ORBITE ALUMINAE INC.

Management's Discussion and Analysis – For the year ended December 31, 2014

This Management's Discussion and Analysis ("MD&A") is current to March 31, 2015 and is management's assessment of the operations and the financial results together with the future prospects of Orbite Aluminae Inc. ("Orbite" or the "Company"). This MD&A is intended to supplement and complement the Company's consolidated annual financial statements and accompanying notes for the year ended December 31, 2014. The Company's consolidated annual financial statements were approved and authorized for issuance by Orbite's Audit Committee and Board of Directors, and have been prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Orbite's future results as there are inherent difficulties in predicting future results. These forward-looking statements include, but are not limited to, statements regarding expectations of the Company as to the market price of alumina and other metals, strategic plans, future commercial production, production targets, timetables, mining operating expenses, capital expenditures, and mineral reserve and resource estimates. Forward-looking statements involve known and unknown risks and uncertainties and accordingly, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of metals, mining industry risks, uncertainty as to calculation of mineral reserves and resources, risks related to hedging strategies, risks of delays in construction, operating cost risks, requirements of additional financing, increases in tax or royalty rates or adoption of new interpretations related thereto, and other risks described in this MD&A under "Risks and Uncertainties" and in the Company's other documents filed from time to time with Canadian securities regulatory authorities. Although the Company is of the opinion that these forward-looking statements are based on reasonable assumptions, those assumptions may prove to be incorrect. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

The use of "we", "us", "our", the "Company" or "Orbite", means Orbite Aluminae Inc. The Company's continuous disclosure materials, including annual and quarterly MD&As, annual and quarterly financial statements, annual reports, AIFs, management proxy circulars, and various press releases issued by the Company are available on or through its website, or at www.sedar.com. All figures are in Canadian dollars unless stated otherwise. Any references to tonnes are to metric tonnes. Additional information relevant to the Company's activities can be found on its website at www.orbitealuminae.com.

Scientific and Technical Information

Unless otherwise indicated, scientific or technical information in this document relating to mineral reserves or mineral resources is based on information prepared by employees or consultants of Orbite, in each case under the supervision of, or has been reviewed and approved by Marc Filion, Eng., Ph.D., MBA. As of the date of this MD&A, Mr. Filion owns 200,000 options to purchase Class A shares of the Company.

Mr. Filion is a "Qualified Person" ("QP") as defined in National Instrument 43-101 – *Standards of Disclosure of Mineral Projects* ("**NI 43-101**"). A "Qualified Person" could be summarized as an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project, and is a member in good standing of a professional association.

CORPORATE STRUCTURE

Orbite Aluminae Inc. (the "**Company**" or "**Orbite**") was incorporated on June 17, 1983 under the *Canada Business Corporations Act*. On October 11, 2011, the Company amended its articles to change its name to "Orbite Aluminae Inc." (formerly known as Exploration Orbite V.S.P.A. Inc.). Its share capital is comprised of one Class of common shares, i.e. the Class A shares (the "**Common Shares**" or the "**Class A Shares**"), which are the only shares that are currently issued and outstanding.

The Company's head and registered office is located at 6505 Trans-Canada Highway, Suite 610, in Montréal, Québec, H4T 1S3. The Company also has a place of business in the industrial park of Cap-Chat, at 80 Louis Landry Street, Cap-Chat, Québec, G0J 1E0 where it owns a 5,900 m^2 high-purity alumina plant (the "**HPA Plant**"). The Company also operates a Technology Development Center located in the City of Laval, Québec, at 500 Cartier Blvd West.

The Company's only subsidiary, 8238375 Canada Inc., was incorporated on June 29, 2012 under the *Canada Business Corporations Act* and is a wholly-owned subsidiary of the Company. The entity is non-operating and has no assets.

DESCRIPTION OF THE BUSINESS

Orbite Aluminae Inc. is a Canadian clean technology based mineral-processing and resource development company. The Common Shares of the Company are traded on the Toronto Stock Exchange under the symbol "ORT" and on the OTCQX International over-the-counter exchange under the symbol "EORBF". The Company also issued debentures convertible into Common Shares which are listed on the Toronto Stock Exchange under the symbols ORT.DB and ORT.DB.A.

The Company has developed proprietary processes and technologies, which are expected to enable the environmentally sustainable and cost-effective production of products such as high-purity alumina ("HPA"), silica, hematite, magnesium oxide, titanium oxide, smelter-grade alumina ("SGA"), as well as rare earth ("REO") and rare metal ("RMO") oxides, from a variety of potential feedstocks that could include red mud, fly-ash, aluminous clays, mine tailings, bauxite, and kaolin clay.

The Company believes its proprietary technology has certain significant advantages over existing technologies in terms of sustainability and cost-effectiveness. For detailed information on Orbite's technology, we refer the reader to our comprehensive disclosure provided in our Annual Information Form for the year ended December 31, 2014.

The Company's proprietary processes and technologies differ from the rest of the industry's and are either internationally patented or patent pending. During 2014, 4 additional patents were granted and the international application for one family was dropped since it was redundant. As a result, the Company's intellectual property portfolio now contains 15 intellectual property families, and the Company owns 100% of the intellectual property rights to 15 patents and 98 pending patent applications in 11 different countries through the international Patent Cooperation Treaty (PCT) process administered by the World Intellectual

Property Organization (WIPO). The first intellectual property family is patented in Australia, Canada, China, Japan, Russia and in the United States. In 2014, the Company filed 40 national entry phases in various countries, 1 International patent application, 3 divisional applications in Canada and 4 US provisional applications.

GENERAL DEVELOPMENTS OF THE COMPANY

The following is a description of the general developments of the Company for the year ended December 31, 2014.

- On January 30, 2014, Orbite announced it was granted a $4 million non-interest bearing repayable financial contribution from Canada Economic Development to be used for the purchase and installation of the alumina calcinator, a key element in Orbite's high purity alumina production facility. The contribution is interest free, repayable in 10 consecutive equal semi-annual installments starting 24 months following completion of the HPA Facility and was awarded through Canada Economic Development's Québec Economic Development Program.
- On February 17, 2014, Orbite announced the nomination of Mr. Glenn Kelly, previously Executive Vice President and Chief Operating Officer of the Company, as President and Chief Executive Officer, replacing Mr. Richard Boudreault, who also resigned as director of the Company.
- On March 3, 2014, the Company announced that the Government of Québec formally approved a $10 million equity investment in Orbite by Investissement Québec ("IQ"), a mandatory of the Québec Government.
- On March 11, 2014, the Company issued the series X and Y subscription rights to Crede Capital Group, LLC ("Crede"), a US based institutional investor. Once exercisable, the series X subscription rights will require Crede to purchase $10 million of debentures of the Company while the series Y subscription rights will require Crede to purchase up to $30 million of debentures of the Company, subject to regulatory and shareholder approval. Terms and conditions for the series X and Y subscription rights and the related debentures are summarized in the Company's amended and restated prospectus dated December 6, 2013.
- On March 17, 2014 Orbite provided the market with an update on its HPA production facility and held its first ever quarterly conference call attended by over approximately 300 people.
- On May 12, 2014, Orbite announced the nomination of Mr. Claude Lamoureux as Chairman of the Board of Directors of the Company and the appointment of Mr. Glenn Kelly, the Company's President and CEO, as a member of the Board.
- On May 12, 2014, Orbite ended ongoing discussions and terminated its memorandum of understanding with Rusal UC pertaining to its Smelter Grade Alumina project.
- On May 27, 2014, Orbite announced the completion of a private placement offering with Ressources Québec ("RQ"), a subsidiary of Investissement Québec. As part of the financing, Ressources Québec purchased 35,714,286 units of the Company at a price of $0.28 per unit, each unit being comprised of one class A share and one half (1/2) of one class A share purchase warrant. Each full warrant entitles RQ to purchase one class A share of the Company at a price of $0.33 for 36 months from the date of closing.
- On June 19, 2014, Orbite held its Annual and Special Meeting of Shareholders where the shareholders ratified and approved the name change of the Company, the revised shareholders rights plan, the new governing by-laws and the early warning requirement for director election.

- On July 11, 2014, Orbite announced an investment of $10 million in the form of convertible debentures and warrants pursuant to the exercise of the Series X Subscription Rights (the "Subscription Rights**").** Under the placement, Crede purchased units consisting of $10 million principal amount of convertible unsecured debentures (the "Debentures") and 13,000,000 warrants (the **"**Warrants"). The Debentures will mature five years from issuance, namely July 11, 2019 and will bear interest at a rate of 7.5% per annum (the **"**Interest"). Each Debenture is convertible, at the option of the holder, at any time prior to the maturity date, into class A shares ("Shares**"**) at a conversion price of $0.50 per Share (the "Conversion Price**"),** representing the 5 day VWAP at time of the conditional exercise of the Series X subscription rights. Upon conversion, the holder shall also be entitled to Shares equal to the additional interest such holder would have received if it had held the Debenture until maturity divided by the market price of the Shares prior to the date of conversion (the "Make-Whole Amount"), in addition to accrued and unpaid Interest, in cash or in Shares at the Company's discretion. Each Warrant entitles the holder to purchase one Share for a period of 3 years from its issuance at a price of $0.60 per share.
- On July 15, 2014, the Company received an initial payment of $6 million from tax authorities in consideration of investment tax credits on the equipment purchased for manufacturing and processing in the Gaspé region. The payment relates to the 2012 financial year, and the Company expects subsequent payments to follow. The amount was deposited in a segregated account and serves as security for the convertible debentures issued in December 2012.
- On August 6, 2014, the Company commenced construction activities at its high purity alumina (HPA) production facility in Cap-Chat, Québec. This first phase of construction entailed the structural reinforcement of the HPA building structure required for the subsequent installation of the Outotec calcination equipment.
- On September 3, 2014, the Company announced completion of the first phase of the construction project, namely the structural reinforcement of the HPA building for the subsequent installation of the Outotec calcination equipment. It further announced that fabrication of the calcination equipment at Outotec's Burlington, Ontario facilities was completed and installation at site was slated to commence the week of September 8th, following curing of the new foundation to support the equipment. The mechanical contract for this installation was awarded to CNC Mechanical (2002) Inc of Boucherville, Québec.
- On October 6, 2014, the Company announced it received $6.3 million as the second installment related to its 2012 Québec Investment Tax Credits. The funds were due to the Company in relation to equipment purchased for manufacturing and processing in the Gaspé region during the 2012 financial year.
- On October 29, 2014, the Company announced it discovered non-conformities with some of the refractory material supplied to the Company, and decided to pre-empt potential future mechanical issues that would have required substantial and costly refractory maintenance. The Company announced it therefore deferred installation of the refractory system, allowing for further testing with its suppliers to confirm that the replacement materials will meet long-term operational requirements. Orbite expected to commence refractory installation in January 2015, and anticipated commercial production to commence slightly later than originally anticipated, in the second quarter of 2015.
- On November 6, 2014, Orbite announced the acquisition, for no consideration, of patent applications relating to an inventive process for treating magnesium-bearing materials (the "applications"). The acquisition is the result of a universal assignment of the applications in favor of Orbite by Alliance Magnésium Inc., a Québec based private company, following the public disclosure of related intellectual property regulatory filings.
- On November 10, 2014, Orbite announced amendments to the terms of its series Y subscription rights issued on March 10, 2014 (the "Rights") to Crede Capital, LLC ("Crede"). The Company and Crede mutually agreed to amend the terms of the Rights to postpone to any time between January 15 and

January 30, 2015 Orbite's option to require exercise of the Rights, and to extend the deadline for the Company's undertaking to convene a shareholders meeting for the approval of the Rights to January 30, 2015.

- On December 4, 2014, Orbite announced that, further to its press release of October 29, 2014, the Company had selected and approved the replacement refractory materials for the inner lining of the decomposer and calcinator.
- On December 10, 2014, Orbite announced the resignation of Mr. Shaun Usmar as Director of the Company, following his appointment as Chief Financial Officer of Barrick Gold.
- On December 12, 2014, as a consequence of delayed delivery by its European supplier of some of the components of the replacement refractory components, Orbite announced that the commencement of commercial production at its HPA facility was deferred by one quarter to Q3 2015. Orbite also announced it was increasing its project budget to approximately $42M (inclusive of a $3M contingency provision), representing an increase in total plant cost from $105.9M to $117M.
- On December 16, 2014, Orbite announced that the Government of Québec confirmed the Company would receive $4 million as the third installment of its 2012 and 2013 Québec Investment Tax Credits. The funds were due to the Company in relation to equipment purchased for manufacturing and processing in the Gaspé region during the 2012 and 2013 financial years.
- On December 18, 2014, Orbite announced that the Canadian Intellectual Property Office granted and issued two new patents to Orbite. The two patents are Canadian patent 2 829 049, titled *Processes for Recovering Rare Earth Elements from Aluminum-Bearing Materials,* and Canadian patent 2 834 356, titled *Methods for Preparing Hematite*. Both patents give Orbite the exclusivity for the use of these inventions for a period of twenty (20) years following their respective filing date.

The following is a description of the general developments of the Company subsequent to the financial year ended December 31, 2014:

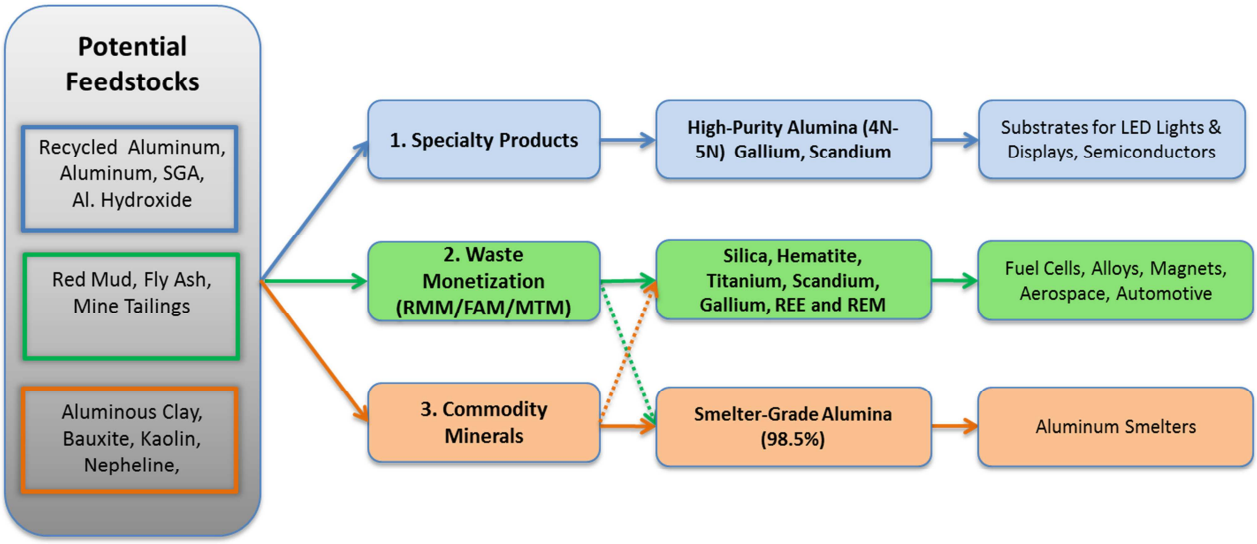
- On January 8, 2015, Orbite announced that the Canadian Intellectual Property Office ("CIPO") issued a notice of allowance for patent application No. 2 857 574, pertaining to *Processes for Treating Red Mud*. Orbite expects patent issuance within CIPO's usual timeframe of 9 to 12 weeks.
- On January 14, 2015, Orbite announced it had received from Investissement Québec a $3.025 million bridge loan, collateralized against the Company's investment tax credits receivable for the year 2014, estimated at $4.0 million. The loan, repayable by June 30, 2016, will carry an interest rate of 3.5% over the prevailing prime lending rate, which currently stands at 3%. Interest is payable monthly and the loan is subject to other customary terms and conditions.
- On January 15, 2015, Orbite filed a preliminary short form base shelf prospectus (the "Prospectus") with the securities regulatory authorities in each of the provinces of Canada. The Prospectus is not a commitment to undertake any financing but provides flexibility over the normal course of business to fund the Company's Cap Chat facility for the production of High Purity Alumina and the demonstration of the Company's proprietary waste monetization technology.
- On January 30, 2015, the Company announced it had exercised the Series Y rights certificate, as amended, requiring the holder to purchase the corresponding number of units subject to applicable conditions and provisions. The completion of the Series Y financing is subject to satisfaction of the prescribed closing conditions, including regulatory approval from the TSX, shareholder approval for which a meeting is expected to take place on April 27, 2015, the absence of an event constituting an “adverse

material affect" on the Company's operations between the time the Series Y Subscription Rights were subscribed and the issuance date of the underlying debentures and warrants, and the creditworthiness of the investor.

