

VAL-D'OR, QC, May 10, 2017 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three and nine-month periods ended March 31, 2017. 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 March 31, 2017	Three months ended March 31, 2016	Nine months ended March 31, 2017	Nine months ended March 31, 2016
Revenue	\$29.9	\$28.1	\$87.8	\$74.1
Gross Profit (loss)	\$1.2	\$1.3	\$5.6	\$5.9
Gross Margin (%)	3.9	4.7	6.3	8.0
Adjusted Gross Margin (%) ¹	10.7	14.9	14.1	17.5
EBITDA ²	\$(0.5)	\$0.3	\$2.0	\$3.2
Net earnings (loss)	\$(2.2)	\$(2.6)	\$(4.3)	\$(4.6)
Net earnings (loss) per share				
- Basic and diluted	\$(0.06)	\$(0.07)	\$(0.12)	\$(0.13)
Total metres drilled	313,184	313,469	917,194	817,595

¹In 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 (loss) before interest, taxes, depreciation, and amortization.

"With the strengthening of gold and base metals prices since the beginning of 2016, combined with a significant improvement in financing activity for mining and mineral exploration companies, we are experiencing strong growth in demand from new and existing customers in Canada. We recently renewed and obtained three important drilling contracts with a major customer for projects in Nunavut, representing potential revenue of more than \$100 million over the next five fiscal years. We expect our surface drill utilization rates in Quebec and Ontario to be at or near full utilization by the end of our fiscal year," said Eric Alexandre, President and CEO of Orbit Garant. "Our margins and profitability in the quarter continue to reflect lower pricing on existing contracts in Canada, as well as increased employee training and project mobilization costs as we continue to ramp up our operations to meet customer demand. We now expect to see a positive impact from our increasing utilization rates and pricing increases on our new contracts in Canada towards the end of fiscal 2017 and into fiscal 2018."

"We are pleased with the performance of our international business, particularly in Chile, where we are seeing increased opportunities to bid on projects. We experienced a slight decrease in international revenue in the quarter primarily due to a decline in drilling activity on a project in Guyana. Towards the end of the quarter, we commenced a new drilling contract in Burkina Faso. We currently have drilling operations in Chile, Guyana, Kazakhstan, Ghana and Burkina Faso, demonstrating the strong progress we have made in expanding our international market presence," added Mr. Alexandre. "Looking ahead, with our sound balance sheet, expanded international market presence, our focus on technological innovation and a comprehensive service offering, combined with strong customer demand and new project opportunities, we are well positioned for profitable growth."

Third Quarter Results

For the three months ended March 31, 2017 ("Q3 FY2017") revenue increased 6.5% to \$29.9 million, compared to \$28.1 million for the three-month period ended March 31, 2016 ("Q3 FY2016"). Drilling Canada revenue increased 9.6% to \$23.4 million, from \$21.4 million in Q3 FY2016, reflecting an increase in metres drilled. International revenue was \$6.5 million, compared to \$6.7 million in Q3 FY2016. The slight decline in international revenue resulted from a decline in drilling activity on a project in Guyana compared to the third quarter a year ago. Orbit Garant's fleet drilled a total of 313,184 metres in Q3 FY2017, compared to 313,469 metres in Q3 FY2016. Consolidated average revenue per metre drilled was \$95.17, up from \$87.86 in Q3 FY2016. The increase in consolidated average revenue per metre drilled in Q3 FY2017 is attributable to the Company's specialized drilling activity in Chile, which is priced at higher rate than conventional drilling.

Gross profit for Q3 FY2017 was \$1.2 million, compared to \$1.3 million in Q3 FY2016. Adjusted gross margin, excluding depreciation expenses of \$2.0 million, was 10.7%, compared to adjusted gross margin, excluding depreciation expenses of \$2.9 million, of 14.9% in Q3 FY2016. The decrease in gross profit and adjusted gross margin was primarily attributable to lower pricing on existing contracts in Canada and to increased employee training and project mobilization costs, reflecting increasing customer demand for the Company's drilling services.

General and administrative (G&A) expenses were \$3.8 million (12.6% of revenue) in Q3 FY2017, compared to \$3.9 million (13.9% of revenue) in Q3 FY2016. The decline reflects the Company's disciplined cost controls in growing its business.

Earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA")¹ was \$(0.5) million in Q3 FY2017, compared to \$0.3 million in Q3 FY2016.

The Company's net loss for Q3 FY2017 was \$2.2 million, or \$0.06 per share, compared to a net loss of \$2.6 million, or \$0.07 per share, in Q3 FY2016. The decline in gross profit and adjusted gross margin resulting from Orbit Garant's increased investment in employee training and new project mobilization costs contributed to the net loss for the quarter.

During Q3 FY2017, the Company generated \$5.4 million from financing activities, compared to a negligible amount in Q3 FY2016. The Company withdrew a net amount of \$6.0 million during Q3 FY2017 on its secured, three-year revolving credit facility (the "Credit Facility") with National Bank of Canada Inc. (the "Lender"), compared to a draw of \$1.1 million in Q3 FY2016. In addition to the above, the Company provided a letter of credit to a bank of one of its subsidiaries for US\$1.0 million (or approximately CAN\$1.3 million) from the Credit Facility. As at March 31, 2017, the Company had \$14.8 million drawn under the Credit Facility, compared to \$7.4 million as at June 30, 2016, with the full amount re-classified from long-term debt to current debt, as the Credit Facility matures on December 19, 2017. Accordingly, working capital declined to \$35.1 million from \$42.9 million as at June 30, 2016. The Company is currently in discussions with the Lender to renew and extend the Credit Facility, at which point the debt would again be classified as long-term. In December 2016, the Company entered into a credit facility with Export Development Canada in the amount of \$2.5 million. The purpose of the loan was to assist in financing capital expenditure requirements for the Company's international operations.

As at March 31, 2017, there were 36,093,419 common shares of Orbit Garant issued and outstanding.

Orbit Garant's unaudited consolidated financial statements and management's discussion and analysis for the three and nine-month periods ended March 31, 2017 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, May 11, 2017 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>. The webcast will be archived following conclusion of the call.

To access a replay of the conference call dial 416-849-0833 or 1-855-859-2056, passcode: 8396015. The replay will be available until May 18, 2017.

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 221 drill rigs and more than 1,000 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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