Orbite Technologies Inc.

Management Discussion and Analysis
For the quarter and year ended December 31, 2016

This Management's Discussion and Analysis ("MD&A") is current to March 31 2017 and is management's assessment of the operations and the financial results together with the future prospects of Orbite Technologies Inc. ("Orbite" or the "Company"). This MD&A is intended to supplement and complement the Company's annual financial statements and accompanying notes for the quarter and year ended December 31, 2016. The Company's 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 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 future commercial production, production targets, timetables, strategic plans, capital expenditures, and market price of HPA and other metals. 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, construction and commissioning cost overruns, delays in start of commercial production, business interruptions, financing requirements, contractual obligations pursuant to secured debt facilities, operating costs risks, fluctuations in the market price of metals, our financial and currency risks, increases in tax or adoption of new interpretations related thereto, and other risks described in this Management Discussion & Analysis in the section Risks and Uncertainties and in the Annual Information Form ("AIF") for the year ended December 31, 2016 and filed on March 31, 2017 and available on www.sedar.com or on www.orbitetech.com 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 Technologies 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.orbitetech.com.

CORPORATE STRUCTURE

Orbite was incorporated on June 17, 1983 under the *Canada Business Corporations Act*. On June 12, 2015, the Company amended its articles to change its name to "Orbite Technologies 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 (''TDC'') located in the City of Laval, Québec, at 500 Cartier Blvd West.

GENERAL DESCRIPTION

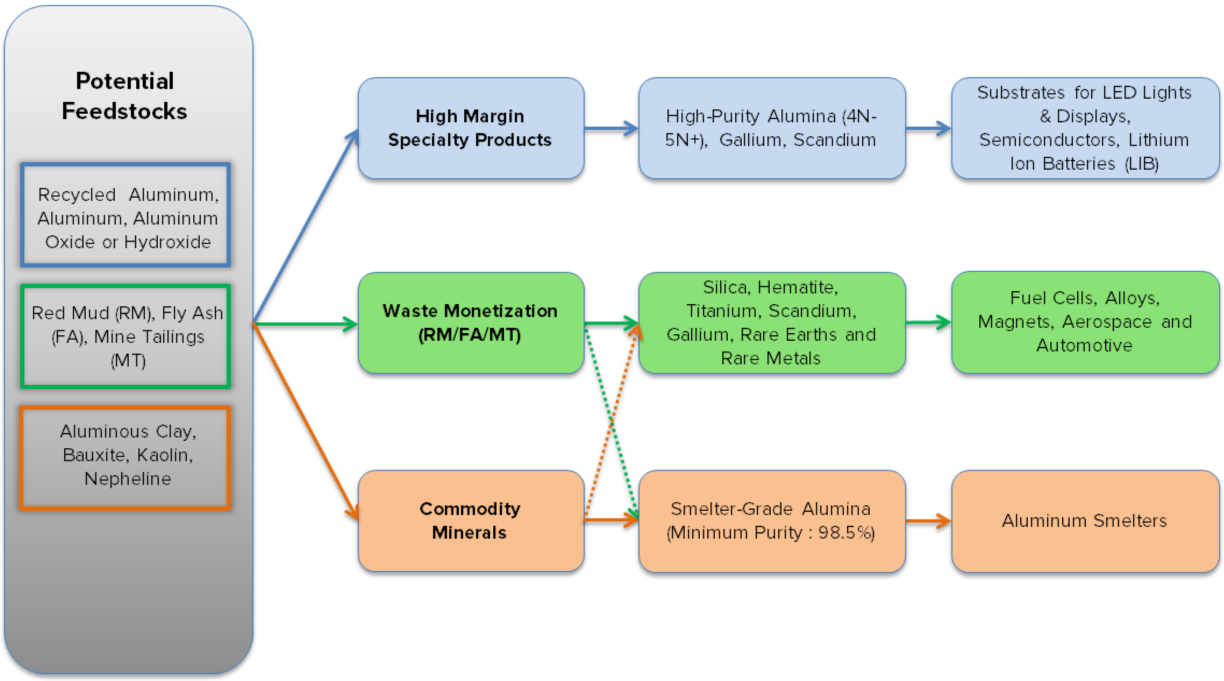
Orbite is a Canadian clean technology based mineral-processing and resource development company. The Common Shares of the Company are traded on the Toronto Stock Exchange under the "Industrial-Technology" listing category under the symbol "ORT" and on the OTCQX International over-the-counter exchange 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.D, ORT.DB.E and ORT.DB.F.