- On February 16, 2015, the Company announced it was selected to receive up to $4.5M in non-dilutive funding from Sustainable Development Technology Canada to be applied towards Orbite's technology development, demonstration and commercialization related to the processing of red mud.
- On February 16, 2015, Orbite announced that, further to its press release of December 12, 2014, the Europe-sourced components of the new castable material for the refractory system at the Company's HPA plant in Cap-Chat had arrived in the port of Montreal.
- On March 3, 2015, Orbite filed a management proxy circular soliciting proxies for the upcoming vote relating to the Series Y Subscription rights initially expected to be held during a special meeting of shareholders on April 2, 2015. On March 26 and March 31, 2015, the Company announced the postponement of the shareholders meeting to April 27, 2015.
- On March 12, 2015, Orbite announced the appointed RHI Canada Inc. as its contractor for the installation of the refractory system for the decomposer and calcination units at its HPA production facility in Cap-Chat, Québec.
- On March 23, 2015, the Company announced that it proposed to offer for sale a minimum of 8,500 units of the Company (each, a "Unit") and a maximum of 15,500 Units at a price of $1,000 per Unit for minimum gross proceeds of $8,500,000 and maximum gross proceeds of $15,500,000 (the "Offering"). On March 26, 2015, the Company announced that as a consequence of recent market activity and conditions, it will not be proceeding with the Offering.
- On March 26, 2015, the Company announced that as a consequence of recent market activity and conditions, it would not be proceeding with the public offering of convertible debentures disclosed in its press release of March 23, 2015. The Company also announced that the special meeting of shareholders initially expected to be held on April 2, 2015 for the purposes of the Series Y Subscription Rights, was postponed, and is now expected to take place on April 27, 2015.
- On March 30, 2015, the Company received a payment of $4 million from tax authorities in consideration of investment tax credits on the equipment purchased for manufacturing and processing in the Gaspé region. The payment relates to the 2012 financial year and the Company expects subsequent payments to follow. At the date of publication of the consolidated financial statements the total amount of $20.3 million received in connection with the refundable investment tax credits resulting from the purchase of manufacturing equipment related to the Company's HPA facility was deposited in a segregated account and serves as security for the convertible debentures issued in December 2012 and maturing in December 2017.
- On March 30, 2015, the Company entered into an underwriting agreement with Euro Pacific Canada Inc. (the "Underwriter") under which the Underwriter agreed to buy on a firm underwriting (bought deal) basis by way of prospectus supplement, 8,500 units of the Company (each, a "Unit") at a price of $1,000 per Unit for gross proceeds of $8,500,000 (the "Offering"). In addition, the Company also granted the Underwriter an upsizing option to purchase up to an additional of 6,500 Units for additional gross proceeds of up to $6,500,000 (resulting in aggregate of gross proceeds of up to $15,000,000). Each Unit consists of $1,000 principal amount of convertible unsecured unsubordinated debentures (the "Debentures") and 1,077 share purchase warrants, each such warrant exercisable into one share for a period of 36 months at a price of $0.39 per share. The Debentures will mature 5 years from their issue date (the "Maturity Date") and will bear interest at a rate of 5% per annum. Each Debenture will be convertible at any time prior to the Maturity Date, into the number of shares computed on the basis of (i) the principal amount of the

Debentures divided by the conversion price of $0.325 per share (the "Conversion Price"), and (ii) an amount equal to the additional interest amount that such holder would have received if it had held the Debenture until the Maturity Date (the "Make-Whole Amount") divided by the then 5 day volume weighted average trading price of the Common Shares on the TSX (the "Current Market Price"). The Make-Whole Amount shall be reduced by 1% for each 1% that the Current Market Price at time of conversion exceeds the Conversion Price. The aggregate number of shares to be issued upon conversion of the Debentures and for any payment of the Make-Whole Amount in Common Shares shall not exceed the number of Common Shares equal to the principal amount of the Debentures divided by $0.325 less the 25% maximum discount allowable in accordance with the rules of the Toronto Stock Exchange.

Management is presently transforming Orbite from a technology development company into an operating entity commercializing its technologies. In order to achieve this transition, the Company has focussed its commercialization plan around the following three priorities:



1. **Short Term Priority**. The Company's short term priority, being the production of specialty products, will commence with the Company's HPA plant in Cap-Chat, Québec (the "HPA Plant"), scheduled to enter commercial production in the third quarter of the 2015 financial year at a capacity of three tonnes per day of high purity alumina.

   The preliminary cost estimate and engineering for increasing production capacity to five tonnes per day is expected to be completed in the first half of 2015, with a decision to proceed with plant expansion to be taken during the second half of 2015. Plant expansion is expected to be carried out during the first half of 2016, with ramp up to 5 tpd to start in Q3 of 2016.

2. **Medium Term Priority**. The Company's medium term priority relates to waste monetization. In February 2013, the Company signed a memorandum of agreement with Veolia Environmental Services ("Veolia") for the exclusive worldwide remediation of red mud using red mud monetization ("RMM") plants based on the SGA Plant design. The Company and Veolia are working on achieving specific milestones in 2015 that include the ownership and funding structure of the first demonstration scale RMM plant, assignment of

tasks, preliminary engineering and establishing a construction timetable and project plan. The Company is also planning to convert the extraction section of the HPA Plant to a demonstration facility for multi-feedstocks, including aluminous clays, red mud, fly ash, and mine tailings using its chloride technology. Preliminary engineering for the conversion of the HPA Plant's alumina extraction unit to Orbite's chloride-based technology is planned to occur by the end of 2015. Conversion to the chloride technology along with the addition of a scandium and gallium extraction unit is planned to commence in Q2, 2016, with completion tentatively expected for the second half of 2016.

Based upon operating with multiple feedstocks in 2016/2017, Orbite plans to use the operating data and knowledge to design and build the first industrial prototype (estimated to be in the range of 100k – 200k tpy feedstock) to be installed at the waste site (red mud, fly ash, or mine tailings ponds). The Company's goal would be to have a first prototype operational in 2018 followed by the commissioning of a full scale waste monetization plant (1M tpy feedstock) in 2020.

3. **Longer Term Priority**. Related to commodity minerals, the Company proposes the building and operating of a SGA production plant (the "SGA Plant") to process aluminous clay from the Company's Grande-Vallée property. The Company has completed the basic engineering and the PEA for the proposed SGA Plant. The SGA Plant design is expected to be based on the parameters of the PEA, which assumed the processing of 2.5 million tonnes of aluminous clay per year resulting in an estimated annual production of 540,000 tonnes of SGA as well as by-products that include high-purity hematite, high-purity silica, magnesium oxide, and individually separated rare earth and rare metal oxides. The Company intends, after the completion of the HPA Plant and its conversion to Orbite's chloride technology in 2016, to undertake, in 2017, a feasibility study for the SGA Plant, including site selection and detailed engineering, subject to securing sufficient project funding and selection of a joint venture partner.

SPECIALTY PRODUCTS

High Purity Alumina

High-purity alumina is used primarily to manufacture industrial sapphire substrates used in electronics. These sapphires are widely used in LED lighting applications, in LED displays, and in plasma display panels such as those found in handheld devices, cellular phones, laptops, and televisions.

Orbite is currently in the process of finalizing the construction of a three tonnes per day HPA production facility in Cap-Chat, in the Gaspé Peninsula of the Province of Québec. On March 8, 2012, the Company ceased operations of its alumina pilot plant and commenced a first phase of construction, in June 2012, with the intention to convert the 2,600 m^2 facility into a full-scale 5,900 m^2 high-purity alumina production plant, designed to produce alumina at 99.99% ("4N") and greater purities. Commercial operations are expected to commence in Q3 2015. Even though the plant is not currently operational commercially, it is operated on an intermittent basis in order to produce samples for customer qualification.

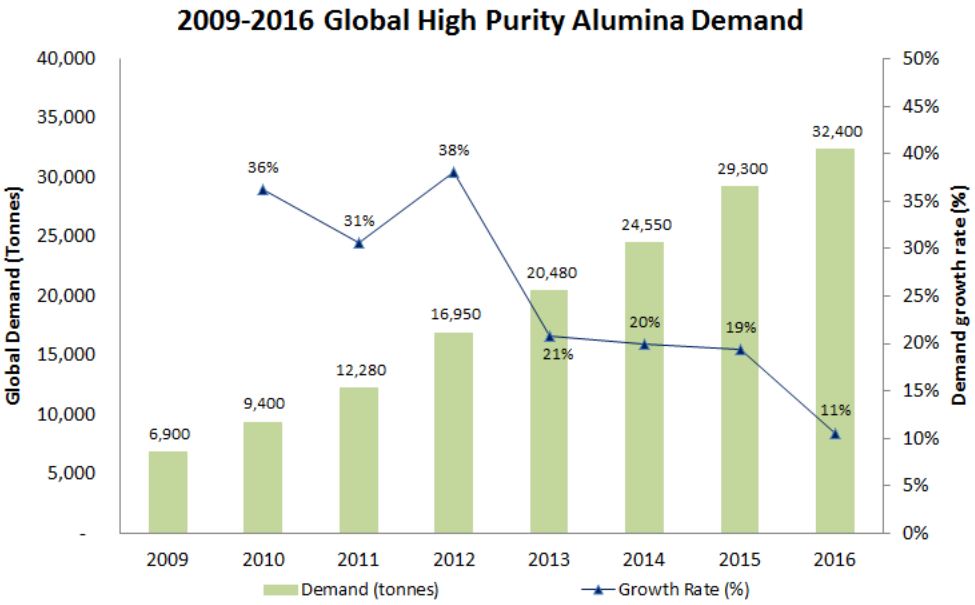
HPA Market Overview

High-purity alumina (HPA) is a small but high-value segment of the global alumina market. HPA is defined as having a purity level of at least 99.9% (3N) but more typically of 99.99% (4N) up to purities of 99.999% (5N).

HPA has various applications across a broad range of industries:

- By 2016, approximately 70% of HPA is expected to be used to manufacture sapphire single-crystal applications, primarily as substrates for LED lighting and displays as well as display covers for personal electronics.
- Semiconductors (e.g. for tablets, personal computers, and smart phones among others), LED phosphors (e.g. plasma televisions), lithium-ion batteries (LIB), fluorescent and high intensity discharge (HID) lamps ceramics for industrial, military or medical applications as well as specialized and advanced filtration are other potential applications for HPA.
- LIB are used in multiple applications including portable electronics, electric vehicles and high capacity energy storage. The market for LIB will be driven by growth in the Electric Vehicle (EV) and Plug-in Hybrid Electric Vehicles (PHEV). Both are in their infancy and represent a small portion of the total passenger vehicle market. Amongst the various separator technologies to improve LIB safety and longevity, ceramic coated separators appear to be emerging as the most promising as they prevent the positive and negative electrodes from electrically contacting each other while allowing rapid ionic transport to complete the circuit for the passage of current in the LIB. The increase in sales of EV and PHEV over the coming years could significantly increase the demand for HPA in coated separators for LIB.

The size of the HPA market in 2014 was estimated at approximately 25,000 tonnes and is expected to grow at a compounded annual growth rate of 15% through the next years according the graph below.



Source: 2012 Deep Research Report on Global and China High Purity Alumina Industry, QY Research

While 4N (99.99%) alumina is mostly used for standard commercial applications, 4N5 (99.995%) and 5N (99.999%) offer the higher quality and performance required in high-tech applications and therefore often are priced higher. Prices are very difficult to estimate due to the fragmented nature of the market and as supply contracts are typically negotiated under non-disclosure agreements. The price of HPA at any given purity level also depends on the impurity profile (such as the content of silica, iron, etc.), the product type (powder, block, cake, seed, pellets, ball, ingot), and the product characteristics (particle size, density, etc.). Other factors include the size of the order, timing and size of deliveries, reliability of the supply, and differences in bargaining power between the buyer and seller. HPA prices have decreased significantly from peak levels in 2010/2011, based primarily on increased supply from many emerging small producers in China.

Most HPA supply is from China, Japan, Korea and Taiwan. The Company is a new entrant and is expected to become an important non-Asian supplier of HPA once its HPA plant achieves commercial production. Other recent new entrants include a new joint venture between Posco M-Tech and KC Corporation (a Korean based alumina producer), which was announced in early 2013 and could begin production in 2015 or later.

The Company has been in direct contact with over 100 potential HPA users in various fields of application and geography. It has collected technical specifications and commercial information on HPA currently used by these potential customers, as well as on development grades of HPA in order to advance the qualification process of its HPA with these potential customers. Representative samples for the Cap-Chat plant will be shipped to prospective customers as they become available.

The following table is a partial compilation of known HPA producers and estimates of their potential production. These estimates are for comparative purposes only and should not be construed as official guidance. The Company estimates current HPA prices range from US $15/kg to US $25/kg for 4N HPA, US$20/kg to US $30/kg for 4N5 and greater than US$30/kg for 5N+.

