

- Increased domestic and international drilling activity drives drilling volumes to over one million metres for first time since Fiscal 2012 -

VAL-D'OR, QC, Sept. 15, 2016 /CNW/ - [Orbit Garant Drilling Inc.](#) (TSX: OGD) ("Orbit Garant" or the "Company") today announced its financial results for the fourth quarter and fiscal year ended June 30, 2016 ("Fiscal 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 June 30, 2016	Three months ended June 30, 2015	Twelve months ended June 30, 2016	Twelve months ended June 30, 2015
Revenue	\$33.4	\$22.8	\$107.5	\$79.0
Gross Profit (loss)	\$4.3	\$1.6	\$10.2	\$3.2
Gross Margin (%)	12.8	7.1	9.5	4.1
Adjusted Gross Margin (%) <sup>1</sup>	19.7	16.4	18.1	15.2
Negative goodwill	\$5.0	-	\$5.0	-
EBITDA <sup>2</sup>	\$7.9	\$0.3	\$11.1	\$1.8
Adjusted EBITDA <sup>2,3</sup>	\$3.0	\$0.3	\$6.9	\$1.8
Net earnings (loss)	\$4.4	\$(2.0)	\$(0.2)	\$(7.4)
Net earnings (loss) per share				
- Basic and diluted	\$0.12	\$(0.06)	\$(0.01)	\$(0.22)
Adjusted net earnings (loss) <sup>3</sup>	\$(0.5)	\$(1.9)	\$(4.7)	\$(7.4)
Adjusted net earnings (loss) per share <sup>3</sup>				
- Basic and diluted	\$(0.02)	\$(0.06)	\$(0.13)	\$(0.22)
Total metres drilled	334,507	252,815	1,152,102	892,875

<sup>1</sup> 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.

<sup>2</sup> EBITDA is defined as earnings before interest, taxes, depreciation, and amortization.

<sup>3</sup> Adjusted EBITDA and adjusted net earnings exclude a gain associated with negative goodwill and acquisition & integration expenses.

"The fourth quarter of 2016 was our best quarter in terms of metres drilled and revenue in over three years. For the year, we exceeded one million metres drilled for the first time since Fiscal 2012, and our EBITDA and gross margins increased in all four quarters compared to the corresponding periods in Fiscal 2015," said Eric Alexandre, President and CEO of Orbit Garant. "Our international expansion strategy has generated positive results from our projects in Chile, Kazakhstan and Ghana. Supported by this positive momentum and increased customer interest, we continue to advance our international expansion strategy. We established new operating subsidiaries in Peru and Guyana in May and August, 2016, respectively. We continue to selectively seek expansion opportunities in both Canada and abroad."

"Looking ahead, we are encouraged by the recent positive signs in the mining industry. Gold prices have risen sharply in 2016, up 25.4% from the trailing five-year price low in December 2015. Base metals prices are also strengthening, albeit at a slower pace. In addition, the amount of capital raised by mining companies has increased in recent months. We believe that these developments could have a positive impact on our operations in Canada and abroad."

#### Fourth Quarter Results

For the three months ended June 30, 2016 ("Q4 FY2016") revenue totaled \$33.4 million, an increase of 46.8% from the three-month period ended June 30, 2015 ("Q4 FY2015"). Drilling Canada revenue was \$27.1 million, up 25.3% from \$21.6 million in Q4 FY2015, reflecting increased metres drilled during the quarter. Drilling International revenue was \$6.3 million, compared to \$1.2 million in Q4 FY2015, reflecting the Company's acquisition of Chile-based Captagua Ingeniería S.A ("Captagua") in the second quarter of Fiscal 2016, and increased specialized drilling activity in Chile, Kazakhstan and Ghana.

Orbit Garant's fleet drilled a total of 334,507 metres in Q4 FY2016, an increase of 32.3% from 252,815 metres drilled in Q4 FY2015. Consolidated average revenue per metre drilled was \$99.82, up from \$87.59 in Q4 FY2015. The increase in consolidated average revenue per metre drilled is attributable to an increase in international specialized drilling activity in Chile and Kazakhstan, as these contracts are priced at a higher rate than the Company's domestic drilling contracts.

Gross profit for Q4 FY2016 increased to \$4.3 million, compared to \$1.6 million in Q4 FY2015. Gross margin for Q4 FY2016 increased to 12.8% from 7.1% in Q4 FY2015. In accordance with IFRS, depreciation expenses totalling \$2.3 million are included in cost of contract revenue for Q4 FY2016, compared to \$2.1 million in Q4 FY2015. Adjusted gross margin, excluding depreciation expenses, was 19.7% in Q4 FY2016, up from 16.4% in Q4 FY2015. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to the increased metres drilled in Canada and internationally, and increased higher margin specialized international drilling activity.

General and administrative (G&A) expenses were \$3.7 million (representing 11.1% of revenue) in Q4 FY2016, compared to \$3.7 million (representing 16.0% of revenue) in Q4 FY2015.

