Condensed Consolidated Interim Financial Statements of
(unaudited)

ORBITE ALUMINAE INC.
(A development stage company)

For the first quarter ended March 31, 2015

ORBITE ALUMINAE INC.

Condensed Consolidated Interim Financial Statements

(unaudited)

For the first quarter and the three months ended March 31, 2015

Financial Statements

ORBITE ALUMINAE INC.

Condensed Consolidated Interim Statements of Financial Position
(unaudited)

		March 31, 2015		December 31, 2014
Assets				
Current assets:				
Cash and cash equivalents	$	1,832,193	$	2,977,929
Short-term investments		402,196		376,199
Sales taxes and other receivables		660,874		1,346,020
Current income and mining taxes recoverable		1,760,700		1,760,700
Investment tax credits and other governmental assistance receivable		5,233,235		5,197,822
Inventory		121,597		129,579
Prepaid expenses and others		865,947		845,187
Derivative financial instruments (note 13)		-		354,000
Total current assets		10,876,742		12,987,436
Non-current assets:				
Restricted cash (note 7)		20,405,886		16,354,020
Investment tax credits receivable		5,356,591		9,356,591
Property, plant and equipment (note 4)		81,996,910		78,392,193
Patents and others		1,553,648		1,409,146
Exploration and evaluation assets (note 5)		16,981,551		16,975,490
Total non-current assets		126,294,586		122,487,440
Total assets	$	137,171,328	$	135,474,876
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	5,969,275	$	5,155,262
Short-term loan (note 6)		3,025,000		-
Long-term debt (note 8)		5,022		4,972
Total current liabilities		8,999,297		5,160,234
Non-current liabilities:				
Convertible debentures liability (note 7)		21,668,254		21,371,538
Long-term debt (note 8)		4,722,708		4,638,799
Deferred income and mining tax liabilities		2,372,460		2,372,460
Derivative financial instruments (note 13)		51,615		69,604
Total non-current liabilities		28,815,037		28,452,401
Equity				
Share capital and warrants (note 9)		169,152,760		169,152,760
Contributed surplus		15,162,087		14,981,211
Deficit		(84,957,853)		(82,271,730)
Total equity attributable to equity holders of the Company		99,356,994		101,862,241
Commitment (note 14), Subsequent events (note 15), Going concern (note 2)				
Total liabilities and equity	$	137,171,328	$	135,474,876

The accompanying notes are an integral part of these financial statements.

ORBITE ALUMINAE INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(unaudited)

		Quarter ended March 31, 2015		Quarter ended March 31, 2014
Expenses				
Research and development charges, net of investment tax credits and other governmental assistance of $21,486 (2014-$23,400)	$	383,179	$	404,174
General and administrative charges		1,206,431		2,113,830
HPA plant operations		854,391		896,115
Loss before net finance income (expense) and income and mining taxes		(2,444,001)		(3,414,119)
Net finance expense (note 10)		(242,122)		(997,048)
Net loss and comprehensive loss	$	(2,686,123)	$	(4,411,167)
Basic and diluted net loss per share	$	(0.01)	$	(0.02)
Weighted average number of shares outstanding		320,795,551		240,552,185

The accompanying notes are an integral part of these financial statements.

ORBITE ALUMINAE INC.

Condensed Consolidated Interim Statements of Changes in Equity
(unaudited)

	Number of shares	Share capital and warrants	Contributed surplus	Deficit	Total
Balance at January 1, 2014	220,005,587	$ 138,150,913	$ 13,876,689	$ (69,753,293)	$ 82,274,309
Share-based payments	-	-	841,271	-	841,271
Exercise of share options	1,200,000	204,000	(84,000)	-	120,000
Issuance of subscription rights	-	4	-	-	4
Convertible debentures conversion	29,564,291	10,218,654	-	-	10,218,654
Comprehensive loss	-	-	-	(4,411,167)	(4,411,167)
Balance at March 31, 2014	250,769,878	$ 148,573,571	$ 14,633,960	$ (74,164,460)	$ 89,043,071

	Number of shares	Share capital and warrants	Contributed surplus	Deficit	Total
Balance at January 1, 2015	320,795,551	$ 169,152,760	$ 14,981,211	$ (82,271,730)	$ 101,862,241
Share-based payments (note 9)	-	-	180,876	-	180,876
Comprehensive loss	-	-	-	(2,686,123)	(2,686,123)
Balance at March 31, 2015	320,795,551	$ 169,152,760	$ 15,162,087	$ (84,957,853)	$ 99,356,994

The accompanying notes are an integral part of these financial statements.