Country	Company	HPA Production (tonnes)			Purity Capability	Product Types	Regional Focus
		2014	2015	2016			
Japan/Korea	Sumitomo Chemical	3,020	3,800	4,400	4N5	Various	Korea, Global
S. Africa/N. Am	Sasol	1,800	2,000	2,000	5N	Powder, Pellet	USA, Europe
Russia	RHT	160	240	300	4N7	Powder	Korea, Russia, Japan, China, Europe
Korea	HMR	100	180	200	5N	Block, Pellet, Powder	Japan, Korea
France	BAIKOWSKI	1,200	1,600	1,800	4N5	Block, Powder	USA, Europe, Japan, Korea
China	Donghu	100	150	200	5N	Powder, Cake, Ingot, Seed	Korea
Japan	Nippon Light Metal	1,100	1,200	1,200	4N5	Block, Pellet, Powder	Japan, Global
China	Hebei Pengda	3,000	3,600	4,000	5N	Block, Discs	China, Global
Korea	Posco / KC Corp	250	750	1,500	5N	N/A	Korea, Russia, China
China	Xuancheng Jing rui	1,200	1,600	1,800	5N	Block, Powder	N/A
China	Dalian Rall	600	800	1,000	5N	Block, Powder	China
China	Dalian Luming	300	300	400	N/A	N/A	N/A
China	UNION	200	300	300	5N	5N	Korea, Japan
China	Shandong Aluminum Industry	360	400	400	≥4N	N/A	N/A
China	Zhengzhou Institute	300	400	400	4N	Powder	N/A
China	Yifeng New Materials	300	360	400	≥4N	Granule	N/A
China	Zichuan Pheonix	300	360	400	4N	Powder	N/A
China	Kunming Institute of Precious Metals	200	240	300	N/A	Granule	N/A
China	Huantuo Group	800	1,000	1,000	N/A	Granule	N/A
China	Xinfumeng	2,500	3,200	3,800	4N8	Powder	China, Russia, Europe, North America
China	Honghe Chemical	300	300	400	5N	Powder, Block	N/A
China	XinMeiYu	300	400	450	5N	Powder, Pellet, Crystal,Granule	Mainly Korea
China	WenShiKe	200	300	400	N/A	Granule	N/A
China	HFCT	200	200	240	5N5	Block, Pellet, Powder	China, Japan, USA, Global
China	SINOMATERIAL RisingTech	160	220	270	5N	Powder, Block	Taiwan, Korea, Russia, China, Global
China	Ecomis	190	250	310	N/A	Powder, Pellet	Mainly Taiwan
China	Zhengsen Chemical	80	120	150	5N	Block, Pellet, Powder	China, Global
China	Crown New Material	600	800	1,000	N/A	N/A	N/A
	Other	7,940	9,270	10,600			
	Total	**27,760**	**34,340**	**39,620**			

Source: QYResearch - Deep Research Report on Global and China High Purity Alumina Industry, 2014, 2012 and 2011, Orbite Aluminae Inc.

2014 Operating and Construction Overview – HPA Plant

Orbite owns an alumina production facility in Cap-Chat, in the Gaspé Peninsula of the Province of Québec. On March 8, 2012, the Company ceased operations of its alumina pilot plant with the intention to convert the 2,600 m^2 facility into a full-scale 5,900 m^2 high-purity production plant, designed to produce alumina at a 99.99% ("4N") and greater purity.

A first phase of construction of the HPA Plant commenced in June 2012 and commissioning began in December 2012. The construction and commissioning were subsequently halted in 2013 as the Company focused its efforts towards securing additional financing.

In early 2014, the Company, now under new management, initiated a comprehensive design review and detailed engineering with its partner, Seneca, as well as project management and control activities with Groupe Alphard. Operating conditions for the HPA purification steps were optimized through a series of tests at Orbite's Technology Development Center ("TDC"). The selected operating conditions were then tested during the second quarter at full commercial scale at the HPA plant in Cap-Chat with results in line with the ones observed at TDC. From there, the design basis was established; P&IDs (Piping & Instrumentation Diagrams) review was completed and issued for detailed design by Seneca. In parallel, Orbite initiated project management and control activities with Alphard to develop the project capital cost estimate and schedule.

After a thorough technical and commercial assessment of several offers, the Company entered into a supply agreement with Outotec Oy and Outotec Canada for the supply of the calcination system and auxiliaries equipment.

On July 14, 2014, Orbite announced that the calcinator equipment ordered from Outotec in Germany had arrived in Québec. The shipment, representing approximately 50% of the total investment in the calcination system, included a combination of refractory and solids handling devices, as well as monitoring and control instrumentation.

On the engineering front, Seneca advanced further the detailed engineering, integrating the findings of the HAZOP (hazard and operability review), as well as the latest information from the equipment suppliers.
The Company also initiated the tender process for construction, refractory installation & curing, as well as for vessel fabrication.

In August, the Company reinitiated construction operations at its HPA production plant and took delivery of the refractory materials from Outotec. The mechanical installation of the Outotec decomposer and calciner was completed in October 2014 and was to be followed by refractory installation.

On October 29, 2014, Orbite announced that, following quality control testing by Orbite's TDC, non-conformities had been identified with some of the refractory materials supplied by Outotec which could have led to mechanical integrity problems with the refractory lining during operations, specifically, the non-conformities were found in the mortar and the castables supplied. Orbite announced commercial production was to commence later than originally anticipated, in the second quarter of 2015.

Orbite then identified and tested replacement materials that could be used to replace the defective materials, with no detrimental impact on product quality.
The initially supplied non-conforming mortar was replaced with a new mortar formulation, sourced from Outotec, and arrived in Canada in December, 2014, as planned. The non-conforming castable material was

not replaced by an Outotec product, but by an alternative proprietary material, sourced from a third party supplier, and tested and approved by Orbite's TDC.

Some of the components of this new castable are sourced from a European manufacturer. Orbite was informed by its supplier that, contrary to earlier communicated timelines, the components from Europe were not available until the end of February 2015, leading to commencement of refractory system installation at the end of March, 2015.

Consequently, the Company announced on December 12, 2014 that the commencement of commercial production at the HPA facility was deferred by one quarter to the third quarter of 2015. The Company recently received updated refractory installation bids from three specialized contractors, and Orbite has selected RHI Canada Inc. as its contractor.

The Company has also received and is presently evaluating bids for the mechanical and piping installation from 5 specialized contractors, and bids from 3 contractors for the electrical and instrumentation installation. Orbite expects to award these contracts shortly.

On February 16, 2015, Orbite announced that the Europe-sourced components of the new castable material for the refractory system at the Company's HPA plant in Cap-Chat had arrived in the port of Montreal. The refractory installation will start as announced at the end of March.

The phased development plan for the HPA Plant is as follows:

- ***Phase 1*** – Three Tonnes per day of HPA

  Commencement of commercial production is expected in the third quarter of 2015.

- ***Phase 2A*** – Five Tonnes per day of HPA

  Preliminary engineering is underway and expected to be completed in the first half of 2015, with a decision to proceed with plant expansion to be taken during the second half of 2015.

- ***Phase 2B*** – Conversion of the Alumina Extraction Unit to Chloride-based Technology

Preliminary engineering for the conversion of the HPA Plant's alumina extraction unit to a demonstration facility for multi-feedstocks, including aluminous clays, red mud, fly-ash and mine tailings using its chlorine technology is planned to be completed by the end of 2015. Conversion to chloride technology along with the addition of a scandium and gallium extraction unit is expected to commence in 2016, with completion tentatively expected for the second half of 2016.

The chloride-based extraction process is the technology platform for the production of smelter grade alumina (SGA), the treatment and monetization of industrial wastes, such as Red Mud, Fly Ash and Mine Tailings, and the production of other by-products, such as hematite, magnesium oxides and rare earth and rare metal products.

Once all phases are complete, the Company expects that its Cap-Chat facility will have the flexibility to use a variety of feed stocks, such as commercially available products (smelter-grade alumina, aluminum hydroxide or aluminum from recycled products), aluminous clay from the Company's Grande-Vallée deposit, and red mud residue or fly ash, to produce HPA or SGA (for customer testing) and other by-products, such as

hematite, magnesium oxides, silica and rare earth and rare metal oxides. Thus, in addition to becoming a commercial HPA production facility, the Cap-Chat plant will also serve as a commercial scale demonstration facility for Orbite's SGA, Red Mud Monetization (RMM) and Fly Ash Monetization (FAM) technologies.

Construction Cost Updates

Orbite had originally estimated project costs at $31.0 million, based upon cost estimates prepared by two external engineering firms, to complete the plant construction work undertaken in 2012, and also based on the then contemplated plant design. This estimate was subsequently scaled back to $28.5 million after excluding some of the construction work related to the front end (extraction section) of the HPA Plant.

The engineering review, conducted throughout 2014, and the subsequent detailed engineering has shown that the original design of the 2012 HPA Plant was inadequate to deliver at three tonnes per day capacity. Consequently, the facility was redesigned, and certain installed equipment and piping will be replaced to meet capacity and longevity specifications. As a result, to avoid duplication of capital costs related to engineering and equipment, a write-off of $1.8 million was recognized under HPA plant operations during the fourth quarter of the 2014 financial year.

Accordingly, Orbite announced on December 12, 2014 that it was increasing its project budget to approximately $42 million (inclusive of a $3 million contingency provision), representing an increase in total plant cost from $105.9 million (or $75.9 million net of anticipated refundable investment tax credits of $30 million) to $117 million (or $87 million net of anticipated refundable investment tax credits of $30 million).

The incremental costs were due to the following:

- management decided to maximize the heating capacity in the Outotec calcination system in order to increase the ultimate calcinator capacity to five tonnes per day, resulting in higher than originally budgeted system costs. This increase in capacity could not have been retrofitted at a later date, and committing to this change now significantly reduces costs associated with subsequent capacity increases;
- engineering costs will be higher than forecasted, related to the additional work needed;
- the project delay resulting from the non-conforming refractory supply will lead to increased project management costs;
- some of the work originally excluded from the front end of the plant has been reinstated in the project;
- certain equipment and piping, planned to be reused, will be replaced;
- the refractory solution selected will require additional installation work, in part related to the replacement of some preinstalled castables in certain piping sections of the decomposer and calcinator; and
- Costs for specialty piping and equipment were higher than forecasted.

The table below sets forth the main components of the projected total external capital cost for the construction and commissioning of the HPA Plant (at a production capacity of three tonnes per day), exclusive of the extraction unit.

Item	Estimate (in thousands)
Engineering and Project Management	$9,430
Material and Equipment, including Calcination System	$18,500
Labour	$10,420
Contingencies	$3,000
Critical Spare Parts & Specialty Tools	$750
Total	$42,010

Orbite is constantly reviewing the timelines related to its projects. All material changes, once properly quantified using our best estimates, will be communicated to investors in a timely manner. It is important to remember that our estimates are forward looking statements and are based on information available at the time and/or the Company management's good-faith beliefs with respect to future events and are subject to known or unknown risks, uncertainties, assumptions and other unpredictable factors, many of which are beyond the Company's control. These and other risks are disclosed in the section entitled "Risk Factors" and otherwise referenced in all our public disclosures.

No independent assessment, preliminary economic evaluation, feasibility or pre-feasibility study has been completed in connection with the construction, design and operation of the HPA plant. The Company recognizes and understands the risks this entails and urges investors to consider the same. There can be no assurance that the HPA plant will operate successfully or economically, that the estimated capital costs will be sufficient to achieve the design capacity or the product purities and characteristics, or that the plant will provide a return on investment or become profitable.

WASTE MONETIZATION

Red Mud — Overview

Red mud is generated as a by-product of alumina production using the industry-standard Bayer process. Red mud contains alumina, silica, iron, rare metals and other valuable elements, but with no viable means to remediate or extract value from this waste. Red mud is typically stockpiled in open-air tailings ponds, although in some cases it has been disposed of in the ocean, and represents a long-term environmental liability for the entire aluminum industry. According to the International Aluminum Institute ("IAI"), there are over 100 existing alumina refineries in the world and approximately 30 closed sites totaling an estimated global stockpile of over 3 billion tonnes of red mud at sites in Europe, Asia, North and South America. Over 120 million additional tonnes are produced annually, with less than 5% being re-utilized. The Company's HPA facility, scheduled to commence commercial production in Q3 2015 will, once converted to the chloride based process, serve as an industrial scale technology demonstration facility for Orbite's waste monetization initiatives, including red mud and fly ash. The subsequent step will be the scale-up to an industrial prototype, with a capacity to process 100,000 to 200,000 tonnes per annum of feedstock. Following successful completion of this prototype, the Company intends to build a full-scale plant with a capacity to process 500,000 to 1,000,000 tonnes of feedstock per annum. The Company should then be in a position to begin licensing its technology on a global scale. Such plants would process third-party stockpiles of red mud, producing alumina and other high-value products, returning only a small residue to the stockpile of less than 10% of the original volume.

Memorandum of Agreement with Veolia Environmental Services

On February 4, 2013, Orbite announced it had signed an exclusive worldwide collaborative agreement (the "MOA") with Veolia Environmental Services ("Veolia") for the remediation of red mud. Veolia is a global, integrated operator of waste management services that is active across all segments (solid, liquid, non-hazardous and hazardous waste) and intends to build red mud monetization ("RMM") plants around the world under a technology license from Orbite.

The Company and Veolia are working on achieving specific milestones in 2015 that include the ownership and funding structure of the first demonstration scale RMM plant, assignment of tasks, preliminary engineering and establishing a construction timetable and project plan.

The MOA and ongoing discussions with Veolia do not involve or have any impact on the HPA plant.

Fly Ash — Overview

According to the International Energy Agency, coal is used to generate 41% of the world's electricity and is a significant source of thermal heat for industrial processes. Fly ash is one of the waste by-products generated from the burning of coal in coal-fired power plants. The largest producing regions of fly ash waste are China, India, USA, European Union, Africa, the Middle East and Russia.

According to the International Energy Association ("IEA") Clean Coal Centre, there are 7,000 coal-fired power units worldwide, spread over 2,300 sites, of which about 620 are located in China. It is estimated that 40-50% of the coal combustion by-products are re-used primarily in low-value applications, such as additives to concrete production - where such an industry exists nearby - and in embankments or other structural fills, with the remaining being sent to stockpiles. Fly ash contains alumina, silica, iron, rare metals and other valuable elements, but no viable remediation technology has previously existed.

The Company estimates that between 495 million and 650 million tonnes of fly ash are produced annually, a figure that could increase by 50% by 2030 as the World Coal Institute estimates that coal usage will increase by that amount.

The Company's HPA facility, scheduled to begin commercial production in Q3 2015 will, once converted to the chloride based process, serve as an industrial scale technology demonstration facility for Orbite's waste monetization projects, including red mud and fly ash. The Company should then be in a position to propose constructing Fly Ash Monetization plants (the "FAM Plant") based on its chloride based technology, with first an industrial scale prototype (100,000-200,000 tonnes per annum feedstock consumption capacity), and a full-scale plant subsequently. Such plants would process third-party stockpiles of fly ash, producing alumina and other high-value products.

Agreements

At this time, the Company is pursuing discussions but has not entered into any agreements related to fly ash remediation.

COMMODITY MINERALS

Smelter Grade Alumina – Overview

The Company has proposed constructing and operating a smelter-grade alumina ("SGA") production plant (the "SGA Plant") processing aluminous clay mined from the Company's Grande-Vallée deposit, which is situated in the Gaspé Peninsula of the Province of Québec. The basic engineering design of the SGA Plant, based on the Company's proprietary processes, has been completed and the plant design follows the parameters of the Preliminary Economic Assessment ("PEA") Technical Report dated May 30, 2012, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

Preliminary Economic Assessment (PEA)

The PEA estimated that the Grande-Vallée deposit contains an Indicated Mineral Resource of 1.04 billion tonnes of aluminous clay grading 23.37% Al_2O_3, 52.62% SiO_2, 8.42% Fe_2O_3, 1.64% MgO, and 6.90% as mixed oxides, as well as 563 ppm in REE+RM. The effective date of this mineral resource estimate is November 23, 2011. The PEA estimated that an SGA plant processing 2.5 million tonnes per year of aluminous clay from the Grande-Vallée deposit, could achieve an annual production of 540,000 tonnes of smelter-grade alumina and other by-products, including 189,298 tonnes of hematite, 1.2 million tonnes of silica, and approximately 48 tonnes scandium oxide, 76 tonnes gallium oxide, and 851 tonnes of heavy and light rare earth oxides. The alumina was determined to be the primary product whereas the production of silica, hematite, magnesium, mixed oxides, REE and RM should be considered as by-products. The capital costs were estimated at $500 million and the annual operating costs at $113 million. As per NI 43-101, a Preliminary Feasibility Study or a Feasibility Study is required to demonstrate the economic merit of Mineral Resources and their conversion to Mineral Reserves. At the time of this document, no such study has been completed and therefore the Grande-Vallée deposit currently has no Mineral Reserves.