The Company has developed 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 ("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, as well as serpentine residues from Chrysotile processing sites, all without generating red mud waste or tailings. These processes and technologies aim to be environmentally neutral. They allow for the extraction of all valuable products from feedstock, with only inert residue remaining and are not expected to have a material adverse environmental impact. 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, 2016.

The Company's proprietary processes and technologies differ from the rest of the industry's and are either internationally patented or patent pending. The Company owns 100% of the intellectual property rights to its 50 patents and 52 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.

BUSINESS STRATEGY AND GOALS

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 on three priorities: specialty products, waste monetization, and commodity minerals.



Short Term — Specialty Products

The Company's short term priority, being the production of specialty products, is focused on the Company's three tonnes per day ("tpd") HPA Plant.

HPA is used primarily to manufacture:

- *Industrial sapphire substrates* used in electronics such as LED lighting applications, LED displays, and plasma display panels found in handheld devices, cellular phones, laptops, and televisions.
- *Lithium Ion Batteries*, which are used in multiple applications including portable electronics, electric vehicles and high capacity energy storage.
- *Specialized ceramics* requiring HPA with low and controlled impurity levels.

The development plan for the HPA Plant is comprised of three phases, as follows:

- **Phase 1** – Construction of the purification section of the HPA Plant to a capacity of three tpd of HPA and commencement of commercial production
- **Phase 2** – Optimization of the HPA Plant

  Phase 2A – Increase of the HPA Plant capacity to five tpd of HPA

  Phase 2B – Conversion of the alumina extraction unit to the chloride-based technology

Phase 1: The construction portion of Phase 1 of the development plan is now materially complete, supplier-related equipment deficiencies are being addressed. The beginning of the commercial production is expected to take place in Q4 2017 and the Company expects to ramp up commercial production to three tpd of HPA in Q1 2018, subject to raising adequate financing and implementing contemplated solution. As at December 31, 2016, the Company had incurred external capital costs of approximately $57.7 million for completion of construction and commissioning the HPA Plant. As of December 31, 2016, the total capital costs accounted for the construction of the HPA Plant is $122.8 million net of investment tax credits of $47.0 million and including $13.7 million borrowing costs which were capitalized.

Please refer to the "Recent Development" section of this MD&A for further details about Construction, Commissioning and Start of Commercial Production of the HPA Plant. The Company is pursuing discussions with a number of potential customers and although it received its first two commercial purchase orders it has not yet entered into any agreements for the sale of large quantities of its HPA.

Phase 2A: The detailed engineering and cost estimate for Phase 2A is targeted to be completed in the latter half of 2017, subject to raising adequate financing. After such work is completed, the Company will be able to more accurately estimate the costs and time involved in the HPA Plant's expansion to five tpd and based on market conditions, decide when to implement it.

Phase 2B: Preliminary engineering for Phase 2B is planned to be completed during the first semester of 2018, subject to raising adequate financing. After such work is completed, the Company will be able to more accurately estimate the costs and time involved in the plant's conversion to the chloride-based technology and whether to prioritize plant expansion or conversion of the extraction unit.

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.

Medium Term — Waste Monetization

Once the alumina extraction unit of the HPA Plant has been converted to the chloride-based technology, the Company expects that its Cap-Chat facility will have the flexibility to use a variety of feedstocks, such as commercially available products (SGA, aluminum hydroxide or aluminum from recycled products), aluminous clay from the Company's Grande-Vallée deposit, kaolin, and industrial waste (red mud residue, fly ash or mine tailings), to produce HPA or SGA (for customer testing) and other by-products, such as hematite, magnesium oxides, silica, rare earth and rare metal oxides.

Consequently, in addition to being a commercial HPA production facility, the Cap-Chat plant will also serve as an industrial scale demonstration facility for Orbite's red mud monetization, fly ash monetization, and commodity minerals initiatives. 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. Fly ash is one of the waste by-products generated from the burning of coal in coal-fired power plants. Fly ash contains alumina, silica, iron, rare metals and other valuable elements, but no viable remediation technology has previously existed.