ORBITE ALUMINAE INC.
Condensed Consolidated Interim Statements of Cash Flows
(unaudited)

	Quarter ended March 31, 2015	2014
Cash flows used in operating activities:		
Comprehensive loss	$ (2,686,123)	$ (4,411,167)
Non-cash items:		
Depreciation of property, plant and equipment	76,202	74,152
Depreciation of patents	3,335	2,535
Share-based payments recognized in comprehensive loss (note 9)	174,709	785,914
Net finance expense	184,212	901,699
Changes in non-cash working capital items:		
Sales taxes and other receivables	685,146	(282,022)
Investment tax credits and other governmental assistance receivable	(35,413)	(23,454)
Prepaid expenses and others	(214,353)	131,070
Inventory	7,982	(29,032)
Accounts payable and accrued liabilities	413,744	(224,297)
Interest received	151,799	23,573
Interest paid	(532,775)	(500,194)
	(1,771,535)	(3,551,223)
Cash flows from financing activities:		
Proceeds from short-term debt (note 6)	3,025,000	-
Proceeds from long-term debt	-	3,800,000
Repayment of long-term debt	(1,078)	(1,177)
Issuance of options (note 9)	-	120,004
	3,023,922	3,918,827
Cash flows used in investing activities:		
Changes in restricted cash	(4,051,866)	-
Cash receipts from investment tax credits receivable	4,000,000	-
Additions to patents	(107,490)	(112,139)
Additions to property, plant and equipment	(2,207,379)	(5,113,626)
Changes to exploration and evaluation assets	(5,392)	(113,870)
Changes in short-term investments	(25,996)	(1,773)
	(2,398,123)	(5,341,408)
Net decrease in cash and cash equivalents	(1,145,736)	(4,973,804)
Cash and cash equivalents, beginning of period	2,977,929	9,909,439
Cash and cash equivalents, end of period	$ 1,832,193	$ 4,935,635

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Orbite Aluminae Inc. (the “Company” or "Orbite"), incorporated under the Canada Business Corporations Act, is a development stage corporation involved in the extraction of different ores, namely alumina, using environmentally friendly extraction processes. The Company’s activities are located in Quebec, Canada and its shares are listed on the Toronto Stock Exchange ‘’TSX’’ under the stock symbol “ORT” and since September 10, 2012, on the OTCQX International under the symbol “EORBF.” The Company’s 2012 and 2013 convertible debentures are also listed on the TSX under the symbols ‘’ORT.DB’’ and ‘’ORT.DB.A’’ respectively.

The Company's headquarters are located at 6505 TransCanada Highway, Suite 610, Saint-Laurent, Quebec, Canada.

The Company owns the intellectual property rights to patented and patent-pending proprietary processes and technologies, which are expected to enable the environmentally sustainable and cost effective production of high value products such as high purity alumina, silica, hematite, magnesium oxide, titanium oxide, smelter grade alumina as well as rare earth oxides and rare metal oxides from a variety of potential feedstocks which could include red mud, fly ash, aluminous clay, mine tailings, bauxite and kaolin clay, without generating red mud waste or tailings. Orbite owns 100% of the mining rights of several properties in the province of Quebec and an option to acquire claims in the province of Nova Scotia. The majority of the claims are located in Grande-Vallée and between Rimouski and Cap-Chat, all in the Gaspé region. Most of the exploration and evaluation activities undertaken are in relation to its 133 km^2 Grande-Vallée property, the site of an aluminous clay deposit located 32 km northeast of Murdochville, Quebec. The Company has a 20-year renewable mining lease on its Grande-Vallée property, granted by Quebec’s Ministry of Natural Resources and Wildlife, that would be sufficient to operate the future open pit operation to supply a smelter-grade alumina (“SGA”) plant and the high-purity alumina (“HPA”) plant operations.