The PEA economic conclusions were originally calculated using August 2011 market prices. Since then, the market prices of alumina, rare earth oxides and rare metal oxides have decreased significantly (in some cases, over 50%), and as such the conclusions of the PEA under Scenario 1 (alumina and hematite) and Scenario 2 (alumina and all by-products) are not representative of the current financial viability of the Company's SGA project. We urge readers to review the "Sensitivity Analysis" sections provided in the Preliminary Economic Assessment, including Tables 22-5 and 22-6, which provided adjusted financial conclusions for Scenario 2 reflecting different assumptions for market prices, including a "Low-Case" which reflected the market prices effective as at November 23, 2011 (see Sedar filing dated May 30, 2012). The following table provides a comparison of the estimated revenues and Net Present Value (NPV) between the Low-Case, High Case scenarios and the market prices in effect on March 4, 2015, for Scenario 2 using a 10% discount rate (pre-tax), in Canadian currency. As revenues, capital and operational expenditures in the PEA disclosure were provided in Canadian currency, and considering most sales and some equipment purchase and construction costs are likely to be in US currency, and in order to reflect more accurate market conditions, the NPV disclosure provided in Canadian currency was updated as to reflect the CAN/US average exchange rate of 1.2314 CA$/USD which is the average rate from Jan 1, 2015 to March 4, 2015 (Source: Bank of Canada website: www.bankofcanada.ca).

Case	Alumina Price (CA$/tonne)	Hematite Price (CA$/tonne)	Silica Price (CA$/tonne)	Magnesium Oxide Price (CA$/tonne)	REO/RMO Average Basket Price (CA$/kg)	Alumina Revenues (Million CA$)	REO/RMO Revenues (Million CA$) [2]	Total Annual Revenues (Million CA$)	Annual Gross Margin (Million CA$)	Capex (Million CA$)	IRR	Payback (Years)	NPV @ 10% (Million CA$)
High-Case	$425	$200	$25	$400	$479	$230	$393	$702	$572	$500	114%	0.9	$4,782
Low-Case	$325	$125	$10	$292	$168	$176	$138	$358	$237	$500	48%	2.1	$1,690
March 4, 2015 [1]	$380	$93	$39	$628	$171	$205	$140	$429	$281	$616	46%	2.2	$1,984

Notes:
(1) Prices (In USD) extracted from the following sources: Alumina: Three-month London Metal Exchange contract prices as of March 4, 2015 is $1,803/tonne X 17.1% = US$308.31. Hematite. The conservative price is based on selling the entire production for iron ore production (steel manufacturing) not taking into account any volume sold in the magnets or other special applications that do command much higher prices. The current iron ore price is US$67.39/tonne-62% Fe (www.indexmundi.com-last available). Our Fe_2O_3 is 99.5% pure and therefore does contain 69.55% of Fe. US$73.13 X 69.55% / 62% = US$75.59 that was used in the NPV calculation. Silica. The recent silica prices show an average of US$32 per tonne (www.indmin.com) that was used in the NPV calculation. Magnesium and other oxides. Regarding "MgO and other oxides", the MgO prices used was US$510/tonne and US$5/tonne was used for the "other oxides". Current MgO price is found on (www.indmin.com). An average price of US$510/tonne is showed for the latest transactions on calcined MgO-94% & 96% purity and therefore was used to update the results. Other oxide (Ca, K, Na) price estimate was left at US$5/tonne. Rare earths and rare metals RE/RM. Current prices were extracted from the "Metal Page" website (www.metal-pages.com). Regarding Scandium oxide, the conservative price of US$1,500/kg was used. The average exchange rate from Jan 1, 2015 to March 4, 2015 (1.2314 CAD$/USD) was used to convert prices, annual revenues and estimated CAPEX in CAD$.

(2) In the PEA base case (High-Case), the following rare earths and rare metals prices per kg were used for the NPV calculations: Ga (as metal)= US$900, Sc_2O_3= US$3,095, Y_2O_3= US$180, La_2O_3= US$143, CeO_2= US$150, Pr_5O_{11}= US$275, Nd_2O_3= US$400, Sm_2O_3= US$129, Eu_2O_3= US$650, Gd_2O_3= US$203, Tb_2O_3= US$4,332, Dy_2O_3= US$600. For March 4, 2015, the following average prices (USD/kg - FOB China) were extracted from Metal Pages web site (www.metal-pages.com): Ga (as metal)= $222.50, Y_2O_3= $12.90, La_2O_3= $4.55, CeO_2= $4.50, Pr_5O_{11}= $117.00, Nd_2O_3= $58.00, Sm_2O_3= $5.15, Eu_2O_3= $705.00, Gd_2O_3= $46.50, Tb_2O_3= $615.00, Dy_2O_3= $340.00. A conservative price of $1,500 per kg was used for the Sc_2O_3. The average exchange rate from Jan 1, 2015 to March 4, 2015 (1.2314 CAD$/USD) was used to convert REO/RMO Revenues in CAD$.

Feasibility Study for first SGA Plant

Following the completion of its HPA facility, which will serve as an industrial-scale technology demonstration facility, the Company intends to begin negotiations with potential partners, including Glencore, regarding the establishment of a joint-venture for its SGA initiative, with such negotiations including discussions on raising the required funding. Discussions are expected to include the establishment of corporate and project milestones, project funding requirements and the completion of a NI 43-101 compliant Feasibility Study Technical Report (the "Feasibility Study"), subject to securing sufficient funding for the study. Timing of the Feasibility Study will be established upon the establishment of a joint venture with a partner.

The Feasibility Study is expected to be based on the parameters of the PEA with aluminous clay expected to be mined from the Company's Grande-Vallée deposit. Several SGA plant sites are being considered and final selection could depend, in part, on the selection of a joint-venture partner(s). Permitting for the Grande-Vallée mine site and the SGA plant is expected to move ahead in parallel to the Feasibility Study. A project development timeline will be established as part of the Feasibility Study.

Orbite estimates the costs related to the completion of the Feasibility Study at approximately $30 million, of which approximately $11.6 million has been incurred as of the date of this MD&A, and costs related to the completion of the detailed engineering at approximately $43 million, of which none have been incurred as of the date of this MD&A. These costs estimates are subject to ongoing internal assessments and could be revised at any time as the project progresses.

Offtake Agreement with Glencore International AG

On June 17, 2013, Orbite concluded a binding offtake agreement with Glencore International AG, a subsidiary of Glencore Xstrata plc, for the purchase of 100% of the smelter-grade alumina from the Company's proposed SGA plant in Québec for an initial term of 10 years from the commencement of commercial production. The Agreement also foresees that Orbite and Glencore will undertake negotiations relating to Glencore's potential financial participation in the ownership and operation of the Company's proposed SGA plant in Québec. The

Parties have not set any timetable for the commencement or conclusion of these negotiations. The offtake and ongoing discussions with Glencore do not involve or have any impact on the HPA plant.

Memorandum of Understanding with NALCO

On June 27, 2012, the Company announced the signing of a non-binding Memorandum of Understanding ("MOU") with National Aluminum Corporation Limited ("Nalco") Asia's largest integrated aluminum complex, pursuant to which Orbite's technology would be evaluated on Nalco's ores, namely Gibbsite, Boehmite and also on Nalco's red mud residue left after alumina has been extracted from bauxite using the Bayer process. Orbite has let this agreement expire but continues ongoing discussions with Nalco to evaluate a potential collaboration. The expiration of the MOU with Nalco and further discussions with them do not involve or have any impact on the HPA plant.

MINERAL EXPLORATION PROPERTIES



Québec

All titles are in the form of mining claims and all claims have been duly registered with the *Ministère de l'Énergie et des Ressources naturelles*. Orbite holds 100% of the rights in its mining claims.

Orbite owns 100% of 74 mineral claims totaling approximately 41 km^2 as well as one mining lease of 98.5 ha at a site near Grande-Vallée, Quebec. This is the site of the Grande-Vallée aluminous clay deposit with a 1.04 billion tonnes Indicated Mineral Resource.

As of December 31st 2014, Orbite owns 100% of 161 mineral claims covering approximately 133 km^2 at sites near Rimouski and Cap-Chat, Quebec. These claims cover a portion of the regional aluminous clay "Orignal Formation" which hosts the Grande-Vallée deposit.

During 2014, Orbite started a process of not renewing claims in the Levis to Rimouski area, recognizing that these claims did not show the required potential as an aluminous clay resource. As a result, an amount of $89,643 was written-off and expensed.

For more information, see our Annual Information Form dated March 31, 2015 for the year ended December 31, 2014, specifically the section entitled “Description of the Grande-Vallée Mineral Property”.

Nova Scotia

On November 14, 2012, the Company announced it had entered into an agreement with a private company and its shareholders, pursuant to which the Company was granted an exclusive option for a period of three years (the "Option Agreement") to acquire a 100% undivided interest in the mineral claims and exploration rights of the Chaswood kaolin clay and sand property located in Halifax County, Nova Scotia, Canada (the "Chaswood Property").

The Chaswood Property consists of 163 claims encompassing 2,608 hectares (approximately 26.1 km^2) in central Nova Scotia and is accessible by a network of paved highways and all-weather secondary roads. The property is strategically located near a natural gas pipeline and in proximity to the Port of Halifax, a major commercial port that could enable national and international shipments from a nearby potential SGA plant.

In order to acquire a 100% undivided interest in the Chaswood Property, Orbite made a payment of $150,000 upon signing of the Option Agreement, and is required to: (1) incur aggregate exploration expenditures on the property of $1 million by December 31, 2013 including costs related to NI 43-101 technical report, (2) deliver a NI 43-101 technical report by December 31, 2014, and if Orbite decides to exercise its option, (3) issue 2.4 million Class A Shares to the vendor, by January 1, 2016, released in tranches of 10% every nine months following the date of issuance. As of the date hereof, Orbite has not incurred the entirety of the exploration expenditures which were to be incurred in 2013 on the property (see (1) above), as well as not delivering a NI 43-101 technical report by December 31, 2014 and therefore, has not fulfilled two of the conditions required pursuant to the Option Agreement. Discussions and negotiations with the owner of the claims to resolve the issue are ongoing.

DIVIDEND POLICY

The Company’s policy is to retain earnings, if any, for the financing of future growth and development of its business. As a result, the Company has not paid dividends in the past three (3) years and does not intend to pay dividends in the foreseeable future.

DISCLOSURE OF OUTSTANDING SECURITIES AS OF March 31, 2015

The Company is authorized to issue an unlimited number of Class A Shares. The holders of Class A Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company. Each Class A Share carries one vote. The holders of Class A Shares have the right to receive dividends if, as and when declared by the Board of Directors of the Company. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, the holders of Class A Shares of the Company are entitled to receive the remaining property and assets of the Company on a pro rata basis.

The Company has a common share purchase option plan (the “Option Plan”) for its directors, officers, consultants and employees. The maximum number of shares available under the Option Plan is 10% of the

outstanding Class A shares at the end of the period. Options granted under the Option Plan have a maximum ten-year term with vesting period at the discretion of the Board of Directors. Prior to October 2011, options had a five-year term. Options are granted at a minimum exercise price equal to the volume weighted average price of the Class A Shares on the TSX stock exchange for the five trading days prior to the grant of the options.

As of March 31, 2015, the Company had 320,795,551 Class A Shares issued and outstanding. The Company also had 47,623,893 Share Purchase Warrants exercisable at a weighted average price of $0.46 and expiring between December 2016 and July 2017. The Company also had 15,785,000 Common Share Purchase Options at a weighted average price of $0.94. The Company could issue a further 7,142,857 Common Shares if the 2012 Convertible Debentures, and 1,303,750 Common Shares if the 2013 Debentures were fully converted at the option of the holders.

Outstanding Class A Shares	320,795,551
Share purchase warrants	47,623,893
Share options	15,785,000
Convertible debentures (2012)	7,142,857
Convertible debentures (2013) (1)	1,303,750
Fully Diluted	392,651,051

(1) Assuming a conversion price of $0.40, not including the additional shares to be issued for the make-whole amount.

On March 11, 2014, the Company issued the series X and Y subscription rights to Crede Capital Group, LLC ("Crede"), a US based institutional investor. On July 11, 2014, Crede exercised its series X for an aggregate total amount of $10 million. On January 30, 2015, the Company announced it had sent an exercise notice to Crede confirming the exercise of the first exercisable tranche of the Series Y Subscription Rights. The amount to be subscribed according to the formula contained in the Series Y Subscription Rights (and which is based on the dollar value of the shares of the Company traded over a fixed period of time) is $5.457 million, but may be increased to $10 million by Crede. The completion of this exercise is subject to satisfaction of the prescribed closing conditions, including regulatory approval from the TSX and shareholder approval for which a meeting was called and subsequently postponed and now expected to be held on April 27, 2015, the absence of a material adverse effect affecting the Company between the time the Series Y Subscription Rights were subscribed and the issuance date of the underlying debentures and warrants, and creditworthiness of the investor. Terms and conditions for the series Y subscription rights and the related debentures are summarized in the Company's amended and restated prospectus dated December 6, 2013.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual financial information of the Company for the most recent financial years.

Years ended December 31 (In thousands of dollars, except for amounts per share)	2014	2013	2012
Statements of Financial Position data			
Cash and Short-Term Investments	3,354	10,279	40,551
Working Capital	7,827	9,819	19,123
Total Assets	135,475	123,745	132,298
Total non-current liabilities	28,452	36,301	27,549
Equity	101,862	82,274	75,399
Statements of Comprehensive Loss data			
Research and development charges (1)	1,794	1,470	6,321
General and administrative charges (1)	6,682	8,372	10,881
HPA plant operations (1)	3,591	2,783	1074
Write-off for redesign	1,783	-	-
Share-based payment	1,686	1,188	4,968
Comprehensive Loss	12,399	15,038	16,909
Basic and diluted net loss per share	(0.04)	(0.08)	(0.09)
Share Information			
Weighted Average Shares outstanding (In thousands)			
Basic and Diluted	280,363	191,644	179,897

(1) Includes the related share-based payments expense

FINANCIAL CONDITION

Consolidated Statements of Financial Position	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 2,977,929	$ 9,909,439
Short-term investments	376,199	370,023
Sales taxes and other receivables	1,346,020	302,138
Current income and mining taxes recoverable	1,760,700	1,996,543
Investment tax credits and other governmental assistance receivable	5,197,822	1,393,408
Inventory	129,579	76,786
Prepaid expenses and others	845,187	619,853
Derivative financial instruments	354,000	320,000
Total current assets	12,987,436	14,988,190
Non-current assets:		
Restricted cash	16,354,020	-
Investment tax credits receivable	9,356,591	25,656,591
Property, plant and equipment	78,392,193	64,886,054
Patents and others	1,409,146	853,062
Exploration and evaluation assets	16,975,490	17,361,519
Total non-current assets	122,487,440	108,757,226
Total assets	$ 135,474,876	$ 123,745,416
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,155,262	$ 4,765,563
Long-term debt	4,972	164,778
Provisions	-	239,310
Total current liabilities	5,160,234	5,169,651
Non-current liabilities:		
Convertible debentures liability	21,371,538	31,386,180
Long-term debt	4,638,799	2,478,506
Deferred income and mining tax liabilities	2,372,460	2,433,260
Derivative financial instrument	69,604	3,510
Total non-current liabilities	28,452,401	36,301,456
Equity		
Share capital and warrants	169,152,760	138,150,913
Contributed surplus	14,981,211	13,876,689
Deficit	(82,271,730)	(69,753,293)
Total equity attributable to equity holders of the Company	101,862,241	82,274,309
Total liabilities and equity	$ 135,474,876	$ 123,745,416

Cash and short-term investments

Cash and short-term investments decreased by $6,925,334 compared to December 31, 2013. The decrease was mainly due to the continued investment in the construction of the HPA plant, research and development, general administration and HPA plant operating expenses. The decrease was partially offset by the $10 million convertible debentures and warrants issued following exercise of the series X subscription rights, the $3.8 million financial contribution received from Canada Economic Development and the $10 million equity funding from Ressources Québec, a subsidiary of Investissement Québec.