Based on the operating data and knowledge obtained from operating with multiple feedstocks at its Cap-Chat demonstration facility, Orbite plans to design and build its first industrial prototype (estimated to be in the range of 100,000 – 200,000 tonne per year ("tpy") of feedstock consumed) to be installed at a waste site to be selected.

The Company's goal would be to have a first prototype operational in 2020, followed by the commissioning of a full scale waste monetization plant (1 million tpy feedstock) in 2021 which would allow the Company to begin licensing its technology on a global scale. Such plants would process third-party stockpiles of waste, producing alumina and other high-value products and returning only a small residue to the stockpile of less than 10% of the original volume.

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

Longer Term — Commodity Minerals

The Company proposes the building and operating of an 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 and technologies, 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 NI 43-101. Given the fact that very few resources have been allocated to the Grande-Vallée property since 2013 and no significant resources are planned to be allocated in the short or medium term, the Company filed a revised AIF on December 23, 2016 to announce it does not intend to update the PEA at this stage as it no longer considers its Grande-Vallée deposit as a material property under the terms of NI 43-101. However, given the past investments on the Grande-Vallée deposit which have indicated the existence of sufficient quantities of aluminous clay to operate the SGA Plant, the Company nevertheless maintains the mining of the Grande-Vallée deposit in its long-term objectives. **Investors should therefore not rely on the PEA for their decision to invest in securities of the Company.**

The Company intends, following the HPA Plant's conversion to Orbite's chloride technology, to undertake 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. 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 SGA 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.

RECENT DEVELOPMENTS

Construction, Commissioning and Start of Commercial Production of the HPA Plant

The Company's main focus during the year 2016 was to complete the construction and commissioning of its HPA Plant and commence commercial production. Here is an overview of the developments throughout the year.

Q1

Following the settlement of a dispute with a contractor that occurred in late 2015, work on the calcination system installation recommenced in early January 2016. In February, the installation of all major mechanical equipment and of the specialized power cables to the decomposer and calciner was completed. The installation of insulation was commenced in preparation for hot commissioning. Commissioning and start-up of various parts of the plant commenced, such as: (i) the cold start-up of the calciner and related acid capture system with associated air/steam supply system and of (ii) the electrical distribution system, the control system and the power controllers for the calcination system. The installation of air low pressure, steam and process piping and, utilities around the calcination system was completed in March.

On March 15, 2016, due to the complexity of the piping work to be done and the tight quarters for installation, Orbite announced that specialty high temperature piping installation work had advanced at one third of the budgeted and standard installation rate. A comprehensive review of the costs incurred and those required to complete specialty piping installation indicated that capital costs initially projected had to be increased by approximately $9.9M bringing the total external capital costs budget to $56.2M. The Company ended overtime work and pushed back the start of the commercial production into Q2 2016. The Company also indicated that its financial resources were insufficient to cover such additional construction costs and explored financing alternatives.

On March 21, 2016, Orbite announced that due to additional financing requirements to complete its HPA production facility, management temporarily scaled down the number of external contractors on site to reduce working capital requirements. However, Orbite employees continued commissioning activities.

Q2

On May 13, 2016, Orbite announced that as a consequence of the extra time necessary to complete the required financings, it anticipated commencement of commercial production to take place in Q3.

After completing various financings (*see Liquidity and Capital Resources section*), the Company announced that CNC Mecanique and Isolation Morissette were remobilized to work on the high temperature steam piping of the calcination system. The remainder of the piping mechanical work and electrical work was put out to tender. All commissioning and cold start-up activities of the decomposer and calciner units were completed successfully.

Q3

At the beginning of the third quarter, Orbite announced that CNC Mécanique had completed its work on the high temperature steam piping installation for the calcination system. The Company also announced that, following a competitive bid process, the remaining piping and mechanical work and the remaining electrical and instrumentation work had been awarded to Fjordtech and Electro Kingsey. Both contracts were awarded under a fixed cost and fixed timeline basis.

Throughout the quarter, the Company continued with HPA Plant construction as well as commissioning and start-up activities of the various systems, notably the decomposer and calciner and related systems. At the beginning of September, the Company commenced hot start-up activities of the decomposer and calciner ovens and related support systems, leading to more than 50% of the plant then being in hot start-up.