In regards to its HPA project, Orbite has entered into the construction phase at the HPA plant in Cap-Chat, Quebec, which was the site of the Company’s alumina extraction pilot plant until March 2012.

The Company published a revised preliminary economic assessment in regards to the SGA project in May 2012.

The potential for recovery of costs incurred on exploration and evaluation activities and the investment in the HPA plant depends on various factors including the existence of sufficient quantities of reserves, the ability to obtain all required permits, the ability to obtain appropriate financing to put mining properties into production, construct production facilities, and bring those into operation, the efficiency and commercial viability of its processes, and the ability to realize a profitable return for the Company.

2. Basis of presentation and measurement

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim financial reporting using accounting policies consistent with the International Financial Reporting Standards (‘’IFRS’’) issued by the International Accounting Standards Board (‘’IASB’’). These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements and notes thereto prepared for the year ended December 31, 2014.

The Board of Directors approved the consolidated interim financial statements for the quarter ended March 31, 2015 and authorized their publication on April 28, 2015.

Basis of measurement and Going Concern

The consolidated interim financial statements have been prepared on a historical cost basis except for derivative financial instruments and the 2013 convertible debentures, measured at fair value through profit or loss.

Going Concern

The consolidated interim 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 ongoing construction and subsequent commissioning of its HPA plant, the Company closed a $10 million bought deal on April 6, 2015 with a potential to increase to $15 million (see subsequent event note). Combined with monthly burn rate and expectation of starting commercial production in the third quarter of 2015, the Company will need to raise an additional $16.1 million or $11.1 million if the additional $5 million mentioned above is exercised prior to expiry of the option on May 6, 2015. In order to finance the completion of the construction and commissioning of the HPA plant, the Company has no other committed sources of future financing as of the date of these consolidated financial statements other than the one mentioned above. The Company is currently working on securing alternative sources of financing. If the Company is not able to obtain funds from alternative sources, 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.

If the going concern assumption were not appropriate for these 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.

Principles of consolidation

The consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Company that was incorporated in 2012. The wholly owned subsidiary is an entity over which the Company has control, where control is defined as the power to govern financial and operating policies.

The financial statements of the subsidiary are prepared for the same reporting period as the parent Company, using consistent accounting policies.

On consolidation, all significant inter-entity balances, transactions including unrealized gains and losses resulting from these transactions are eliminated. The subsidiary has not commenced any operating activities.

Functional and presentation currency

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant accounting policies

Adoption of new accounting standards

These consolidated interim financial statements have been prepared in accordance with accounting policies which are consistent with those of the previous financial year.

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, 2016. The Company has not early adopted these standards. Those which are considered to be relevant to the Company's operations are as follows:

Annual Improvements to IFRS (2012-2014) cycle

On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. Each of the amendments has its own specific transition requirements. Amendments were made to clarify the following in their respective standards:

- Changes in method for disposal under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- 'Continuing involvement' for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 Financial Instruments: Disclosures;
- Discount rate in a regional market sharing the same currency under IAS 19 Employee Benefits;
- Disclosure of information 'elsewhere in the interim financial report' under IAS 34 Interim Financial Reporting;

The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

Use of estimates and judgments

The preparation of the consolidated interim financial statements in conformity with IFRS requires management to make judgments, 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.

In preparing these interim consolidated financial statements, the significant management's judgments as well as the relevant uncertainty sources were the same as those applied to the consolidated annual financial statements for the year ended December 31 2014. 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.