In accordance with IFRS, depreciation and amortization expenses of \$0.3 million are included in G&A expenses for Q4 FY2016, compared to \$0.4 million in Q4 FY2015. Adjusted G&A expenses, excluding depreciation and amortization expenses, and \$0.1 million in acquisition and integration costs related to the Company's acquisition of Captagua, totalled \$3.3 million (representing 9.7% of revenue) in Q4 FY2016. This compares to adjusted G&A expenses, excluding amortization and depreciation expenses, of \$3.2 million (representing 14.2% of revenue) in Q4 FY2015.

The Company continues to maintain discipline in managing its expenses in line with market conditions.

The Company recognized a one-time \$5.0 million gain in the fourth quarter of Fiscal 2016, resulting from negative goodwill associated with the acquisition of Captagua in December 2015. The negative goodwill resulted from the excess of the fair value of the acquired assets over the aggregate of the liabilities assumed and consideration paid.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")<sup>1</sup> was \$7.9 million in Q4 FY2016, up from \$0.3 million in Q4 FY2015. The Q4 FY2016 figure includes a \$5.0 million one-time gain related to negative goodwill resulting from the acquisition of Captagua and \$0.1 million of acquisition and integration costs. Excluding these items, EBITDA for the period would have been \$3.0 million.

The Company's net earnings for Q4 FY2016 were \$4.4 million, or \$0.12 per share, compared to a net loss of \$2.0 million, or \$0.06 per share, in Q4 FY2015. Excluding the negative goodwill and acquisition and integration costs indicated above, net loss for Q4 FY2016 would have been approximately \$0.5 million, or \$0.02 per share, a positive variance of \$1.5 million, compared to a net loss of \$2.0 million in Q4 FY2015. The decreased net loss is primarily attributable to the increase in metres drilled in Canada and internationally and higher gross margins, partially offset by a foreign exchange loss, and expenses related to the acquisition of Captagua.

#### Fiscal 2016 Results

For Fiscal 2016, the Company's revenue totalled \$107.5 million, compared to \$79.0 million in Fiscal 2015, representing an increase of \$28.5 million, or 36.2%. Revenue growth was primarily attributable to an increase in domestic and international metres drilled, including increased specialized drilling activity which is typically charged at a higher rate.

Domestic contract drilling revenue increased to \$92.4 million in Fiscal 2016, compared to \$76.1 million in Fiscal 2015, an increase of \$16.3 million, or 21.5%, reflecting increased demand. International contract drilling revenue was \$15.1 million in Fiscal 2016, compared to \$2.9 million in Fiscal 2015, an increase of \$12.2 million. International revenue growth was primarily attributable to an increase in specialized drilling activity due to the acquisition of Captagua and the Company's drilling projects in Kazakhstan and Ghana.

During Fiscal 2016, Orbit Garant drilled 1,152,102 metres, a 29.0% increase from 892,875 metres drilled in Fiscal 2015. The growth in metres drilled reflects an increase in demand from customers and the contribution of Captagua for the six months ended June 30, 2016. The Company's average revenue per metre drilled in Fiscal 2016 was \$91.40, up 6.3% from \$86.01 in Fiscal 2015. The increase in average revenue per metre drilled is attributable to the increase in international drilling activity, including a high proportion of specialized drilling activity in Chile and Kazakhstan.

Gross profit for Fiscal 2016 was \$10.2 million, compared to \$3.2 million in Fiscal 2015. Gross margin for Fiscal 2016 was 9.5%

compared to 4.1% in Fiscal 2015. Adjusted gross margin, which excludes depreciation expenses, was 18.1% in Fiscal 2016, compared to 15.2% in Fiscal 2015. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to increased metres drilled in Canada and internationally, and increased international specialized drilling activity, which typically generates higher margins than conventional drilling activity.

The Company recognized a one-time \$5.0 million gain in the fourth quarter in Fiscal 2016, resulting from negative goodwill associated with the acquisition of Captagua in December 2015.

EBITDA totalled \$11.1 million in Fiscal 2016, compared to \$1.8 million in Fiscal 2015, an increase of \$9.3 million. Excluding the \$5.0 million one-time gain due to negative goodwill, and acquisition and integration costs of \$0.8 million, Fiscal 2016 adjusted EBITDA increased to \$6.9 million, up \$5.1 million from \$1.8 million in Fiscal 2015.

Net loss in Fiscal 2016 totalled \$0.2 million, or \$0.01 per share, compared to \$7.4 million, or \$0.22 per share, in Fiscal 2015. Excluding the one-time gain related to negative goodwill and acquisition and integration costs, the net loss for Fiscal 2016 would have been approximately \$4.7 million, or \$0.13 per share, a positive variance of \$2.7 million, compared to a net loss of \$7.4 million in Fiscal 2015.

As at June 30, 2016, the Company's long-term debt from its revolving credit facility was \$7.4 million, the same as at June 30, 2015. Orbit Garant had working capital of \$42.9 million as at June 30, 2016 (\$43.5 million as at June 30, 2015), and 35,101,419 common shares issued and outstanding.

Orbit Garant's audited consolidated financial statements and management's discussion and analysis for the fourth quarter and fiscal year ended June 30, 2016 are available via the Company's website at [www.orbitgarant.com](http://www.orbitgarant.com) or SEDAR at [www.sedar.com](http://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 Friday, September 16, 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: 75817189. The replay will be available until September 23, 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](http://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](http://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.

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