Hot start-up activities continued throughout the month of September and, on September 30, first production of Aluminum Chloride Hexahydrate (“ACH”) crystals, the precursor to HPA, commenced.

Q4 and early 2017

Production ramp up continued and in October, the Company produced 35 tonnes of ACH crystals (corresponding to close to 10 tonnes of HPA once calcined) with initial purity levels exceeding expectations and approaching the levels corresponding to 5N HPA. The Company also commenced decomposer and calciner heat up for the calcination of ACH crystals into HPA. Approximately 3 tonnes of amorphous HPA was produced with the Harper system to constitute the initial fluidized bed in the decomposer and calciner.

In early 2017, close to 2 tonnes of the first 4N5+ HPA were produced entirely from our HPA Plant. The HPA produced was of similar purity than the feedstock material produced in the digestion and crystallization sections of the plant which indicates that next to no impurities were picked in the calcination section of the plant. This was a significant and better than expected result as an increase of impurities was anticipated in the first few cycles. Based on these findings and on the Company's proven ability to produce 5N+ ACH crystals (HPA equivalent), the Company is confident of being able to produce HPA consistently at 5N+ purity levels once the higher purity ACH batches are introduced into the calcination system.

In January 2017, some mechanical issues were noted with some heating elements of the calcination system and the Company decided to proceed with a system cooldown for inspection prior to ramp up to continuous operation.

In February 2017, temperature ramp up of the calcination section was completed successfully.

In the last weeks of February operations, the HPA plant approached 1 tpd of continuous throughput and attained instantaneous feed rates into the decomposer of up to 1.4 tpd. However, operations had difficulty in maintaining consistent and continuous ACH feed rates at the 1 tpd level and again experienced issues with the electrical heating element system of the decomposer and calciner. A new, more robust ACH feed system was designed, tested and installed, and the heating element system was repaired. The calcination system is back at operating temperatures and ready for renewed ACH crystal injections.

However, recent developments have led Orbite to conclude that the present decomposer and calciner electrical heating system, as designed and supplied by Outotec, is not robust enough to reliably achieve the 3 tpd design capacity of the calcination system, but is rather limited to approximately 1-1.2 tpd.

This is an equipment issue and not a process issue. It is the Outotec supplied calcination equipment that does not meet contract design and performance specifications and is deficient, not the Orbite process.

The Orbite process has been proven; 5N+ equivalent ACH crystals have been produced and 4N7 HPA has been produced using 4N7 equivalent purity crystals (ie: no impurities were picked up in the calcination section).

Preliminary scoping work previously undertaken by Orbite and its TDC to increase plant capacity to 5 tpd has led to a straightforward solution that is believed could both resolve the issues encountered with the electrical heating element system and allow the capacity of the decomposer to be increased to 5 tpd (the calciner capacity is already 5 tpd). This solution is the installation of a predecomposer, operating at 300 – 400°C, that would remove a significant portion of the hydrochloric acid (''HCL'') HCL present in the ACH crystals prior to their injection into the decomposer thereby, significantly reducing thermal effects on the decomposer's electrical heating system.

Orbite estimates that approximately $8 million of external capital costs and 8 months are required to implement the solution for the reliable, consistent, and continuous production of 3tpd of 5N+ HPA. Accordingly, operations will be suspended as we concentrate our human and financial capital on implementing this solution. Orbite's working capital is insufficient to cover the costs to implement the solution. The Company has no other committed sources of future financing currently available. Orbite is examining available options to raise funds and limit its cash outflows.

As part of its commercialization and market development process, the Company has shipped pre-production HPA commercial samples to 19 prospective customers. Feedback has been positive and some of the samples shipped were follow-on orders as the samples move through the various customer qualification processes once the production resumes. Once production resumes, the Company expects to produce more samples to fill requests from 15 new prospective customers.

Financing Activities

During the 2016 financial year and up to March 30, 2017, the Company raised a total of $58.0 million through the issuance of convertible debentures and equity. During the fourth quarter, the Company completed a $5.5 million public offering of convertible debentures on October 31, 2016, and on December 23, 2016 filed a preliminary short-form base shelf prospectus as well as a revised AIF. The final short form base shelf prospectus was filed on January 6, 2017, allowing the Company to raise up to an aggregate amount of $60 million during a period of 25 months. The Company also completed an $11.5 million public offering of convertible debentures on February 1, 2017.