4. Property, plant and equipment

	Land and improvements	Buildings and improvements	Machinery, equipment, furniture and fixtures	Assets under construction	Total
Cost					
Balance at January 1, 2015	$ 263,830	$ 8,937,790	$ 1,938,537	$ 68,162,969	$ 79,303,126
Additions	-	7,295	41,873	3,631,751	3,680,919
Balance at March 31, 2015	$ 263,830	$ 8,945,085	$ 1,980,410	$ 71,794,720	$ 82,984,045
Accumulated depreciation					
Balance at January 1, 2015	$ -	$ 184,755	$ 726,178	$ -	$ 910,933
Depreciation	-	12,746	63,456	-	76,202
Balance at March 31, 2015	$ -	$ 197,501	$ 789,634	$ -	$ 987,135
Carrying amounts					
As at March 31, 2015	$ 263,830	$ 8,747,584	$ 1,190,776	$ 71,794,720	$ 81,996,910
As at December 31, 2014	$ 263,830	$ 8,753,035	$ 1,212,359	$ 68,162,969	$ 78,392,193

Most of the equipment being purchased and constructed in relation to the HPA commercial plant is eligible for a 40% (before June 4, 2014), and 32% (after June 4, 2014) investment tax credit. The tax credit receivable is recorded in the same period as the eligible addition and is credited against property, plant and equipment). During the three month period ended March 31, 2015, $914,529 (March 31, 2014 – $761,606) in borrowing costs were capitalized in assets under construction.

5. Exploration and evaluation assets

Changes in exploration and evaluation assets by property are as follows:

	January 1, 2015	Additions	March 31, 2015
Grande-Vallée	$ 15,726,245	$ 5,055	$ 15,731,300
Chaswood	759,743	1,006	760,749
Rimouski – Cap-Chat	197,433	-	197,433
Le Tac	223,031	-	223,031
Others	69,038	-	69,038
	$ 16,975,490	$ 6,061	$ 16,981,551

6. Short term loan

On January 13, 2015, Orbite entered into a loan agreement for $3,025,000 from Investissement Quebec. The loan is repayable when the Company receives the funds from the present and future receivables secured against this loan as described below, or at the latest by June 30, 2016. It carries an interest rate of 3.5% over the prevailing prime lending rate, which at March 31, 2015 was standing at 2.85%. Interest is payable monthly and during the period ended March 31, 2015 the interest expense amounted to $32,629. The loan is subject to certain reporting and financial customary terms and conditions including maintaining a minimum working capital ratio until repayment of the loan.

The loan is secured by a 1st ranking movable hypothec on the universality of the Company's present and future receivables in the amount of $3,630,000, excluding manufacturing investment tax credits related to the HPA plant for the fiscal years ending December 31, 2012 and December 31, 2013.

7. Convertible debentures

Transactions affecting the convertible debenture liability were as follows:

2012 Convertible debentures

	March 31, 2015	December 31, 2014
Balance - beginning of period	$ 20,667,513	$ 19,586,770
Effective interest accretion	796,716	3,080,743
Interest payments	(500,000)	(2,000,000)
Balance - end of period	$ 20,964,229	$ 20,667,513

2013 Convertible debentures

		March 31, 2015		December 31, 2014
Balance - beginning of period	$	704,025	$	11,799,410
Conversion into common shares		-		(11,619,104)
Net fair value change		-		523,719
Balance - end of period	$	704,025	$	704,025
Carrying amount at end of period	$	21,668,254	$	21,371,538

2012 Convertible debentures

The 2012 convertible debentures are secured against the HPA plant buildings having a carrying value of $8,845,128 at March 31, 2015 (December 31, 2014 – $8,846,796) as well as the Company's 2012 and 2013 refundable investment tax credits resulting from the purchase of manufacturing equipment related to the Company's HPA facility having a carrying value of $5,356,591 at March 31, 2015 (December 31, 2014 - $9,356,591).On March 30, 2015, the Company received a payment of $4 million from tax authorities in consideration of its investment tax credits. As at March 31, 2015, the total amount of $20.3 million received in connection with the refundable investment tax credits was deposited in a segregated account and serves as security for the convertible debentures issued in December 2012 and maturing in December 2017.

