adjustements	(23)	(120)
	623	2,640
	1,098	3,238

	June 30 2023	June 30 2022
	$	$
Earnings (loss) before income taxes	429	(3,409)
Statutory rates	26.50%	26.50%
Income taxes based on statutory rates	114	(903)
Increase (decrease) of income taxes due to the following:		
Non-deductible expenses	71	92
Non-deductible share-based compensation expense	22	54
Difference of income tax rates between territories	39	137
Withholding taxes	355	251
Income tax assets unrecognized	1,107	3,547
Recognition of previously unrecognized deductible temporary differences and tax losses of prior periods	(643)	-
Non-taxable portion of capital gain	(6)	(49)
Prior years adjustments	33	111
Other	6	(2)
Total income tax expense	1,098	3,238

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

16. INCOME TAXES (continued)

Deferred income taxes are based on differences between the accounting and tax values of assets and liabilities and consist of the following at the dates presented:

	July 1 2022	Recognized in statements of loss	Exchange rate change	June 30 2023
	$	$	$	$
Deferred income tax assets:				
Intangible assets	29	(6)	-	23
Loss carried forward	639	(270)	-	369
Non-deductible provisions	1,519	(78)	264	1,705
Investments	41	42	-	83
Total deferred income tax assets	2,228	(312)	264	2,180
Deferred income tax liabilities:				
Property, plant and equipment	1,249	311	35	1,595
Total deferred income tax liabilities	1,249	311	35	1,595
Net deferred income tax assets	979	(623)	229	585

	July 1 2021	Recognized in statements of loss	Exchange rate change	June 30 2022
	$	$	$	$
Deferred income tax assets:				
Intangible assets	22	7	-	29
Loss carried forward	4,410	(3,771)	-	639
Non-deductible provisions	1,374	480	(335)	1,519
Investments	27	14	-	41
Total deferred income tax assets	5,833	(3,270)	(335)	2,228
Deferred income tax liabilities:				
Property, plant and equipment	1,936	(630)	(57)	1,249
Total deferred income tax liabilities	1,936	(630)	(57)	1,249
Net deferred income tax assets	3,897	(2,640)	(278)	979

As presented in the consolidated statements of financial position:

	June 30 2023	June 30 2022
	$	$
Deferred tax assets	1,876	1,636
Deferred tax liabilities	(1,291)	(657)
Net deferred tax assets	585	979

The Company recognized a deferred income tax asset on certain non-capital losses because it is probable that sufficient taxable profit will be available from future oprations.

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

16. INCOME TAXES (continued)

Tax losses, for which no deferred tax assets were recognized, expire as follows:

	Chile	Ghana	Guinea	Burkina Faso
				$
June 30, 2024	-	-	748	206
June 30, 2025	-	-	2,590	5,854
June 30, 2026	-	-	-	-
June 30, 2027	-	-	-	8,606
June 30, 2028	-	83	-	3,972
No expiry date	3,822	-	-	-

17. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	June 30 2023	June 30 2022
	$	$
Trade and other receivables	9,565	(130)
Inventories	(1,583)	(6,074)
Prepaid expenses	88	(328)
Trade and other payables	(8,770)	5,445
	(700)	(1,087)

During fiscal year 2023, the Company received common shares from a publicly traded company as settlement for its trade and other receivables account in the amount of $485. This information is presented as a non-monetary transaction in the consolidated statements of cash flows.

18. 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.

19. COMMITMENTS AND GUARANTEES

Commitments

The Company has entered into short-term and low asset value lease agreements expiring in 2024 which call for total lease payments of $6 for the rental of offices. None of the lease agreements contain renewal or purchase options or escalation clauses or any restrictions.

Lease payments recognized as an expense during the year amount to $9,469 (year ended June 30, 2022: $13,858). This amount consists of minimum lease payments. 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.

Guarantees

As at June 30, 2023, the Company issued some bank guarantees in favor of customers for a total amount of $762 (year ended June 30, 2022: $1,644), maturing in December 2023. For the years ended June 30, 2022 and 2023, the Company has not made any payments in connection with these guarantees.