Each financing is briefly outlined in the "Liquidity and Capital Resources'' section of this MD&A. For further details about each financing please refer to the various continuous disclosure documents available on the Company's website at www.orbitetech.com or at www.sedar.com.

During the 2016 financial year and up to March 30, 2017, warrants and options were exercised for a total amount of $ 2.8 million.

In the course of completing its financing in August 2016 of $12 million of 9% secured convertible debentures due in 2021, the Company amended the terms of its US$16.95 million credit facility contracted in 2015 with MidCap Financial (the "Credit Facility") to add such debentures as permitted indebtedness under the Credit Facility and extend the time period to meet certain restrictive covenants to the first quarter of 2017. In addition, the Company agreed to produce at least one ton of HPA for any three consecutive days (the "HPA Covenant") by December 1, 2016. The Company has recently obtained the consent of MidCap Financial to extend the time period to meet those restrictive covenants to the second quarter of 2017 and the deadline to meet the HPA Covenant to April 1, 2017. Orbite will not meet the deadline of April 1, 2017 for the HPA Covenant. As a result of the delays caused by the electrical heating element system issues and the additional stress imposed on the Company's financial resources resulting therefrom, the Company will not be able to meet certain covenants under its Credit Facility, which will result in the right by the lender to request the immediate repayment of amount borrowed under such facilities.

Intellectual Property.

During the 2016 financial year and up to the date of this MD&A, 18 patents were issued to the Company for various families of patents and countries for a total to date of 50 issued patents; one notice of allowance was also received for a total of 52 applications still pending and 35 patent applications were abandoned in non-strategic families or countries.

MINERAL EXPLORATION PROPERTIES

Québec

Orbite owns 100% of 99 mineral claims totaling approximately 55 square kilometers (km^2) as well as one mining lease of 98.5 hectares (ha) at a site near Grande-Vallée, Québec. This is the site of the Grande-Vallée aluminous clay deposit with a 1.04 billion tonnes Indicated Mineral Resource.

The 20-year renewable mining lease (BM 1013) was issued to the Company in September 2012 on its Grande-Vallée property, by the *Ministère des Ressources naturelles et de la Faune du Québec,* Québec's Ministry of Natural Resources and Wildlife, now called *Ministère de l'Énergie et des Ressources Naturelles* ("MERN").

Unless otherwise exempted by the MERN, mining operations on the property had to be initiated by the Company no less than four (4) years from issuance of the mining lease. A request to obtain a four-year extension of the delay to initiate mining operations was made to the MERN. The MERN recently informed the Company that the extension was not granted and as a result and in order to protect its asset, the Company is in the process of registering claims for the property covered by the mining lease.

As of the date of this MD&A, Orbite also owns 100% of 142 mineral claims covering approximately 80.6 km^2 at sites near Rimouski and Cap-Chat, Québec following the reclaiming and/or the non-renewal of certain properties. These claims cover a portion of the regional aluminous clay "Orignal Formation'' which hosts the Grande-Vallée deposit.

Please refer to Business Strategy and Goals - Longer Term — Commodity Minerals for information regarding the PEA.

Nova Scotia

In November 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 ha (approximately 26.1 km^2) in central Nova Scotia.

In order to acquire a 100% undivided interest in the Chaswood Property, Orbite had to fulfill certain conditions which were more fully described in previous years' disclosure documents. The conditions have not been met. In light of the Company's business strategy where the commercialization of commodity minerals is in the longer-term horizon, Management decided it would not allocate any additional resources to the Chaswood Property. Consequently, the assets related to this property have been written-off during the fourth quarter of 2016.

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 30, 2017

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. 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.

The Company also has a Restricted Share Unit Plan ("RSU Plan") and a Deferred Share Unit Plan ("DSU Plan") under which RSU and DSU awards may be granted to full-time employees, officers and eligible contractors of the Company in a calendar year as compensation for services rendered to the Company. Each RSU and DSU awards entitles the holder, subject to the terms of the DSU or RSU Plan, to receive a payment in fully-paid Common Shares issued from the treasury of the Company or a cash equivalent. The aggregate number of shares reserved for issuance upon the redemption of all share unit awards granted under the DSU and RSU Plan, or any other security-based compensation arrangement of the Company (including, without limitation, the Stock Option Plan), shall not exceed 10% of the issued and outstanding shares.