8. Long-term debt

		March 31, 2015		December 31, 2014
Government loans	$	4,713,880	$	4,628,696
Secured loans		13,850		15,075
Total		4,727,730		4,643,771
Presented as:				
Current		5,022		4,972
Non-current		4,722,708		4,638,799

Transactions affecting the long-term debt were as follows:

		March 31, 2015		December 31, 2014
Balance at January 1, 2015	$	4,643,771	$	2,643,284
Net proceeds		-		3,800,000
Government grant allocated to property, plant and equipment		-		(2,066,842)
Effective interest accretion		85,330		272,812
Repayments		(1,371)		(5,483)
Balance at end of period	$	4,727,730	$	4,643,771

9. Share capital, warrants, share-based payments and subscription rights

Warrants

The number of warrants issued and outstanding during the period are as follows:

	March 31, 2015			March 31, 2014		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance - beginning and end of period	47,623,893	$	0.46	16,449,020	$	0.49

The number of warrants issued and outstanding by exercise price is as follows:

Exercise price		Expiry date	Number of warrants
$	0.33	May 2017	17,857,143
$	0.48	December 2016	15,566,750
$	0.60	July 2017	14,200,000
			47,623,893

Share options

Changes in the Company’s Class A share purchase options issued and outstanding are as follows:

			March 31, 2015			March 31, 2014
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Balance - beginning of period	15,792,500	$	0.94	15,083,489	$	1.25
Granted	-		-	6,302,500		0.40
Exercised	-		-	(1,200,000)		0.10
Expired	-		-	(494,996)		3.29
Cancelled	(7,500)		0.40	(523,493)		2.56
Balance - end of period	15,785,000	$	0.94	19,167,500	$	0.95
Options exercisable - end of period	11,988,329	$	1.04	12,208,328	$	1.07

No share options were granted during the quarter ended March 31, 2015.

The weighted average fair value of share options granted was $0.24 for the quarter ended March 31, 2014. The weighted average assumptions used to determine the fair value of the options issued and the share-based payment expense are as follows:

		March 31, 2014
Exercice price	$	0.40
Risk-free interest rate		1.72%
Expected volatility		75%
Expected life in years		5.75
Expected dividend		Nil
Expected forfeiture rate		8.50%

Share options issued and outstanding by range of exercise price are as follows:

		March 31, 2015
Exercise price	Number	Weighted average remaining contractual life (years)
$0.00 - 0.40	8,750,000	6.7
$0.41 - 0.67	1,020,000	0.7
$0.68 - 1.69	2,355,000	8.2
$1.70 - 2.53	1,685,000	3.5
$2.54 - 2.97	1,875,000	6.4
$2.98 - 3.47	50,000	1.3
$3.48 - 4.47	50,000	1.1
	15,785,000	6.1

The share-based payment expense was recognized as follows:

	March 31, 2015	March 31, 2014
Research and development	$ 16,458	$ 53,290
General and administration	156,670	716,715
HPA plant operations	1,581	15,909
Recognized in comprehensive loss	174,709	785,914
Capitalized in property, plant and equipment	6,167	55,357
	$ 180,876	$ 841,271

10. Net finance expense

Net finance expense is composed as follows:

	Quarter ended March 31, 2015	Quarter ended March 31, 2014
Finance income		
Interest income	$ 151,799	$ 25,370
Finance expense		
Interest on convertible debentures	(796,716)	(755,055)
Interest on long-term debt	(85,184)	(20,271)
Transaction costs and other interest	(71,613)	(22,511)
	(953,513)	(797,837)
Other financial losses		
Effect of changes in fair value of derivative financial instruments	(336,011)	(900,954)
Effect of changes in foreign exchange rates	(18,926)	(85,233)
	(354,937)	(986,187)
Capitalized interest on qualifying assets	914,529	761,606
Net finance expense	$ (242,122)	$ (997,048)

11. Related party transactions

During the period ended March 31, 2015, the Company incurred $118,155 (three months ended March 31, 2014 - $67,542) from a legal firm in which a director of the Company is an equity partner. 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.

12. Earnings per share

For the period ended March 31, 2015 and 2014, all outstanding warrants, share options and convertible debentures were anti-dilutive since the Company reported net losses.