Sales taxes and other receivables

Sales taxes and other receivables increased by $1,043,882 during 2014 compared to December 31, 2013. The increase of sales taxes (GST, QST and HST) receivable from the Federal and Provincial governments is primarily due to the increased level of activities of the Company in 2014 compared to 2013 and the construction of the HPA plant.

Prepaid expenses and deposits

Prepaid expenses and others increased by $225,334 during 2014, compared to the same period of 2013. The increase is mainly due to prepaid insurance and other suppliers.

Investment tax credits

Investment tax credits classified as current increased by $3,804,414 during 2014, compared to December 31, 2013. The increase is principally due to the recognition of the 2014 accrued investment tax credits receivable on the equipment purchased for manufacturing and processing in the Gaspé region, partially offset by the research and development tax credits reimbursement of previously filed returns.

Investment tax credits classified as non-current decreased by $16,300,000 during 2014, compared to December 31, 2013. The decrease is due to payments received from the tax authorities relating to the 2012 and 2013 fiscal years, which are pledged as security for the $25 million convertible debentures issued in December 2012. The funds the Company will receive upon reimbursement of the 2012 and 2013 investment tax credits will be deposited in a segregated account and serve as security for the 2012 convertible debentures. These funds will be released to the Company according to the terms of the trust indenture agreement.

Restricted cash

Restricted cash increased by $16,354,020 during 2014, compared to December 31, 2013. These funds represent a portion of the refundable 2012 and 2013 investment tax credits, deposited in a segregated account which serves as security for the 2012 convertible debentures. These funds will be released to the Company according to the terms of the trust indenture agreement.

Property, plant, and equipment

Property, plant, and equipment ("PP&E") increased by $13,506,139 in 2014 compared to December 31, 2013. The increase results mainly from $22,080,387 in the investment in PP&E attributable to the HPA plant (which includes capitalized interest of $3,652,572), partially offset by $6,410,251 in government grants and refundable investment tax credits on equipment purchases for the HPA plant and by a $1,782,505 write-off to avoid duplication of capital costs following the engineering review and facility redesign conducted throughout 2014.

Patents and others

Patents increased by $556,084 during 2014, compared to December 31, 2013. The increase is principally due to the costs resulting from the 48 new filings including national entry phases in various countries as well as international, provisional and divisional patent filings.

Accounts payable, accrued liabilities

Accounts payable and accrued liabilities increased by $389,699 during 2014, compared to December 31, 2013, mainly due to the increase in the accounts payable turnover ratio during 2014 compared to December 31, 2013.

Provisions

Provisions decreased by $239,310 during 2014 compared to December 31, 2013. The provisions pertain to billing disputes with suppliers, all of which have been resolved.

Long-term debt and convertible debentures

Long-term debt (including short-term portion) and convertible debentures increased by $2,000,487, and decreased by $10,014,642 respectively during 2014, as compared to December 31, 2013. The decrease in convertible debentures is mainly due to the exercise of the conversion option of the 2013 convertible debentures. The increase in long term-debt is principally due to the receipt of the $3.8 million financial contribution by Canada Economic Development, recorded at amortized cost.

Share capital and warrants

Share capital and warrants increased by $31,001,847, mainly due to the issuance of common shares as a result of the conversion of the 2013 and Series X debentures during 2014, the $10 million equity funding from Ressources Québec and the exercise of stock options, warrants and shares issued for interest.

Contributed surplus

Contributed surplus increased by $1,104,522 during 2014, compared to December 31, 2013, due to the recognition of share-based payments and broker's warrants, partially offset by the exercise of stock options.

RESULTS OF OPERATIONS

Consolidated Statements of Comprehensive Loss	Quarter ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Expenses				
Research and development charges, net of investment tax credits and other governmental assistance	$ 492,637	$ 285,807	$ 1,794,035	$ 1,470,124
General and administrative charges	1,440,473	1,057,540	6,681,879	8,372,414
HPA plant operations	1,049,794	1,128,742	3,591,208	2,782,819
Write-off for redesign	1,782,505	-	1,782,505	-
Other expense	290,645	1,083,588	533,923	915,549
Loss before net finance income (expense) and income and mining taxes	(5,056,054)	(3,555,677)	(14,383,550)	(13,540,906)
Net finance income (expense)	1,581,722	(5,469,420)	1,984,288	(1,431,486)
Loss before income and mining taxes	(3,474,332)	(9,025,097)	(12,399,262)	(14,972,392)
Income and mining taxes				
Current	-	(15,360)	60,800	(107,600)
Deferred	-	21,270	(60,800)	173,200
	-	5,910	-	65,600
Net loss and comprehensive loss	$ (3,474,332)	$ (9,031,007)	$ (12,399,262)	$ (15,037,992)
Basic and diluted net loss per share	$ (0.01)	$ (0.05)	$ (0.04)	$ (0.08)
Weighted average number of shares outstandin	312,650,186	201,918,234	280,362,729	191,643,650

Revenues

The Company is a development stage company and has no revenues.

Research and development charges

Research and development charges are generally comprised of personnel related expenses (salaries and benefits), share-based payments, consultant expenses and material costs for Orbite's Technology Development Center in Laval. These charges are presented net of government research and development investment tax credits and other government assistance of $94,841 and $96,386 for the years ended December 31, 2014 and 2013 respectively. Research and development charges increased by $206,830 during the quarter ended December 31, 2014 compared to the same period in 2013 due to an increase in salaries, lab consumables, external lab analysis as well as an R&D tax credit provision adjustment, partially offset by a decrease in consulting fees and share-based payments. Research and development charges increased by $323,911 during the year ended December 31, 2014 compared to the year ended December 31, 2013. The increase during the year is due to an increase in salaries, lab consumables as well as an R&D tax credit provision adjustment, partially offset by a decrease in consulting fees and share-based payments.

General and administrative charges

General and administration charges consist mostly of personnel related costs (salaries and social benefits), share-based payment expenses, consulting, accounting, business development, legal, and investor relation costs relating to head office activities. General and administrative costs increased by $382,933 during the fourth quarter compared to the same period in 2013. General and administrative costs decreased by $1,690,535 during 2014 compared to 2013. The increase during the fourth quarter of 2014 is due to share-based payments and a write-off of some claims in the Rimouski Cap-Chat region, partially offset by a decrease in salaries, professional fees, as well as a general reduction in expenses. The decrease during the

year ended in December 31, 2014 compared to 2013, was attributable mainly to a decrease in salaries, professional fees, as well as a general reduction in expenses resulting from the cost reduction program in place since mid-2013, partially offset by an increase in share-based payments and a write-off of some claims in the Rimouski Cap-Chat region.

HPA plant operations

HPA plant operations include administration, operating and maintenance costs for the HPA plant in Cap-Chat since the pilot plant activities ceased at the end of the third quarter of 2012. Costs incurred at the HPA plant that directly relate to the installation of the equipment and the commissioning of the plant, and meet the IFRS criteria for capitalization, are capitalized in property, plant and equipment (PP&E). HPA plant operation expenses decreased by $78,948 during the quarter ended December 31, 2014, and increased by $808,389 during the year ended December 31, 2014, as compared to the same periods in 2013. The increase for the year ended December 31, 2014 compared to 2013 is due mainly to the costs associated with the incident at the Cap-Chat facility earlier this year and as HPA related costs in the first quarter of 2013 were mostly capitalized compared to 2014, partially offset by disassembly and handling costs of certain equipment incurred in 2013.

Write-off for redesign

An engineering review, conducted throughout 2014, has shown that the original design of the 2012 HPA plant was inadequate to deliver at three tonnes per day capacity. Consequently, the facility was redesigned, and certain installed equipment and piping will be replaced to meet capacity and longevity specifications. As a result, Orbite wrote-off an amount of $1,782,505 to earnings during the fourth quarter of 2014 to avoid duplication of capital costs related to engineering and equipment.

Other expense

Other expense decreased by $792,943 and $381,626 during the quarter and for the year ended December 31, 2014, as compared to the same periods in 2013, due mainly to a higher indemnity recognized in 2013 compared to 2014 to compensate purchasers of flow-through securities issued in December 2012 for adverse tax consequences incurred, as the Company did not meet the spending requirement related to qualifying Canadian mineral exploration expenses, partially offset by a flow-through tax provision.

Share-based payments

The Company has a common share purchase option plan (the “Option Plan”) for its directors, officers and employees. Share-based payments, which are non-cash in nature, increased by $645,102 and increased by $498,319 during the quarter and the year ended December 31, 2014 compared to the same period in 2013. The increase during 2014 compared to 2013 is mainly due to the increase in quantity and the accelerated vesting period of stock options issued, partially offset by a lower weighted average exercise price per stock option issued.

The following table details where the share-based payments have been recognized in the statements of comprehensive loss.

	Quarter ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Research and development	$ 21,279	$ 29,539	$ 133,682	$ 171,600
General and administration	183,530	(484,675)	1,444,265	835,047
HPA plant operations	(3,851)	4,677	21,989	(16,440)
Recognized in comprehensive loss	200,958	(450,459)	1,599,936	990,207
Capitalized in patents and others	-	-	7,500	-
Capitalized in property, plant and equipment	7,756	14,071	78,921	197,831
	$ 208,714	$ (436,388)	$ 1,686,357	$ 1,188,038

Finance income

Finance income, consisting primarily of interest income, increased by $204,170 and $274,299 during the quarter and the full year ended December 31, 2014, as compared to the same periods in 2013, due to the higher average level of cash, cash equivalents, and short-term investments held by the Company.

Finance expense

Finance expense decreased by $3,379,073 and $2,892,256 net of capitalized interest during the quarter and the full year ended December 31, 2014 compared to the same periods in 2013. The decrease is primarily due to lower transaction costs pertaining to the issuance of convertible debentures.

Other financial gains (losses)

The Company recognized a gain of $1,351,867 and $2,127,381 during the quarter and the year ended December 31, 2014, compared to a loss of $2,116,032 and a gain of $1,878,162 for the same periods of 2013. These changes are mainly due to the mark to market adjustments relating to the 2013 convertible debentures and Series X, and the changes in fair value of derivative financial instruments.

CASH FLOWS

Consolidated Statements of Cash Flows

	Quarter ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Cash flows				
Operations	$ (2,815,782)	$ (3,733,850)	$ (10,661,851)	$ (12,306,178)
Non-cash working capital items	(1,098,240)	(211,083)	(2,805,023)	3,342,983
Interest received	238,275	12,557	429,252	129,733
Interest paid	(500,158)	(500,206)	(2,000,705)	(2,000,921)
Operating activities	(4,175,905)	$ (4,432,582)	(15,038,327)	(10,834,383)
Financing activities	(1,213)	13,838,828	24,343,248	13,894,890
Investing activities	(4,066,457)	(3,534,103)	(16,236,431)	(33,338,852)
Net change in cash and cash equivalents	(8,243,575)	5,872,143	(6,931,510)	(30,278,345)
Cash and cash equivalents, beginning of year	11,221,504	4,037,296	9,909,439	40,187,784
Cash and cash equivalents, end of year	$ 2,977,929	$ 9,909,439	$ 2,977,929	$ 9,909,439

Cash Flows from Operating Activities

Cash flows used in operating activities decreased by $256,677 during the quarter ended December 31, 2014, compared to the same period in 2013. Cash flows used for operations decreased by $918,068 during the fourth quarter, compared to the same quarter in 2013, while cash flows used for non-cash working capital items increased by $887,157 during the fourth quarter ended December 31, 2014, as compared to 2013. Cash flows used in operating activities increased by $4,203,944 for the year ended December 31, 2014, compared to the same period in 2013. Cash flows used for operations decreased by $1,644,327 during 2014, compared to the same period in 2013. During 2014, cash flows used for non-cash working capital items amounted to $2,805,023 mainly due to accounts payable and sales tax receivables, whereas during 2013, the Company received cash from non-cash working capital items in the amount of $3,342,983 of which $3,683,292 were sales taxes receivable.

Cash Flows from Financing Activities

Cash flows from financing activities decreased by $13,840,041 and increased by $10,448,358 during the fourth quarter and the year ended December 31, 2014, compared to the same periods in 2013. The increase during the year is mainly due to the financial contribution received from Canada Economic Development during the first quarter, the equity funding by Ressources Québec during the second quarter, as well as from the issuance of the series X convertible debentures issued during the quarter ended September 30, 2014, partially offset by a lower amount of net proceeds from convertible debentures.

Cash Flows used in Investing Activities

Cash flows used in investing activities increased by $532,354 during the quarter ended December 31, 2014, compared to the same period in 2013, and decreased by $17,102,421 during the year ended December 31, 2014 compared to the same period in 2013. These changes are mainly due to investments in the HPA plant construction, restricted cash, non-current investment tax credits receivable and in exploration and evaluation assets.

LIQUIDITY AND CAPITAL RESOURCES

The Company is a development stage company that has not generated any revenues or significant cash flows from its operations. The Company's source of funding has primarily been from the sale of equity and debt securities, and to a lesser extent, earning interest income, which is highly dependent on the cash balances and prevailing interest rates. The Company has limited financial resources, has no recurring revenues and continues to rely on the issuance of shares, debt or other sources of financing to fund its overhead, HPA plant construction, commissioning and ongoing operations and to advance its development-stage projects. As at December 31, 2014, the Company had aggregate cash and short-term investments balance of $3,354,128 and positive working capital (current assets less current liabilities) of $7,827,202. Following the bridge loan received from Investissement Québec on January 14, 2015, the Company had on a pro-forma basis, a cash and short-term investments balance of $6,379,128.

The consolidated financial statements have been prepared on a going concern basis, meaning on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the construction of its HPA plant, the exploration and development of its mineral property interests, the attainment of profitable operations or the

receipt of proceeds from the disposition of its mineral property interests. The Company is a development stage corporation and has not generated revenue or cash flows from its HPA plant which is currently under construction. The Company's sole source of funding to this point has been the issuance of equity securities, debt and government grants. There can be no assurance that the HPA plant will operate successfully or economically, that the estimated capital costs will be sufficient to achieve the design capacity or the product purities and characteristics, or that the plant will provide a return on investment or become profitable.