On April 7, 2016, all of the remaining 2015 convertible debentures were converted into Class A Shares. On February 6, 2017, all of the remaining February 2016 convertible debentures were converted into Class A Shares.

As of March 31, 2017, the Company had 514,645,670 Class A Shares issued and outstanding. The Company also had 140,754,068 Share Purchase Warrants exercisable at a weighted average price of $0.54 and expiring between July 2017 and February 2022. The Company also had 21,992,250 Common Share Purchase Options at a weighted average price of $0.61. The Company could issue a further 70,285,940 Common Shares if all remaining Debentures were fully converted at the option of the holders, not including the additional shares to be issued for the make-whole amount. There were no RSU nor DSU outstanding as of December 31, 2016, and March 31, 2017.

Outstanding Class A shares	514,645,670
Share purchase warrants	140,754,068
Share Options	21,992,250
Convertible debentures (IQ)	20,746,888
2016-2018 ITC Debentures (1)	28,571,429
2015 ITC Debentures	19,318,182
Convertible debentures (October 2016) (2)	399,441
Convertible debentures (February 2017) (3)	1,250,000
Fully Diluted	**747,677,928**

(1) Not including the redemption warrants.
(2) Assuming a conversion price of $0.358, not including the additional shares to be issued for the make-whole amount.
(3) Assuming a conversion price of $0.32, not including the additional shares to be issued for the make-whole amount.

SELECTED ANNUAL FINANCIAL INFORMATION

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

Years ended December 31	**2016**	**2015**	**2014**
(In thousands of dollars, except for loss per share)			
Statements of Financial Position data			
Cash and Short-Term Investments	2,305	2,597	3,354
Working Capital (1)	(3,326)	4,156	7,827
Total Assets	171,132	142,877	135,475
Total non-current liabilities	29,512	18,907	28,452
Equity	117,850	103,473	101,862
Statements of Comprehensive Loss data			
Research and development charges (2)	1,500	1,903	1,794
General and administrative charges (2)	5,250	6,027	6,682
HPA plant operations (2)	4,580	4,764	3,591
Insurance Claim recovery and other income	(1,750)	(348)	-
Write-off for redesign	-	-	1,783
Write-off of Exploration and Evaluation assets	993	-	-
Share-based payment	917	1,371	1,686
Comprehensive Loss	9,955	15,369	12,399
Basic and diluted net loss per share	0.02	0.04	0.04
Share Information			
Weighted Average Shares outstanding			
(In thousands)			
Basic and Diluted	432,674	358,097	280,363

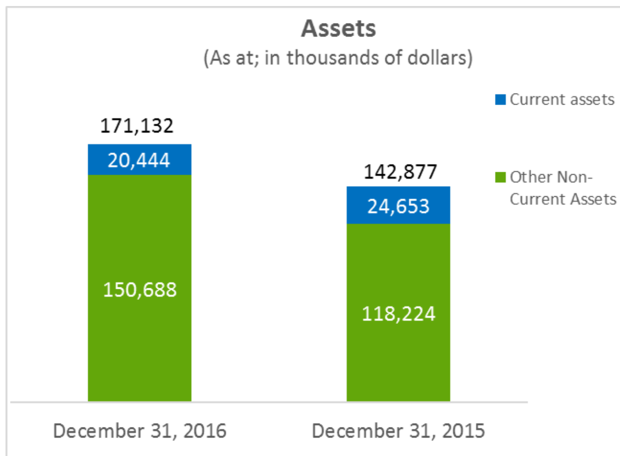
(1) The working capital item is not a GAAP measure and is furnished to provide additional information. This information is intended to provide investors with information about the Company's liquidity. This measurement should not be considered in isolation as a substitute for measures of performance prepared in accordance with GAAP.
(2) Includes the related share-based payments expense.

