

VAL-D'OR, QC, Feb. 13, 2017 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the three and six-month periods ended December 31, 2016. 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 Dec. 31, 2016	Three months ended Dec. 31, 2015	Six months ended Dec. 31, 2016	Six months ended Dec. 31, 2015
Revenue	\$27.4	\$21.7	\$57.9	\$46.0
Gross Profit (loss)	\$1.5	\$1.3	\$4.4	\$4.6
Gross Margin (%)	5.5	5.7	7.6	10.0
Adjusted Gross Margin (%) ¹	13.6	15.5	15.8	19.0
EBITDA ²	\$0.0	\$0.3	\$2.4	\$2.9
Net earnings (loss)	\$(1.9)	\$(1.8)	\$(2.1)	\$(2.0)
Net earnings (loss) per share	\$(0.05)	\$(0.05)	\$(0.06)	\$(0.06)
- Basic and diluted				
Total metres drilled	285,583	244,664	603,965	504,126

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.

"Our continued growth in revenue and metres drilled reflects the growing demand we are experiencing for our drilling services both in Canada and internationally, particularly in Chile. Our margins and profitability continue to reflect lower pricing on existing contracts in Canada and higher mobilization and start-up costs as we ramp up our operations to meet increased demand. With drill utilization rates now improving, we expect to see a positive impact from pricing improvements on newer contracts in the second half of fiscal 2017," said Eric Alexandre, President and CEO of Orbit Garant.

"We are encouraged by the recent positive signs in the mining industry. Gold and base metals prices are up from a year ago and a greater number of mining companies, including junior exploration and intermediate companies, were able to raise capital in 2016, positioning them to increase their exploration and development programs in 2017," continued Mr. Alexandre. "Looking ahead, we believe that these developments could continue to have a positive impact on our operations in Canada and abroad. With our sound balance sheet, expanded international market presence, our focus on technological innovation and a comprehensive service offering, we believe we are well positioned to capitalize on industry growth opportunities."

Second Quarter Results

For the three months ended December 31, 2016 ("Q2 FY2017") revenue totaled \$27.4 million, an increase of 26.3% from the three-month period ended December 31, 2015 ("Q2 FY2016"). Drilling Canada revenue was \$20.0 million, down slightly from \$20.2 million in Q2 FY2016, as the increase in metres drilled in the quarter was offset by lower pricing on existing contracts in Canada. International revenue was \$7.4 million, up from \$1.5 million in Q2 FY2016, resulting from continued revenue growth in Chile due to the Company's acquisition of Chile-based Captagua Ingeniería S.A. ("OG Chile") late in the second quarter last year, and to a lesser extent, new project revenues in Ghana and Kazakhstan.

Orbit Garant's fleet drilled a total of 285,583 metres in Q2 FY2017, a 16.7% increase from Q2 FY2016. Consolidated average revenue per metre drilled was \$95.81, up from \$84.70 in Q2 FY2016. The increase in consolidated average revenue per metre drilled is attributable to an increase in international drilling activity, including a high proportion of higher margin specialized drilling activity in Chile.

Gross profit for Q2 FY2017 increased to \$1.5 million, from \$1.3 million in Q2 FY2016. Adjusted gross margin, excluding depreciation expenses of \$2.2 million, was 13.6% in Q2 FY2017, compared to 15.5% in Q2 FY2016. The decrease in adjusted gross margin was primarily attributable to lower pricing on existing contracts in Canada, and higher project mobilization and start-up costs.

General and administrative (G&A) expenses were \$4.0 million (14.5% of revenue) in Q2 FY2017, compared to \$3.5 million

(16.2% of revenue) in Q2 FY2016. Increased G&A expenses are primarily attributable to the expansion of Chilean operations and other 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 nominal in Q2 FY2017, compared to \$0.3 million in Q2 FY2016.

The Company's net loss for Q2 FY2017 was \$1.9 million, or \$0.05 per share, compared to a net loss of \$1.8 million, or \$0.05 per share, in Q2 FY2016.

During Q2 FY2017, the Company generated \$2.9 million from financing activities, compared to \$2.0 million in Q2 FY2016. The Company repaid a net amount of \$0.4 million on its secured, three-year revolving credit facility (the "Credit Facility") with National Bank of Canada Inc. (the "Lender") as at December 31, 2016, compared to a draw of \$2.0 million in Q2 FY2016. As at December 31, 2016, the Company had \$8.7 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 \$36.4 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 December 31, 2016, there were 35,101,419 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 six-month periods ended December 31, 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 Tuesday, February 14, 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: 62198808. The replay will be available until February 21, 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 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.](http://www.orbitgarant.com)

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