In order to finance the completion of the construction and commissioning of the HPA plant, the Company entered into an underwriting agreement (bought deal) on March 30, 2015 of $8.5 million with a potential to increase to $15 million (see subsequent event note) and the Series Y Subscription Rights. The ability of the Company to obtain funds under the Series Y Subscription Rights is subject to a number of factors, many of which are not within the control of the Company, including the approval of the TSX, the approval by the Company's shareholders for which a meeting is expected to be held on April 27, 2015, the absence of a material adverse effect affecting the Company between the time the Series Y Subscription Rights were subscribed and the issuance date of the underlying debentures and warrants, and creditworthiness of the investor for this unsecured obligation. Further, the Company's ability to obtain additional tranches under the Series Y Subscription Rights beyond the initial tranche is also subject to a number of factors including having sufficient trading volume which could limit the amount to the financing. If the Company is not able to obtain funds under the Series Y Subscription Rights due to the above or other factors and the Company is not able to obtain financing from an alternative source, it would have an impact on the Company's ability to continue as a going concern, as the Company's current working capital without additional financing is insufficient to complete the construction and commissioning of the HPA plant. The Company is currently in the process of addressing the closing conditions to obtain funds under the Series Y Subscriptions Rights and is also working on alternative sources of financing. Whether or not the Company is able to obtain funds under the Series Y Subscription Rights may be determined in the near term.

If the going concern assumption were not appropriate for the consolidated financial statements, adjustments to the carrying value of assets and liabilities, reported expenses and consolidated statement of financial position classifications would be necessary. Such adjustments could be material.

Repayable financial contribution from Canada Economic Development (CED)

On January 30, 2014, Orbite announced it was granted a $4 million non-interest bearing repayable financial contribution from Canada Economic Development for Québec regions to be used for the purchase and installation of the alumina calcinator, a key element in Orbite's high purity alumina production facility. In March 2014, the Company received $3.8 million and the remaining $200,000 is expected to be received during 2015. The contribution is interest free, repayable in 10 consecutive equal semi-annual installments starting 24 months following completion of the HPA Facility. The loan was discounted at a rate of 14.5% and was initially recorded at $1,811,070, reflecting its fair value given its non-interest bearing nature. The difference between the proceeds received and the carrying amount of $1,988,930 is considered a grant and credited to property, plant and equipment. The loan will be accreted from its initial carrying amount to $3,800,000 over its life. In 2010 and 2011, the Company received unsecured loans totalling $800,000 from CED, whose maturity has been deferred to April 1st, 2016. The loan is secured by a first ranking movable hypothec against the Company's movable assets located on the premises of the Company's high purity alumina production facility in Cap-Chat, Québec, until such time as the calcination equipment is installed and functional, at which time such loan will be secured exclusively by such calcination equipment.

Equity investment from Investissement Québec

On May 27, 2014, the Company completed a private placement with Ressources Québec (RQ), a subsidiary of Investissement Québec, which resulted in the issuance of 35,714,286 units at a price of $ 0.28 per unit. Each unit was comprised of one Class A share and one half (1/2) of one Class A share purchase warrant. Each full warrant entitles RQ to purchase one Class A share of the Company at a price of $ 0.33 for 36 months from the date of closing.

Convertible debentures

On July 11, 2014 Orbite announced that Crede Capital Group, LLC ("Crede") had completed an investment of $10 million in the form of convertible debentures and warrants pursuant to the exercise of the Series X Subscription Rights (the "Subscription Rights"), as issued on March 11, 2014.

Under the placement, Crede purchased units of the Company consisting of $10 million principal amount of convertible unsecured debentures (the "Debentures") and 13,000,000 warrants (the "Warrants") of the Company. The Debentures will mature five years from issuance, namely July 11, 2019 and will bear interest at a rate of 7.5% per annum (the "Interest"). Each Debenture is convertible, at the option of the holder, at any time prior to the maturity date, into class A shares of the Company ("Shares") at a conversion price of $0.50 per Share (the "Conversion Price"), representing the 5 day VWAP at time of the conditional exercise of the Series X subscription rights. Upon conversion, the holder shall also be entitled to Shares equal to the additional interest such holder would have received if it had held the Debenture until maturity divided by the market price of the Shares prior to the date of conversion (the "Make-Whole Amount"), in addition to accrued and unpaid Interest, in cash or in Shares at the Company's discretion. Each Warrant entitles the holder to purchase one Share for a period of three years from its issuance at a price of $0.60 per share (equivalent to the Conversion Price plus a 20% premium).

In connection with the placement, the regulatory authorities required certain changes to the initial terms of the Subscription Rights, namely that the maximum number of Shares issuable upon conversion of the Debentures on account of the principal amount and the Make-Whole Amount not exceed the principal amount of the Debentures converted, divided by the Conversion Price less 25%. The parties further agreed that the Make-Whole Amount would not be reduced by 1% for each 1% that the current market price of the Shares at the time of conversion exceeds the Conversion Price and that the number of Warrants would correspond to 65% of the number of Shares into which the principal amount of Debentures is convertible. In connection with the placement, the Company paid a fee of 6% of the amount of the investment and issued 1,200,000 finder warrants to Euro Pacific Canada Inc. and Roth Capital LLC. Each finder warrant entitles the holder to purchase one Share for a price of $0.60 per share for a period of three years and is nontransferable.

Following the exercise of the series X subscription rights, the series Y subscription rights issued on March 10, 2014 were exercised by the Company on January 30, 2015. Such series Y subscription rights provide for the future subscription of $30 million in additional units having identical terms to those of the Units issued in 2013 (see note 7 of the December 31, 2014 Annual Financial Statements), with the exception that the conversion price shall be based on the 5 day volume weighted average price ("VWAP") of the Company's shares on the last trading day prior to the date on which the subscription rights in respect of which the units are issued first become exercisable, and the Warrants granted shall be equivalent to 45% of the number of Common Shares into which the Debentures are convertible, exercisable at a 20% premium over such conversion price. The Series Y Subscription Rights are initially exercisable in a principal amount equal to the lesser of $10 million and 20% of the aggregate dollar value of the publicly traded Common Shares, as sourced from Bloomberg, during the four month calendar period preceding the initial exercise date (the "Traded Equity Value"). The

Series Y Subscription Rights are exercisable in additional tranches as follows: when the Traded Equity Value (calculated on a rolling four month period) reaches a level that is five times or more the principal amount of the last Series Y Units issued pursuant to the preceding exercise of Series Y Subscription Rights, the Series Y Subscription Rights become exercisable by Crede within 15 calendar days thereafter (and within another 15 calendar days thereafter by the Company if unexercised by Crede) for Series Y Units in a principal amount equal to the lesser of $10 million and 20% of such Traded Equity Value. This cycle will continue until the sooner of all Series Y Subscription Rights are exercised and December 10, 2015, upon which all remaining Series Y Subscription Rights shall expire. Notwithstanding the foregoing, Crede may at its sole discretion accelerate the exercise of tranches of the Series Y Subscription Rights in whole or in part, provided that each tranche shall not exceed $10 million in any given four month period.

On January 30, 2015, the Company announced it had sent an exercise notice to Crede Capital, LLC ("Crede") confirming the exercise of the first exercisable tranche of the Series Y Subscription Rights. The amount to be subscribed according to the formula contained in the Series Y Subscription Rights (and which is based on the dollar value of the shares of the Company traded over a fixed period of time) is $5,457,320, but may be increased to $10,000,000 by Crede. Under such exercise, an aggregate of $5,457,320 principal amount of 7.5% convertible unsecured debentures maturing in five years, convertible at a price of $0.2685 per share, and warrants to purchase up to 9,146,346 Common Shares at a price of $0.32 per share for a period of 36 months, would be issued.

The completion of this exercise is subject to satisfaction of the prescribed closing conditions, including regulatory approval from the TSX and shareholder approval. Accordingly, the Company has called a special meeting of its shareholders (the "Meeting") for the purposes thereof initially expected to be held April 2, 2015. As circumstances evolved since the calling of the Meeting, the Company has postponed the date of the Meeting to April 27, 2015.

The obligations of the investor under the Series Y subscription rights are subject to several conditions, including obtaining certain regulatory approvals, including TSX approval, and approval of the Company's shareholders, the absence of a material adverse effect affecting the Company between the time the Series Y Subscription Rights were subscribed and the issuance date of the underlying debentures and warrants, and creditworthiness of the investor for this unsecured obligation.

Financial instruments

a) Financial risk management objectives and policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

b) Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Interest rate risk

Convertible debentures bear interest at a fixed rate and the Corporation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. An increase of 25 basis point (0.25%) would not have a significant impact on the Company's results.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Company is subject to credit risk primarily through cash, cash equivalents, short-term investments and restricted cash. The Company reduces its credit risk by maintaining its cash, its restricted cash and its investments in financial instruments guaranteed by and held by a Canadian chartered bank having a good credit rating but the Company is subject to concentration of credit risk. In addition, the Series Y Subscription Rights are subject to the investor's creditworthiness.

Currency Risk

The corporation is exposed to currency risk to the extent that there is a mismatch between the currencies in which certain assets and purchases are denominated and the respective functional currency of the Company, the Canadian Dollar. The currencies in which these transactions are primarily denominated at the U.S dollar and the Euro. An increase or decrease of 10 percent of the US dollar or the Euro at the balance sheet date would not have a significant impact on the Company's results.

Liquidity risk

The Management's objective is to maintain sufficient cash to ensure that the Company has at its disposal sufficient sources of financing. The Company also establishes budgets and liquidity forecasts designed to ensure that it has at its disposal sufficient funds to meet its financial obligations, as they become due. Refer to note 2 Going concern.

Contractual Obligations

The contractual maturities of its long-term debt and convertible debentures are presented in the following table. The Company expects to discharge its financial obligations related to the accounts payable and accrued liabilities and the short-term portion of the long-term debt with its working capital and the additional secured financing as described in the liquidity and capital section as well as from the $3,025,000 bridge loan received from Investissement Québec on January 14, 2015. This loan is collateralized against the Company's investment tax credits receivable for 2014 estimated at $4.0 million. The Company expects to discharge its financial obligations related to the 2012 convertible debentures with the refundable investment tax credits of which, $16.3 million was received and deposited in a segregated account during 2014 as well as from the remaining balance it expects to receive in 2015 related to the construction of the HPA plant.

The following table presents the contractual maturities of the financial liabilities, operating leases and committed purchase obligations as of December 31, 2014:

	Carrying Amount	Contractual Cash flows	Payable within 1 year	Payable during Years 2 and 3	Payable during Years 4 and 5	Payable After year 5
Accounts payable and accrued liabilities	$ 5 155 262	$ 5 155 262	$ 5 155 262	$ -	$ -	$ -
Convertible debentures 2012*	20 667 513	30 902 000	2 000 000	28 902 000	-	-
Derivative financial instrument**	(284 396)	-	-	-	-	-
Convertible debentures 2013***	704 025	677 951	39 113	78 225	560 613	
Long-term debt	4 643 771	4 615 994	5 484	1 090 510	920 000	2 600 000
Operating leases	-	868 157	498 298	369 859	-	-
Purchase obligations****	4 611 585	4 611 585	4 611 585	-	-	-
	$ 35 497 760	$46 830 949	$ 12 309 742	$ 30 440 594	$ 1 480 613	$ 2 600 000

*Includes interest outflows at 8%. Secured by $9,356,591 Investment tax credits receivable as of December 31, 2014. Funds representing an amount of $16,354,020 received were deposited in a segregated account.

**The embedded derivative has no outflows since it is included in the 2012 convertible debentures and the derivative for the Series Y Subscription Rights was note exercised as at December 31, 2014.

***Includes interest outflows at 7.5%. The Company may force conversion beginning on one year anniversary and interest can be paid in cash or common shares at the Company's option. In addition, the Company has a binding commitment for the future subscription of $30 million in additional units ("the Subscription Commitment") - refer to note 7 for details.

**** As at December 31, 2014, the total purchase commitment net of amount incurred for capital expenditures at the HPA project relating to equipment amounted to approximately $4,611,585.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2014, the Company incurred $273,043 (December 31, 2013 - $1,136,000) in professional fees from a law firm where a Board member, Pierre Meunier, is an equity partner at Fasken Martineau DuMoulin S.E.N.C.R.L., s.r.l.. These transactions took place in the normal course of operations and were measured at the exchange amount, which is the amount established and accepted by the parties.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information for each of the last eight quarters.

Quarter ended	Net loss and comprehensive loss ($)		Net loss per share ($)
December 31, 2014	(3,474,332)		(0.01)
September 30, 2014	(228,308)		-
June 30, 2014	(4,285,455)		(0.02)
March 31, 2014	(4,411,167)		(0.02)
December 31, 2013	(9,031,007)	(1)	(0.05)
September 30, 2013	(2,102,728)		(0.01)
June 30, 2013	(3,393,289)		(0.02)
March 31, 2013	(510,968)		-

(1) Includes $1,667,000 indemnification penalty on the flow-through shares, $3,367,000 in transaction costs, $535,000 disassembly and handling costs of certain equipment and $1,982,000 FV variation on the 2013 convertible debentures.

For the quarters ended on March 31, 2013 and September 30, 2013, the net loss was impacted favorably due to the recognition of the change in Fair Value ('FV') of the embedded derivative relating to the convertible debentures. During the quarter ended September 30, 2013, the net loss decreased mainly due a reduction in share-based payment expense, and a general reduction in expenses and consulting fees which were partially offset by an increase in expenditures relating to financing initiatives and employee salaries and benefit expenses. The net loss increase in the fourth quarter ending December 31, 2013 is primarily the result of the FV variation of the 2013 debentures, the financing fees involved in the new debenture transaction as well as the indemnification payment on the flow through shares issued in December 2012.

The net loss decrease in the first quarter of 2014 was a result of the absence of some costs such as financing fees involved in the new debenture transaction and the non-recurring costs for the indemnification penalty on the flow through shares experienced during the fourth quarter of 2013. The decrease in net loss during the

second quarter of 2014 is mainly due to a decrease in financing fees and general and administrative charges. For the quarter ended September 30, 2014, the net loss was impacted favorably due to the recognition of the change in fair value of the derivative financial instruments relating to the series X convertible debentures.

For the quarter ended December 31, 2014, the net loss increase compared to the third quarter of 2014 was due principally due to a $1,782,505 write-off following the redesign of the plant and a lower amount recognized in the change in fair value of the derivative financial instruments relating to the series X convertible debentures.

RISKS AND UNCERTAINTIES

In the course of its business and affairs, the Company faces, amongst others, the following risk factors:

Risks Associated With Our Business

We will need to raise capital to continue our growth.

Orbite is a development-stage company, with one main short-term project and multiple future projects, each with different funding requirements, has limited financial resources, and has no recurring cash flows from its operations. We will require additional funding in the future. If we cannot obtain capital through financings or otherwise, our ability to execute our development plans and achieve profitable operational levels will be greatly limited. Historically, we have funded our operations through the issuance of equity and short-term debt financing arrangements. We may not be able to obtain additional financing on favorable terms, if at all. Our future cash flows and the availability of financing will be subject to a number of variables, including demand for HPA and SGA as well as other by-products. Further, debt financing could lead to a diversion of cash flow to satisfy debt-servicing obligations, create restrictions on business operations and require the grant of security interests over corporate assets. Our inability to access additional capital for our operations and projects will have a material adverse effect on our business, financial condition, results of operations, prospects and could also eventually impair our ability to continue as a going concern.]