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

20. 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:

	June 30 2023	June 30 2022
	$	$
Revenues	35	31
Expenses	96	172

As at June 30, 2023, an amount of $0 was receivable resulting from these transactions (June 30, 2022: $0).

In addition, for the twelve-month period ended June 30, 2023, repayments of a lease liability totalling $84 were made to Dynamitage Castonguay Ltd. (June 30, 2022 : $84).

Transactions with associate parties

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

	June 30 2023	June 30 2022
	$	$
Revenues	35,845	26,256

As at June 30, 2023, trade and other receivables included an amount receivable of $3,612 from one of the Company's associates (June 30, 2022: $4,322).

As at June 30, 2023, investment in an associate totalling $0 in financial statement (June 30, 2022: $0).

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

21. KEY MANAGEMENT COMPENSATION

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

	June 30 2023	June 30 2022
	$	$
Salaries and fees	1,195	1,054
Share-based compensation	62	84
	1,257	1,138

22. 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.

22. FINANCIAL INSTRUMENTS (continued)

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.

Currency risk

The Company realizes a part of its activities in US dollars (US $), in Chiliean Pesos (CLP), in Ghanaian cedi (GHS cedi), in West African Francs (XOF) and in Guinean Francs (GNF). The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2023:

	US $	CLP	GHS cedi	XOF	GNF
	$000s	$000s	000s	000s	000s
Cash and equivalents	209	177,555	35	565,705	2,566,859
Trade receivables	405	2,797,346	-	182,741	7,036,228
Income tax receivable (payable)	2	538	2,095	150,259	-
Accounts payable and accrued liabilities	(203)	(1,207,881)	(18)	(354,793)	(5,865,745)
Current portion of long-term debt and lease liabilities	(1,181)	(160,996)	-	-	-
Net balance exposure	(768)	1,606,562	2,112	543,912	3,737,342
Equivalent in Canadian dollars	(1,017)	2,651	243	1,196	568

The Company has estimated that a 10% increase or decrease in the foreign exchange rates would have caused a corresponding annual change in net earnings (loss) and comprehensive loss of:

	US $	CLP	GHS cedi	XOF	GNF
Change in net earnings (loss)	(75)	-	-	-	-
Change in other comprehensive income (loss)	-	195	18	88	42
Net exposure in Canadian dollars	(75)	195	18	88	42

The Company's exposure to currency risk on its consolidated financial statements was as follows as at June 30, 2022:

	US $	CLP	GHS cedi	XOF	GNF
	$000s	$000s	000s	000s	000s
Cash and equivalents	111	42,374	7	332,228	1,321,553
Trade receivables	476	1,381,790	5,881	609,384	3,656,404
Income tax receivable (payable)	(2)	(6,854)	2,102	154,662	-
Accounts payable and accrued liabilities	(278)	(1,250,245)	(42)	(1,269,751)	(4,047,341)
Current portion of long-term debt and lease liabilities	(1,193)	(560,400)	-	-	-
Net balance exposure	(886)	(393,335)	7,948	(173,477)	930,616
Equivalent in Canadian dollars	(1,142)	(548)	1,272	(356)	136

The Company has estimated that a 10% increase or decrease in the above foreign exchange rates would have caused a corresponding annual change in net earnings (loss) and comprehensive earnings (loss) of:

	US $	CLP	GHS cedi	XOF	GNF
Change in net earnings (loss)	(84)	-	-	-	-
Change in other comprehensive income (loss)	-	(40)	94	(26)	10
Net exposure in Canadian dollars	(84)	(40)	94	(26)	10

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

22. FINANCIAL INSTRUMENTS (continued)

Credit risk

The Company provides credit to its customers in the normal course of its operations. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada ("EDC") on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of certain accounts receivable. As at June 30, 2023, the amount of the insurance coverage from EDC represents 4% of the accounts receivable (4% as at June 30, 2022).