13. 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.

The following table presents the contractual maturities of the financial liabilities and operating leases as of March 31, 2015:

	Carrying Amount	Contractual Cash flows	Payable within remaining financial year	Payable during Years 2 and 3	Payable during Years 4 and 5	Payable After year 5
Accounts payable and accrued liabilities	$ 5,969,275	$ 5,969,275	$ 5,969,275	$ -	$ -	$ -
Short-term loan	3,025,000	3,265,109	144,066	3,121,044	-	-
Convertible debentures 2012*	20,964,229	30,402,000	1,500,000	28,902,000	-	-
Derivative financial instrument**	51,615	-	-	-	-	-
Convertible debentures 2013***	704,025	677,951	39,113	78,225	560,613	-
Long-term debt	4,727,730	4,614,623	4,113	1,090,510	920,000	2,600,000
Operating leases	-	746,366	376,507	369,859	-	-
Purchase obligations	1,951,720	1,951,720	1,951,720	-	-	-
	$ 37,393,594	$ 47,627,044	$ 9,984,794	$ 33,561,638	$ 1,480,613	$ 2,600,000

*Includes interest outflows at 8%. Secured by $5,356,591 Investment tax credits receivable as of March 31, 2015. Funds representing an amount of $20,405,886 received were deposited in a segregated account.

**The embedded derivative has no outflows since it is included in the 2012 convertible debentures. ***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.

Fair value of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts included in the balance sheet, are as follows:

	March 31, 2015				December 31, 2014			
		Carrying amount		Fair value		Carrying amount		Fair value
Financial assets								
Cash and cash equivalents	$	1,832,193	$	1,832,193	$	2,977,929	$	2,977,929
Short-term investment		402,196		402,196		376,199		376,199
Derivative financial instrument (current assets)		-		-		354,000		354,000
Restricted cash		20,405,886		20,405,886		16,354,020		16,354,020
Financial liabilities								
Accounts payable and accrued liabilities		5,969,275		5,969,275		5,155,262		5,155,262
Short-term loan		3,025,000		3,025,000		-		-
Derivative financial instrument (non-current liabilities)		51,615		51,615		69,604		69,604
Convertible debentures 2012 liability		20,964,229		24,500,000		20,667,513		23,500,000
Convertible debentures 2013 liability		704,025		704,025		704,025		704,025
Long-term debt (including current portion)		4,727,730		3,890,675		4,643,771		3,755,766

Fair value hierarchy

The Company defines the fair value hierarchy for financial instruments carried at fair value as follows:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements includes inputs other than quoted prices included in level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 valuations use unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instrument for which the determination of fair value requires significant judgment or estimation.

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair valued measurement of the instrument.

2012 Convertible debentures

The embedded early payment option has been classified as a level 2 fair value measurement whereas the control premium and the convertible debentures holders' conversion option are classified as level 3 measurements. The variation in its fair value during the period is recorded under net finance expense (note 10).

The effect of a change in the volatility assumption as of March 31, 2015, which is the significant unobservable input in the fair value estimate, of 5% would have the following impact on the derivative financial liability:

- An increase of 5% would increase the value of the derivative financial liability by $21,487
- A decrease of 5% would decrease the value of the derivative financial liability by $20,957

Since there is no future cash disbursements associated with the derivative financial liability, it is presented in the non-current section of the statements of financial position.

The reconciliation of changes in level 3 fair value measurements of the non-current financial liabilities for the period ending March 31, 2015 is presented in the following table:

		March 31, 2015		March 31, 2014
Balance - beginning of period	$	69,604	$	3,510
Loss (gain) recognized in net finance expense (income)		(17,989)		154,760
Closing balance	$	51,615	$	158,270

2013 Convertible debentures

The 2013 convertible debentures including the conversion option is classified as level 1 fair value measurements since the debenture is listed on TSX exchange and the market is active. The changes in fair value are recognized in net finance expense. At the issuance date, the transaction costs were also included in net finance expense.