Our investment in the HPA plant is, among other things, based on the assumption that material portions of the investment will be refunded by the Government of Québec by way of refundable tax credits. There can be no assurance that these tax credits will be available and, if available, that same will be refunded by the Government of Québec in a timely manner. The unavailability of the tax credits or any delay in obtaining a refund of the tax credits could have a material adverse effect on the Company.

We may be subject to cost overruns, delays, labor shortages, labor unrest and other construction risks

The completion of construction and commissioning of our HPA Plant, the completion of our contemplated SGA feasibility study and the building and operation of the SGA Plant will require substantial engineering, construction and operating expertise and execution. Cost estimates for these projects have increased over initial estimates. Potential cost overruns and completion delays are significant risks in projects of this nature due to many factors, including, without limitation, weather and seasonal factors affecting construction projects generally; delays in obtaining, or conditions imposed by, regulatory approvals; design errors; non-performance by third party contractors; increases in material or labor costs; construction performance falling below expected levels of output or efficiency; breakdown or failure of equipment or processes; contractor or operator errors; labor disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; changes in project scope; violation of permit requirements; and major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms. There can be no assurance that these projects will be successfully completed within estimates, on schedule, or at all.

The Company is dependent on a single principal asset

Orbite's principal asset is its HPA Plant which has not yet begun production on a commercial scale as contemplated by Orbite and described herein. Any adverse development affecting the HPA Plant would materially adversely affect Orbite's financial condition, results of operations, prospects and its ability to continue as a going concern.

The Company has negative cash flows from operations

Orbite currently generates negative cash flows from operations, due to the expenses incurred developing its technologies and completing the construction of and optimizing its HPA Plant. Further, Orbite has not yet commercialized its product.

We may be unable to retain key employees, management personnel or other employees

The loss of any of our key management personnel would have an adverse impact on our future development and could impair our ability to succeed. Our performance is substantially dependent upon the expertise of key management personnel and our ability to continue to hire and retain such personnel. Efficient production of HPA and SGA using modern techniques and equipment requires skilled technicians and engineers. Our ability to attract, hire and train the necessary number of such personnel could have an adverse impact on our labour costs and ability to reach planned production levels.

If our competitors misappropriate unpatented proprietary know-how and our trade secrets, it may have a material adverse effect on our business.

The loss of or inability to enforce our patents, intellectual property and other proprietary know-how, and trade secrets (collectively our "Intellectual Property") could adversely affect our business. We depend heavily on our Intellectual Property and the design expertise of our employees. If any of our competitor's copies or otherwise gains access to our Intellectual Property or develops similar technologies or processes independently, we would not be able to compete as effectively. The measures we take to protect our Intellectual Property and design expertise may not be adequate to prevent their unauthorized use. Further, the laws of foreign countries may provide inadequate protection of such Intellectual Property rights. We may need to bring legal claims to enforce or protect such Intellectual Property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. In addition, notwithstanding the rights we have secured in our Intellectual Property, other persons may bring claims against us that we have infringed on their intellectual property rights or claims that our Intellectual Property right interests are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate and, therefore, could have an adverse effect on our business.

New Markets

The success of our business will depend, in part, on the establishment of new markets by us or third parties for alumina and rare earth products that may be in low demand. Although rare earth products are used in critical existing and emerging technologies, such as hybrid and electric vehicles, wind power turbines and LED lighting, the success of our business depends on creating new markets and successfully commercializing rare earth products in existing and emerging markets. Any unexpected costs or delays in the commercialization of any of the foregoing products and applications could have a material adverse effect on our financial condition and results of operations.

Alumina, rare earth and metal oxide prices and PEA disclosure

Our revenues, if any, are expected to be in large part derived from the extraction and sale of alumina and rare earth and metal oxide by-products such as gallium and scandium. Alumina and rare earth and metal oxides prices are volatile, have historically fluctuated widely and are affected by numerous factors beyond our control, including: international, economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; global or regional consumptive patterns; speculative activities; and increased worldwide production levels due to new extraction developments and improved extraction and production methods. The development of new alumina refineries and aluminum smelters, and increased production by new or existing alumina and aluminum producers may create oversupply or overcapacity, which could reduce future prices of alumina, alumina-based chemicals and aluminum, thereby adversely affecting Orbite's prospects and financial position. Moreover, demand for alumina, alumina-based chemicals and aluminum, has been supported by the industrialization and urbanization of China and other developing countries. A decline in the rate of economic growth of these developing countries or in other parts of the world, or a reduction in demand for these products, could adversely affect Orbite's future financial performance. These factors may affect the price of alumina and rare earth and metal oxides, and, therefore, the economic viability of any of our current or future exploration projects cannot accurately be predicted. Future significant price declines in the market value of alumina and rare earth and metal oxides could cause continued development of, and eventually commercial production (if any) from, the Grande-Vallée property to be rendered uneconomic. Depending on the price of alumina and rare earth and metal oxides, we could be forced to discontinue exploration or development activities and may lose our interest in, or may be forced to sell, the Grande-Vallée property. There is no assurance that even if commercial quantities of alumina and rare earth and metal oxides and other base and precious metals are produced, a profitable market will exist for them.

Preliminary economic assessment of the viability of the Company's proposed SGA production plant supposes the availability of natural gas as the reference energy source. Natural gas is not currently readily available in the mining site vicinity. Consequently, should natural gas or an alternative source of energy which pricing is competitive to natural gas not be available, the SGA Plant project contemplated to be based in the Grande-Vallée region could be materially and adversely impacted and compromised.

Capital Cost Estimates

Any capital and operating cost estimates made in respect of our current and future production facilities, including our HPA and our projected SGA production facilities, and mines may not prove to be accurate. Production of alumina and rare earths and metal oxides by-products is a capital-intensive business. Our plans for our HPA and projected SGA production facilities require significant capital expenditures. Capital and operating costs are estimated based on the interpretation of geological data, preliminary studies, preliminary economic assessments, anticipated climatic conditions and a number of other factors. Any of the following events could affect the accuracy of such estimates: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; efficiency of our proprietary process, availability of fossil fuels at market prices, delay in construction schedules; unanticipated transportation costs; accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims.

Production

Our proprietary alumina and by-products extraction processes are novel, untested on a commercial scale and

the results may be uncertain and subject to significant variations. There can be no assurance that our proprietary processes will be efficient or commercially viable or that any such alumina or by-products production which is attempted will be profitable.

Exploration and Mining Risks

Mineral exploration is highly speculative and involves a high degree of risk, which evens a combination of careful evaluation, experience and knowledge may not be able to avoid. Most exploration efforts are not successful in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. There is no assurance that ores will be discovered by the Company in quantities sufficient to warrant mining operations. There is also no assurance that the mining properties of the Company will be brought into commercial production. These risk factors include market fluctuations, the proximity and production capacity of mining facilities and processing equipment, possible claims of native peoples and government regulations, including regulations relating to prices, royalties, allowable production, import and export of minerals, environmental protection and the protection of agricultural territory. The effect of these factors cannot be accurately predicted. In addition, the mining of minerals involves numerous hazards, including but not limited to, variations in grade, deposit size, density and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment including fuel, labor force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies and adverse weather conditions.

The Company has not completed a comprehensive feasibility study and there can be no assurance that the development of the Company's mineral project into a commercially viable mine and the commercialization of the Company's alumina (and other material) extraction process into a commercially viable business opportunity, will be successful.

Environmental and Other Regulatory Requirements

All phases of mining and exploration operations are subject to government regulation including regulations pertaining to environmental protection. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible future changes in environmental regulation, mining laws including increased governmental royalty requirements will not adversely affect the Company's operations. As well, environmental hazards may exist on a property in which the Company holds an interest, that were caused by previous or existing owners or operators of the properties and of which the Company is not aware at present. Operations at the Company's mines are subject to strict environmental and other regulatory requirements, including requirements relating to the production, handling and disposal of hazardous materials, pollution controls, health and safety and the protection of wildlife. The Company may be required to incur substantial capital expenditures in order to comply with these requirements. Any failure to comply with the requirements could result in substantial fines, delays in production, or the withdrawal of the Company's mining licenses.

Government approvals and permits are required to be maintained in connection with the Company's mining and exploration activities. Although the Company currently has all the required permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to the Company's operations, including any proposed capital improvement programs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions

thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Company resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Mineral Resource Estimates

The Company's reported mineral resources are only estimates. No assurance can be given that the estimated mineral resources will be recovered or that they will be recovered at the rates estimated. Mineral resources estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral resources uneconomic and may ultimately result in a restatement of estimated resources and/or reserves. Moreover, short-term operating factors relating to the mineral resources may adversely affect the Company's financial results in any particular accounting period.

Title to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. Few properties that undergo prospecting ever generate a producing mine. Substantial sums may be required to establish reserves, develop metallurgical processes and build mining and processing facilities at a given site. The Company's growth depends on the implementation of our mining plan and the commissioning of our HPA production facility at Cap-Chat, Québec. In addition, the Company will be adversely affected if it does not successfully implement new technologies and scale its proprietary process to commercial levels. There can be no assurance that the exploration and development programs planned by the Company will result in a profitable mining operation. The economic life of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed, but may prevent the Company from providing an adequate return on investment.

Competition

The global aluminum and alumina markets are dominated by a small number of large vertically integrated companies, including Rio Tinto Alcan, Alcoa, Chalco, RUSAL, Hydro Aluminium, Alumina Limited and BHP Billiton. These companies dominate on a global scale the mining of bauxite, the refining of alumina and the production and sale of aluminum. In addition, there are a number of smaller companies with projects to mine,

refine and sell alumina. There are also several small and large companies active in the refining, production and sale of rare earths and other metals of the nature expected to be produced as by-products of our contemplated operations. The Company also competes with such companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger and better capitalized than the Company. In particular, such companies may be less vulnerable to volatility in the alumina market. The competitive position of the Company depends upon its ability to obtain sufficient funding and to explore, acquire and develop new and existing mineral-resource properties or projects in a successful and economic manner. Some of the factors which allow producers to remain competitive in the market over the long term are the quality and size of an ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists and other technical personnel. In addition, the market for alumina and are earth and metal oxide by-products is limited and the Company will compete with other mining companies for customers. An increase in the global supply of these products and predatory pricing by our competitors could materially adversely affect our operating or financial results.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out further exploration, development and mining operations at its projects, or that the conditions of such are affordable.

Absence of feasibility studies

No pre-feasibility study or feasibility study pursuant to the requirements of NI 43-101 has been completed to date by the Company. As such, the information provided herein does not constitute a “preliminary feasibility study”, a “pre-feasibility study” or a “feasibility study” within the meaning of NI 43-101. In addition, no independent preliminary economic assessment has been completed in connection with the construction, design and operation of HPA Plant. There are no assurances that the HPA Plant and the contemplated SGA Plant projects will be completed as expected or that the estimated capital costs will be sufficient to achieve the design capacity or the product purities and characteristics, or that the respective plants will provide a return on investment or be profitable.

Access to Raw Materials and Inputs for Production

Production of alumina and rare earth and metal oxide by-products depends upon access to power, water, raw materials and other inputs. The viability of the Company’s SGA production facility will depend upon the availability of natural gas or comparable fossil fuels. Instability in natural gas and electrical supply and outages could delay production and of increase the cost of our operations. Volatility in the price of raw materials used in the production of alumina and other rare earth minerals, disruptions in transportation services due to labour disputes or adverse weather, decrease in available water supply may have a material adverse effect on our financial condition or results of operations.

Joint Ventures

The Company intends to participate in joint ventures and strategic alliances. There can be no assurance that the Company will be able to find suitable partners and/or enter into joint venture agreements under suitable terms. Moreover, whether or not the Company holds majority interests or maintains operational control in such arrangements, its partners may have economic or business goals that are inconsistent with or opposed

to those of the Company; exercise veto rights so as to block actions that the Company believes are in its best interests, take actions contrary to the Company's policies or objectives, be unable or unwilling to fulfill their obligations under the joint venture, strategic alliance or other agreement. There can be no assurance that its joint ventures will be beneficial to the Company, whether due to the above described risks, unfavorable global economic conditions, increases in construction costs, currency fluctuations, political risks or other factors.

Development Goals and Time Frames

The Company sets goals for and makes public statements regarding timing of the accomplishment of objectives material to its success, such as the commencement and completion of commercial production of its HPA Plant, discussions regarding strategic partnerships, and the timing of the release of its SGA feasibility study. The actual timing of these events can vary dramatically due to factors such as delays or failures in Orbite's contemplated financings, the uncertainties inherent in the environmental and mining regulatory approval process, and delays in achieving production or marketing milestones necessary to commercialize its products. There can be no assurance that the Company will be able to adhere to its current schedule for production and sale of HPA, SGA or any other product. If Orbite fails to achieve one or more of these milestones as planned, it could have a material adverse effect on the business carried on by the Company.

Changes to Royalty Regime

Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, geographical location, field discovery date, method of recovery, and the type or quality of the ore produced. There can be no assurance that the Government of Québec, the Government of Canada or any other government having jurisdiction over the Company will not adopt a new royalty regime or modify the methodology of royalty calculations which could increase the royalties paid by the Company. An increase in royalty could reduce the Company's earnings and/or it could make capital expenditures by the Company uneconomic.

Our business is subject to risks that may not be covered by insurance

The construction of a commercial production plant, the exploration for aluminous clay and the production of alumina and the refining, storage, transportation and marketing of alumina and by-products involve many risks. These risks include equipment failures and other accidents, weather conditions, natural disasters and changes to the regulatory environment, any of which could result in personal injury or damage or destruction to the site, equipment, the refinery and the environment as well as the interruption of construction and operations. The impact of these risks upon the Company is increased because of its dependence on a limited number of projects. The Company is insured against some, but not all, potential risks appropriate to its stage of development; however there can be no assurance that such insurance will be adequate to cover any losses or exposure to liability. As the HPA Plant continues to develop toward commercial operation, the Company will have to acquire additional insurance coverage. There can be no assurance that the Company will be able to acquire adequate insurance coverage for the future increases in construction and operational activities contemplated by the Company. The Company may also become subject to liability for pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The Company may also become subject to liabilities which exceed policy limits. In such circumstances, the Company may be required to incur significant costs that could have a material adverse effect upon its performance, results of operations and economic viability.

Litigation

The Company may become involved in, named as a party to, or the subject of, various legal proceedings, as well as contract disputes, regulatory proceedings, tax proceedings and legal actions relating to property damage, property taxes, land rights, and the environment, title claims, land tenure disputes, environmental claims, and occupational health and safety claims. The outcome with respect to future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations. Even if the Company prevails in any such legal proceedings, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the Company's business operations, which could adversely affect the Company's financial condition and results of operations.

Risks Related To Our Common Shares

The trading price of our Common Shares has and may continue to fluctuate significantly and shareholders may have difficulty reselling their Common Shares.