The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which are estimated based on aging analysis of receivables, past experience, current conditions and forecasts of future economic conditions as well as specific risks associated with the customer and other relevant information. The maximum exposure to credit risk is the carrying value of the financial assets.

The allowance for doubtful accounts is established based on the Company's best estimate on the recovery of balances for which collection may be uncertain. Uncertainty of collection may become apparent from various indicators, such as a deterioration of the credit situation of a given client or delay in collection when the aging of invoices exceeds the normal payment terms. Management regularly reviews accounts receivable and assesses the appropriateness of the allowance for doubtful accounts.

The aging of trade receivable balances and the allowance for doubtful accounts as at June 30, 2023 and June 30, 2022 were as follows:

	June 30 2023	June 30 2022
	$	$
Current	21,989	32,247
Past due 0-30 days	2,955	2,155
Past due more than 30 days	3,913	3,020
Total trade receivables	28,857	37,422
Less: allowance for doubtful accounts	905	281
	27,952	37,141

The change in the allowance for doubtful accounts is detailed below:

	June 30 2023	June 30 2022
	$	$
Balance at beginning of year	281	407
Change in allowance, other than write-offs and recoveries	930	7
Write-offs of accounts receivable	(273)	-
Recoveries	(26)	(121)
Foreign exchange translation differences	(7)	(12)
Balance at end of year	905	281

As at June 30, 2023, 72% (June 30, 2022: 73%) of the trade and other receivables are aged as current and 3% are impaired (June 30, 2022: 1%). Given that expected credit losses are minimal, the expected credit losses by trade accounts receivable aging have not been presented.

Three major customers represent 41% of the trade accounts receivable as at June 30, 2023 (June 30, 2022, One major customer represented 12% of trade accounts receivable).

22. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

One major customer represents 18% of the contract revenue for the year ended June 30, 2023 (year ended June 30, 2022, one major customer represented 13%).

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

The Company does not enter into derivatives to manage credit risk.

Interest rate risk

The Company is subject to interest rate risk since a significant part of the long-term debt bears interest at variable rates.

As at June 30, 2023, the Company has estimated that a 100 basis point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net (loss) earnings and comprehensive (loss) earnings of $175 (June 30, 2022, $254).

Equity market risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the markets and individual equity movements, and determines the appropriate course of actions to be taken by the Company.

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 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.

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

22. 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 data.

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 June 30, 2023, the investments are measured at fair value and are classified as a Level 1 financial instrument as their fair value is determined using quoted prices in the active markets.

As at June 30, 2023	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	2,181	2,181			
Trade and other receivables	30,538	30,538			
Financial assets measured at fair value					
Investments	320	320	320	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	27,621	27,621			
Factoring liability	1,449	1,449			
Long-term debt	34,338	33,494	-	33,494	-

As at June 30, 2022	Carrying value	Fair value	Level 1	Level 2	Level 3
	$	$	$	$	$
Financial assets measured at amortized cost					
Cash and cash equivalents	1,018	1,018			
Trade and other receivables	39,401	39,401			
Financial assets measured at fair value					
Investments	146	146	146	-	-
Financial liabilities measured at amortized cost					
Trade and other payables	33,578	33,578			
Factoring liability	1,317	1,317			
Long-term debt	36,924	36,924			

There were no transfers of amounts between Level 1, Level 2 and Level 3 financial instruments for the year ended June 30, 2023.

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

22. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance costs and principal repayments on its debt instruments. It is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. In Note 12 are details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The Company enters into receivable purchase agreements (commonly referred to as "factoring agreements") with different banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice less a charge between 0.86% and 1.24%. As at June 30, 2023, trade receivables include $1,449 related to factored accounts ($1,317 as at June 30, 2022).