Subscription rights

The Subscription rights were classified as a level 3 fair value measurement instrument due to the unobservable inputs used in determining the fair value. The Company used a discounted cash flow model to determine the fair value of the derivative. The significant inputs in the model include the effective interest rate, the market interest rate as well as the probability weighted percentage of exercising the Subscription rights. The fair value of the Series Y subscription rights derivative was an asset of $354,000 as at December 31, 2014 and is nil as at March 31, 2015. From the date of issuance of the Series Y Subscription Rights until March 31 2015, the only changes in the account relate to the fair value remeasurements.

Basis for determining fair values

The fair value of cash and cash equivalents, short-term investments, accounts payables, accrued liabilities and provisions approximates its carrying value given their short-term maturity date.

The fair value of the long-term debt at March 31, 2015 and December 31, 2014 was determined based on discounted cash flows at a weighted average discount rate of 14.5%, a rate for a similar loan at the balance sheet date.

The fair value of the convertible debentures holders' conversion option of the 2012 convertible debentures was determined using a Black Scholes option pricing model and the following assumptions at March 31, 2015 and December 31, 2014: a 75% expected volatility rate, a 0% expected dividend rate and a risk-free rate of 0.49% (December 31, 2014 -1.06%) for the remaining contractual life of the conversion option.

The fair value of the 2012 convertible debentures, comprising the convertible debenture liability and the derivative financial liability components, was $24,500,000 at March 31, 2015 (December 31, 2014 - $ 23,500,000) and was determined based on its quoted price on the Toronto Stock Exchange.

The fair values of the 2013 convertible debenture liability including the embedded conversion option was $704,025 at March 31, 2015 and at December 31, 2014 respectively and was determined based on its quoted price on TSX.

14. Commitment

As at March 31, 2015, the total remaining purchase commitment for capital expenditures at the HPA project relating to equipment amounts to approximately $1,951,720.

15. Subsequent event

a) On April 6, 2015, Orbite completed the first portion of the public offering of units in the amount of $10,000,000 under the short form base shelf prospectus and prospectus supplement dated March 18 and March 30, 2015 respectively (the "Offering"). Euro Pacific Canada Inc., the Underwriter under the Offering, still has an option to purchase an additional $5,000,000 of units within 30 days from the date hereof. Each unit consists of $1,000 principal amount of 5% convertible unsecured unsubordinated debentures (the "Debentures") and 1,077 share purchase warrants (each a "Warrant") of the Company. The Debentures will mature on April 6, 2020 (the "Maturity Date") and will bear interest at a rate of 5% per annum payable semi-annually.

Each Debenture will be convertible, at the option of the holder 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 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. Each Warrant will be exercisable into one share for a period of 36 months from their issue date at a price of $0.39 per share.

For its services, Euro Pacific Canada Inc. received a cash commission of $600,000 (equal to 6% of the gross proceeds raised) and 1,846,153 of non-transferable broker warrants (equal to 6% of the shares into which the principal of the Debentures sold are convertible). Each broker warrant is exercisable into one share for a period of 36 months at a price of $0.39 per share.

The aggregate number of shares to be issued upon conversion of the Debentures and for any payment of the Make-Whole Amount shall not exceed the number of shares equal to the principal amount of the Debentures divided by $0.325 less the 25% maximum discount allowable by the Toronto Stock Exchange. The units are qualified for sale by way of the Company's short form base shelf prospectus dated March 18, 2015 and prospectus supplement dated March 30, 2015.

The net proceeds of the Offering will be used to fund the Company's high purity alumina production facility in Cap-Chat, Quebec and for working capital and general corporate purposes.

b) On April 13, based on recent developments, including the completion of its $10M public offering of units announced on April 6th, Orbite and Crede Capital ("Crede"), the holder of the Series Y Subscription Rights, have mutually agreed to terminate the Series Y Subscription Rights. Accordingly, the special meeting of shareholders initially scheduled to take place on April 2, 2015 and subsequently postponed to April 27, 2015, has been canceled as approval of the Series Y Subscription Rights is no longer required.