During the last 12 months, our Common Shares have traded as low as $0.19 and as high as $0.70 on the TSX. Our Common Shares are also listed on the OTCQX, an over-the-counter trading facility. In addition to volatility associated with over-the-counter securities in general, the market price of our Common Shares could decline due to the impact of any of the following factors:

- changes in the demand for alumina, aluminum or rare earths and metal oxides;
- disappointing results from our marketing and sales efforts;
- failure to meet our revenue or profit goals or operating budget;
- decline in demand for our Common Shares;
- downward revisions in securities analysts' estimates or changes in general market conditions;
- lack of funding generated for operations;
- delays in the construction of our projected SGA and other facilities and increased costs related to our HPA and projected SGA production facilities;
- short selling, manipulation of our Common shares and prohibited trades;
- unfounded rumours and collusion;
- under performance or other performance related issues affecting our HPA production facility;
- investor perception of our industry or our business prospects; and
- general economic trends.

In addition, stock markets have experienced extreme price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our Common Shares.

Additional issuances of equity securities may result in dilution to our existing shareholders

Our Articles of Incorporation authorize the issuance of an unlimited number of Class A Shares. Our board of directors has the authority to issue additional Common Shares to provide additional financing in the future and

the issuance of any such Common Shares may result in a reduction of the book value (on a per share basis) or market price of the outstanding Common Shares. If we do issue any such additional Common Shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuances could result in a change of control.

Further, shareholders may experience dilution of their shareholdings due to the exercise of convertible securities that were issued, may be issued or may become issuable to Crede pursuant to the Series Y Subscription Rights.

Our Common Shares are classified as a "penny stock" under SEC Rules, which limits the market for our Common Shares.

Because our Common Shares are not traded on the NASDAQ National Market or the NASDAQ Capital Market, and because the market price of the Common Shares is less than $5 per share, our Common Shares are classified as a "penny stock". SEC Rule 15g-9 under the U.S. Securities Exchange Act of 1934 imposes additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as an "established customer" or an "accredited investor". This includes the requirement that a broker-dealer must make a determination that investments in penny stocks are suitable for the customer and must make special disclosures to the customers concerning the risk of penny stocks. Many broker-dealers decline to participate in penny stock transactions because of the extra requirements imposed on penny stock transactions. Application of the penny stock rules to our Common Shares reduces the market liquidity of our Common Shares, which in turn affects the ability of holders of our Common Shares to resell the Common Shares they purchase, and they may not be able to resell at prices at or above the prices they paid.

We are a Canadian company and most of our directors and officers are Canadian citizens and/or residents, which could make it difficult for investors to enforce judgments against them or us in the United States.

We are a company incorporated under the laws of Canada and most of our directors and officers reside in Canada. Therefore, it may be difficult for investors to enforce any judgments obtained against us or any of our directors or officers within the United States. All or a substantial portion of such persons' assets may be located outside the United States. As a result, it may be difficult for investors to effect service of process on us or our directors or officers, or enforce any judgments obtained against us or our officers or directors within the United States, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, you may be effectively prevented from pursuing remedies under U.S. federal securities laws against them or us. In addition, investors may not be able to commence an action in a Canadian court predicated upon the civil liability provisions of the securities laws of the United States. There may be doubt as to the enforceability, in original actions in Canadian courts, of liability based upon the U.S. federal securities laws and as to the enforceability in Canadian courts of judgments of U.S. courts obtained in actions based upon the civil liability provisions of the U.S. federal securities laws. Therefore, it may not be possible to enforce those actions against us or any of our directors or officers.

A decline in the price of our Common Shares could affect our ability to raise further working capital and adversely impact our operations.

A decline in the price of our Common Shares could result in a reduction in the liquidity of our Common Shares and a reduction in our ability to raise additional capital for our operations. Because our operations to date have been principally financed through the sale of equity securities, a decline in the price of our Common Shares could have an adverse effect upon our liquidity and our continued operations. A reduction in our ability

to raise equity capital in the future would have a material adverse effect upon our business plan and operations, including our ability to continue our current operations. If our Common Share price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

Listing of our Common Shares

The listing of our Common Shares on the TSX is conditional upon our ability to maintain the applicable continued listing requirements of the TSX. Further to the refocusing of the Company's short term priorities on the construction and operation of the HPA Plant, the transitioning to an operating entity commercializing its technologies and Orbite's anticipated change of corporate name, Orbite understands that the TSX is taking the view that it must now meet the listing criteria applicable to technology companies rather than mining companies. Orbite understands from its discussions with the TSX that it meets all of the criteria save the requirement to have cash on hand sufficient to complete the construction of the HPA Plant and fund 12 months of operations. If Orbite is unable to raise sufficient funds in this connection or show its ability to reach such requirement within a reasonable period of time, the TSX may place Orbite under a delisting review that could lead to the delisting of its Common Shares from the TSX. If the Common Shares are delisted from the TSX, they may be eligible for listing on a substitute exchange, such as the TSX Venture Exchange.

The TSX may also consider the delisting of the Common Shares if, in its opinion, it appears the Company is in serious financial difficulty or if there is significant doubt regarding its ability to continue as a going concern. In such circumstances, the TSX may place Orbite under a delisting review that could lead to the delisting of its Common Shares from the TSX.

If the Common Shares are delisted from the TSX, they may be eligible for listing on a substitute exchange, such as the TSX Venture Exchange. In the event that Orbite is not able to maintain a listing for the Common Shares on the TSX or a substitute exchange, it may be extremely difficult or impossible for shareholders to sell their Common Shares in Canada. Moreover, if Orbite is delisted from the TSX, but obtains a substitute listing for the Common Shares, the Common Shares may have less liquidity and more price volatility than experienced on the TSX. Shareholders may not be able to sell their Common Shares on any such substitute exchange in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if the Common Shares are delisted from the TSX, the price of the Common Shares may decline and the Company's ability to obtain financing in the future could be materially impaired.

Risks that the Series Y Subscription Rights will not be exercised

The ability of the Company to exercise the Series Y Subscription Rights is subject to the creditworthiness of Crede

The additional funds available to the Company by way of the exercise of the Series Y Subscription Rights are subject to the creditworthiness of Crede Capital Group ("Crede")and, upon any default on the part of Crede, the ability to successfully undertake and financially support timely legal proceedings in a foreign jurisdiction and enforce any judgment in this connection.

The exercise by the Company of the Series Y Subscription Rights is subject to a number of conditions

The completion of the exercise by the Company of the Series Y Subscription Rights is subject to satisfaction of the prescribed closing conditions, including regulatory approval from the TSX, the absence of a material

adverse effect affecting the Company between the time the Series Y Subscription Rights were subscribed and the issuance date of the underlying debentures and warrants and shareholder approval. The exercise of the Series Y Subscription Rights is subject to shareholder approval under the rules of the TSX due to the potential dilution associated with the issuance of securities under such rights and the conversion price which could be below the authorized discount to market price. A shareholders' meeting has been called and subsequently postponed to April 27, 2015.

The exercise of additional tranches of Series Y Subscription Rights is subject to the Company's value of traded Common Shares reaching certain thresholds

The Series Y Subscription Rights are exercisable for a maximum of $30 million. The Series Y Subscription Rights are initially exercisable in a principal amount equal to the lesser of $10 million and 20% of the aggregate dollar value of the publicly traded Common Shares, as sourced from Bloomberg, during the four month calendar period preceding the initial exercise date (the "Traded Equity Value"). The Series Y Subscription Rights are exercisable in additional tranches as follows: when the Traded Equity Value (calculated on a rolling four month period) reaches a level that is five times or more the principal amount of the last Series Y Units issued pursuant to the preceding exercise of Series Y Subscription Rights, the Series Y Subscription Rights become exercisable by Crede within 15 calendar days thereafter (and within another 15 calendar days thereafter by the Company if unexercised by Crede) for Series Y Units in a principal amount equal to the lesser of $10 million and 20% of such Traded Equity Value. This cycle will continue until the sooner of all Series Y Subscription Rights are exercised and December 10, 2015, upon which all remaining Series Y Subscription Rights shall expire. Notwithstanding the foregoing, Crede may at its sole discretion accelerate the exercise of tranches of the Series Y Subscription Rights in whole or in part, provided that each tranche shall not exceed $10 million in any given four month period. The Traded Equity Value within the rolling four month periods until expiration of the Series Y Subscription Rights in December 2015 may not be sufficient to permit the exercise in full of the Series Y Subscription Rights.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcome as the basis for determining estimates. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Judgments, assumptions, and estimation uncertainties that are critical to the determination of the carrying value of assets and liabilities are as follows:

Going concern

Determining whether there exists material uncertainty that casts significant doubt about the Company's ability to continue as a going concern requires Management to exercise its judgment, in particular about its ability to obtain funds under the Series Y Subscription Rights.

Assessment of impairment of the HPA plant

Management used its judgment to determine that a trigger event requiring an impairment test occurred in the fourth quarter of 2014. There is estimation uncertainty in establishing the recoverable amount of the HPA plant cash generating units for which the key assumptions include the timing of completion of construction, commissioning and start-up production activities of the HPA plant, estimated sales volumes, selling prices, input costs and the discount rates.

Assessment of refundable tax credits related to resources, credits on mining duties and investment tax credits

The various government tax credits are estimated by Management based on quantitative and qualitative analysis and interpretation of various government programs, related restrictions, limitations, definitions, and eligibility conditions. Management involves its technical staff and external specialists in determining if the expenditures meet the requirements of the different tax credit claims. The unavailability of the tax credits in obtaining a refund of tax credits could have a significant effect on the anticipated net costs for its HPA Plant.

Fair value estimates of financial assets and liabilities

The determination of the fair value of the liability component of the convertible debt, and the convertible debentures holders' conversion option (an embedded derivative) requires management to make estimates regarding the fair value of the conversion option including a market participant's assessment of the volatility of the share price over the life of the conversion option, and the interest rate that the Company would have obtained for a similar secured loan without a conversion feature. Management takes into consideration the valuation of both components, historical data regarding issuances of warrants and the proceeds received upon issuance of the convertible debt to determine the inputs used in the valuation models and the resulting fair value for each instrument.

The determination of the fair value of the Series Y subscription rights derivative requires management to make estimates to determine the inputs to the discounted cash flow model, including the effect interest rate, the market interest rate and the probability weighted cash flows.

Estimate of the fair value of share-based payments including the estimate of the life of the share options and the volatility of the shares

The fair value of each option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the share options at grant date is based on the legal life of the share options and the historical exercise pattern of option holders. The expected volatility used to calculate the grant date fair value estimated taking into account the historical volatility of the Company's share price over the expected term of the options granted. Historical volatility is revised whenever facts and circumstances indicate that the historical volatility is no longer appropriate. Such facts and circumstances include but are not limited to the Company entering a new phase of mining activity, the development of new technologies, changes to the financial position of the Company, and when the spread between market participants volatility data, derived from the calculation of the fair value of financial instruments and equity instrument issued by the Company, is significant. If management estimates that historical volatility requires an adjustment, the Company also takes into consideration the historical volatility of comparable companies at similar stages of development as the Company as well as the volatility estimates derived from the fair value calculation of financial instruments and equity instruments in periods when this information available.

Capitalization of borrowing cost

The Company must apply its judgment when determining if a constructed asset, such as a manufacturing plant, is considered a qualifying asset under IAS 23, Borrowing costs. Management must consider whether the Company has incurred significant borrowing costs that are attributable to the construction of the HPA Plant. Judgment is also required in determining which borrowing costs are eligible for capitalization. Based on its assessment, the Company determined that borrowing costs attributable to the HPA Plant should be capitalized commencing in the first quarter of 2013.

Management must also apply its judgment in determining on an ongoing basis if capitalization should continue, for example, if the Company reduces or suspends during an extended period, the activities necessary to prepare an asset for its intended use. This requires an evaluation of the level of substantial technical and administrative activities being carried out during a given period. Based on its assessment of the facts at each reporting period, borrowing costs will either be capitalized or expensed during a given period. The Company has continued to capitalize borrowing costs since the first quarter of 2013.

Accounting for research and development activities relating to mining activities

The Company must apply its judgment in determining which activities relating to extraction methods and treatment processes should be accounted for as research and development under IAS 38 *Intangible Assets* ("IAS 38") or as exploration and evaluation assets under IFRS 6 *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"). Because there existed no economically feasible method for extracting alumina from aluminous clay, the mineral resource of the Grande-Vallée property, the Company conducts a combination of research activities to develop an extraction process. The Company decided that these activities as well as others described below are within the scope of IAS 38 as they involve a high level of risk and uncertainty in regards to the development of technology for extracting various ores.

The Company's research and development activities comprise amongst others:

- activities pursued with the prospect of gaining new scientific or technical knowledge and understanding;
- the search for new applications; and
- the development of prototypes including the operating of a pilot plant that is not of a scale economically feasible for commercial production.

The Company applies the criteria listed in IAS 38 to determine if research and development costs should be capitalized or expensed. Historically, the Company's research and development activities have been expensed.

When the level of risk and uncertainty in regards to a technology is reduced following technical advances and the technical feasibility has been demonstrated in a laboratory or a pilot plant environment, the activities relating to a particular extraction method or treatment process are considered as evaluation activities going forward. Evaluation activities involve determining the technical feasibility and commercial viability of extracting a mineral resource and are capitalized in accordance with IFRS 6. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. In such circumstances, the impairment loss is recognized as an expense in accordance with IFRS 6.

ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS DURING THE YEAR

The consolidated annual financial statements have been prepared in accordance with accounting policies which are consistent with those of the previous financial year. The Company has adopted the following amendments to accounting standards and interpretations, with a date of initial application of January 1, 2014.

Amendments to IAS 32, Offsetting Financial Assets and Liabilities, clarify that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. Adoption of amendments to IAS 32 did not have a material impact on the Company's consolidated financial statements.

IFRIC *Interpretation 21- Levies* ('IFRIC 21') provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. A levy is an outflow or resources embodying economic benefits that are imposed by governments on entities in accordance with legislation, other than income taxes with the scope of IAS 12, Income Taxes and fines or other penalties imposed for breaches of the legislation. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 adoption did not have a material impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2013. The Company has not early adopted these standards. Those which are considered to be relevant to the Company's operations are as follows:

IFRS 9 Financial Instruments ('IFRS 9')

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9(2014) in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") are procedures designed to provide reasonable assurance that all relevant information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Management, including the CEO and the CFO, does not expect that the Company's DC&P will prevent or detect all error and all fraud. 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.

Multilateral Instrument 52-109 ("MI 52-109"), "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requiring CEOs and CFOs to certify that they are responsible for establishing and maintaining Disclosure Controls for the issuer, that DC&P have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's DC&P, and that their conclusions about the effectiveness of those DC&P at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

MI 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined by the CSA, that the ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the Company has disclosed any changes in its ICFR during its most recent interim period that has materially been affected, or is reasonably likely to materially affect, its financial reporting.

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, have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As at December 31, 2014, Orbite's CEO and CFO evaluated the effectiveness of the Company's DC&P and ICFR and concluded that the Company's DC&P and ICFR were effective.

As at December 31, 2014, Orbite's CEO and CFO have designed DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them by others during the period and information required to be disclosed by the Company in its interim filings or other reports filed by it under securities legislation is recorded and reported with the time periods specified in securities legislation. The CEO and CFO also designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes to the ICFR that had occurred during the year ended December 31, 2014, which materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Orbite continues to review and document its DC&P and ICFR, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that systems evolve with the business.