The following tables present the contractual cash flows for the financial liabilities based on their remaining contractual maturities:

					As at June 30, 2023
	Total	0 - 1 year	2 - 3 years	4 - 5 years	More than 5 years
	$	$	$	$	$
Trade and other payables	27,621	27,621	-	-	-
Factoring liability	1,449	1,449	-	-	-
Long-term debt	34,638	1,994	23,250	2,422	6,972
Lease liabilities	1,219	528	530	161	-
	64,927	31,592	23,780	2,583	6,972

					As at June 30, 2022
	Total	0 - 1 year	2 - 3 years	4 - 5 years	More than 5 years
		$	$	$	$
Trade and other payables	33,578	33,578	-	-	-
Factoring liability	1,317	1,317	-	-	-
Long-term debt	37,213	2,222	33,396	1,595	-
Lease liabilities	2,066	675	709	292	390
	74,174	37,792	34,105	1,887	390

23. 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.

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

23. SEGMENTED INFORMATION (continued)

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

	June 30 2023	June 30 2022
Contract revenue	$	$
Canada	152,134	145,201
International [(1)]	48,842	50,272
	200,976	195,473
Earnings (loss) from operations		
Canada	16,235	12,188
International (including write-down of inventory from restructuring in Burkina Faso of $4,187 in 2023 ($0 in 2022))	(10,570)	(9,799)
	5,665	2,389
General and corporate expenses related to head office[(2)]	1,887	3,563
Finance costs	3,349	2,235
Income tax expense	1,098	3,238
	6,334	9,036
Net loss	(669)	(6,647)

(1) The International operating segment included		
Chilean revenue	30,091	27,135
West African revenue	15,229	18,111

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

Depreciation and amortization		
Canada	6,743	6,349
International	3,326	3,697
Total depreciation and amortization included in earnings (loss) from operations	10,069	10,046
Unallocated and corporate assets	1,026	1,097
Total depreciation and amortization	11,095	11,143

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

23. SEGMENTED INFORMATION (continued)

	As at June 30, 2023	As at June 30, 2022
	$	$
Identifiable assets		
Canada	89,456	92,099
Chile	20,476	15,906
West Africa	14,461	26,090
International - Other	3,170	2,964
	127,563	137,059
Property, plant and equipment		
Canada	27,386	26,168
Chile	6,297	5,296
West Africa	7,308	9,785
International - Other	165	154
	41,156	41,403
Right-of-use assets		
Canada	1,850	1,424
Chile	41	83
West Africa	11	819
International - Other	23	62
	1,925	2,388
Intangible assets		
Canada	256	219
Chile	30	85
West Africa	10	16
	296	320

	June 30 2023	June 30 2022
	$	$
Non-current assets acquisitions		
Canada	8,779	7,564
International	1,065	5,220
Unallocated and corporate assets	444	49
	10,288	12,833

Directors

Jean-Yves Laliberté [1, 2]
Corporate Director and Consultant
Chair of the Board of Directors

Mario Jacob [1, 2]
Corporate Director and Consultant

Pierre Rougeau [1, 2*]
Corporate Director and Consultant

Nicole Veilleux [1*, 2]
Corporate Director and Consultant

Pierre Alexandre
President and Chief Executive Officer,
Orbit Garant Drilling Inc.

1 Member of Audit Committe.
2 Member of Corporate Governance and Compensation Committee.
* Denotes Committee Chair.

Officers

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President and Chief Executive Officer

Sylvain Laroche
Chief Operating Officer

Daniel Maheu
Chief Financial Officer and Corporate Secretary

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37,372,756 (as at June 30, 2023)

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Auditors
KPMG LLP

Annual Meeting
Thursday, November 30, 2023
Orbit Garant Head Office
3200 Jean-Jacques Cossette Blvd.
Val-d'Or, Quebec

The meeting will commence at 10:00 a.m. (ET)

FORAGE ORBIT GARANT DRILLING

CONTACT

Should you have any questions regarding Orbit Garant Drilling and its operations, please do not hesitate to contact us at one of our offices listed below. It will be our pleasure to assist you and we look forward to working with you to address your specific needs.

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