

- Increased domestic and international drilling activity drives higher revenue despite continued domestic pricing pressures -

VAL-D'OR, QC, Nov. 9, 2016 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three-month period ended September 30, 2016 ("Q1 FY2017"). All dollar amounts are in Canadian dollars unless otherwise stated. Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this news release.

Summary

(\$ amounts in millions, except per share amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015
Revenue	\$30.5	\$24.3
Gross Profit	\$2.9	\$3.3
Gross Margin (%)	9.4	13.7
Adjusted Gross Margin (%) ¹	17.8	22.2
EBITDA ²	\$2.4	\$2.6
Net loss	\$0.2	\$0.2
Net loss per share		
- Basic and diluted	\$0.01	\$0.01
Total metres drilled	318,382	259,462

¹ In accordance with IFRS, reported gross profit and margin include certain depreciation expenses. For comparative purposes, adjusted gross margin is also shown excluding these depreciation expenses.

² EBITDA is defined as earnings before interest, taxes, depreciation, and amortization.

"The first quarter of fiscal 2017 was highlighted by solid operating performance and continued growth in drilling activity. Despite challenging market conditions, we delivered our ninth consecutive quarter of year-over-year growth in domestic drilling revenue, and our seventh straight quarter of year-over-year growth in international drilling revenue," said Eric Alexandre, President & CEO of Orbit Garant. "In Canada, we continued to face pricing pressure in the quarter. In addition, our mobilization costs were higher during the quarter as we work to meet increased demand. These factors combined to reduce margins in the quarter. However, we are seeing drill utilization rates rising as customers increase exploration and resource development spending, and historically that has been a predecessor to pricing recovery. Indeed, we are starting to see opportunities to increase pricing."

"Meanwhile, we remain very active on the international front, particularly in Chile where we have secured two new contracts with major mining companies that will begin during the second quarter of fiscal 2017. We will continue to seek new opportunities abroad, in line with our long-term goal of generating 25% of our total revenue from outside Canada," continued Mr. Alexandre.

"We are also pleased to have formed a partnership earlier this week with the Cree First Nation of Waswanipi. Orbit Garant is now a preferred mineral drilling partner of the people of Waswanipi, and this should open up new opportunities for us in Northern Quebec."

First Quarter Results

For the three months ended September 30, 2016 ("Q1 FY2017") revenue totaled \$30.5 million, an increase of 25.6% from the three-month period ended September 30, 2015 ("Q1 FY2016"). Drilling Canada revenue was \$25.4 million, up 7.0% from \$23.8 million in Q1 FY2016, reflecting increased metres drilled during the quarter. Drilling International revenue was \$5.1 million, compared to \$0.5 million in Q1 FY2016, reflecting the Company's acquisition of Chile-based Captagua Ingeniería S.A (renamed "OG Chile") in the second quarter of fiscal 2016, and to a lesser extent, new project revenues in Ghana.

Orbit Garant's fleet drilled a total of 318,382 metres in Q1 FY2017, an increase of 22.7% from 259,462 metres drilled in Q1

FY2016. Consolidated average revenue per metre drilled was \$95.58, up 5.0% from \$91.15 in Q1 FY2016. The increase in consolidated average revenue per metre drilled is attributable to an increase in international specialized drilling activity, including a high proportion of specialized drilling activity in Chile.

Gross profit for Q1 FY2017 was \$2.9 million, compared to \$3.3 million in Q1 FY2016. Gross margin for Q1 FY2017 was 9.4%, compared to 13.7% in Q1 FY2016. In accordance with IFRS, depreciation expenses totalling \$2.6 million are included in cost of contract revenue for Q1 FY2017, compared to \$2.0 million in Q1 FY2016. Adjusted gross margin, excluding depreciation expenses, was 17.8% in Q1 FY2017, compared to 22.2% in Q1 FY2016. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to continued domestic pricing pressures, and increased project mobilization and start-up costs.

General and administrative (G&A) expenses were \$3.4 million (representing 11.1% of revenue) in Q1 FY2017, compared to \$3.1 million (representing 12.9% of revenue) in Q1 FY2016. Increased G&A expenses are primarily attributable to the Company's expanded international operations. Decreased G&A expenses as a percentage of revenue reflect the Company's financial discipline in growing its business.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ was \$2.4 million in Q1 FY2017, compared to \$2.6 million in Q1 FY2016.

The Company's net loss for Q1 FY2017 was \$0.2 million, or \$0.01 per share. The Company also had a net loss of \$0.2 million, or \$0.01 per share, in Q1 FY2016.

During Q1 FY2017, the company used a net amount of \$1.7 million on its \$25.0 million revolving Credit Facility. In Q1 FY2016, the Company repaid a net amount of \$1.9 million. As at September 30, 2016, the Company's long-term debt from its revolving credit facility was \$9.2 million, compared to \$7.4 million as at June 30, 2016. The Company's debt was incurred to support the acquisition of capital assets, principally property, plant and equipment. Orbit Garant had working capital of \$45.5 million as at September 30, 2016 (\$42.9 million as at June 30, 2016) and 35,101,419 shares outstanding.

Orbit Garant's audited consolidated financial statements and management's discussion and analysis for the first quarter ended September 30, 2016 are available via the Company's website at www.orbitgarant.com or SEDAR at www.sedar.com.

Conference call

Eric Alexandre, President and CEO, and Alain Laplante, Vice President and CFO, will host a conference call for analysts and investors on Thursday, November 10, 2016 at 10:00 a.m. (ET). The dial-in numbers for the conference call are 647-427-7450 or 1-888-231-8191. A live webcast of the call will be available on Orbit Garant's website at: <http://www.orbitgarant.com/en/sites/fog/investors.aspx>.

To access a replay of the conference call dial 416-849-0833 or 1-855-859-2056, passcode: 4710191. The replay will be available until November 17, 2016. The webcast will be archived following conclusion of the call.

About Orbit Garant

Headquartered in Val-d'Or, Quebec, Orbit Garant is one of the largest Canadian-based mineral drilling companies, providing both underground and surface drilling services in Canada and internationally through its 226 drill rigs and more than 900 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. For more information, please visit the Company's website at www.orbitgarant.com.

(1) Management believes that EBITDA is a useful supplemental measure of operating performance before interest, taxes, depreciation and amortization. However, EBITDA is not a recognized earnings measure under IFRS and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss (which is determined in accordance with IFRS) as an indicator of the performance of the Company or as a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ materially from the methods used by other public companies and, accordingly, may not be comparable to similarly named measures used by other public companies.

Forward-looking information

This news release may contain forward-looking statements (within the meaning of applicable securities laws) relating to business of [Orbit Garant Drilling Inc.](http://www.orbitgarant.com) (the "Company") and the environment in which it operates. Forward-looking statements are identified by words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available at www.sedar.com. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements.

Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances.

SOURCE [Orbit Garant Drilling Inc.](#)

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