FINANCIAL CONDITION

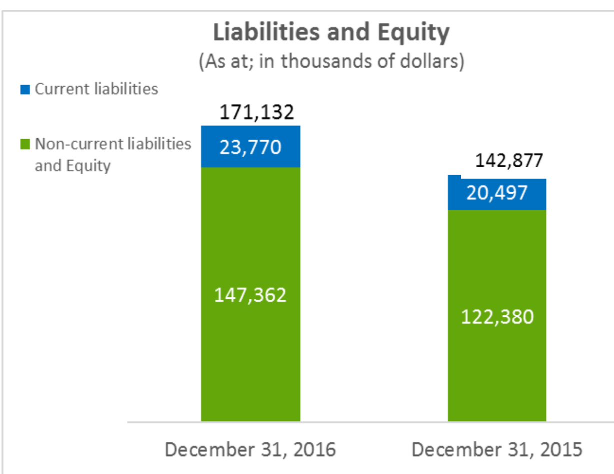
As at December 31, 2016, cash and short-term investments decreased by $0.3 million from $2.6 million to $2.3 million compared to December 31, 2015. The decrease is mainly due to the continued investment in the construction of the HPA Plant, research and development, general administration, HPA Plant operating expenses, the settlement of accounts payable and accrued liabilities, the repayment of Investissement Québec ("IQ") bridge loans ($4.9 million and $7.6 million) and partial repayment of long term loans ($1.3 million), partially offset by the funds raised through the issuance of convertible debentures completed by way of prospectus offering in February and October 2016 ($9.5 million and $5.5 million), issuance of convertible debentures and short-term loan with IQ ($5.0 million and $4.9 million), Class A Shares issuance made by way of private placement with Ressources Québec Inc. ("RQ") and US investors ($10.0 million and $1.0 million), issuance of convertible debentures made by way of private placement for the monetization of the 2015 and 2016/2018 in investment tax credits ("ITC") ($8.5 million and $12.0 million) and the issuance of Class A Share following the exercise of warrants and options (aggregate amount of $3.0 million).

Total assets increased by $28.3 million during the year ended December 31, 2016, mainly due to:

- a $8.5 million increase in ITC and other government assistance receivable (current and non-current) related to the recognition of ITC receivables on equipment in the Gaspé region partially offset by the payments received from tax authorities of $3.6 million (90% of total ITC claimed) in consideration of the Company's 2014 ITCs.
- a $24.8 million increase in property, plant and equipment, mainly attributable to investment in the HPA Plant (which includes capitalized interest of $3.4 million), partially offset by the $8.5 million of ITCs accrued during period.



Total Liabilities and Equity increased by $28.3 million during the year ended December 31, 2016, mainly due to:



- a $22.2 million increase in share capital and warrants due to the issuance of Common Shares as a result of: the conversion of the 2016 Convertible Debentures (February and October), the equity financing with RQ, the exercise of options and warrants; and the non-brokered private placement.
- a $22.4 million increase in convertible debentures liability due to convertible debentures issued in February, June, August, September and October (see note 5 of the financial statements).
- a $11.0 million decrease in short-term loans due to the $3.6 million repayment of the revolving and term loan A facility using the 2014 ITC proceeds received from the tax authorities and the $7.6 million net repayment of the bridge loans with IQ.
- a $3.3 million increase in accounts payable and accrued liabilities and a $0.8 million decrease in long-term debt (considering the long-term and short-term portion).

RESULTS OF OPERATIONS

Statement of Comprehensive Loss

(in thousands of dollars)		Three months ended December 2016		Variance	Twelve months ended December 2016		Variance
		2016	2015	$	2016	2015	$
Expenses							
Research and development charges*	(a)	$ 292	$ 610	$ (318)	$ 1,500	$ 1,903	$ (403)
General and administrative charges	(b)	1,077	1,863	(786)	5,250	6,027	(777)
HPA plant operations	(c)	1,227	1,422	(195)	4,580	4,764	(184)
Write-off E&E assets	(d)	993	-	993	993	-	993
Other income[1]	(e)	-	-	-	(1,750)	(348)	(1,402)
Loss before net finance income (expense) and income taxes		3,589	3,895	(306)	10,573	12,346	(1,773)
Net finance expense (income)	(f)	(2,042)	2,915	(4,957)	(324)	3,023	(3,347)
Loss before income taxes		1,547	6,810	(5,263)	10,249	15,369	(5,120)
Income taxes							
Deferred	(g)	-	-	-	(294)	-	(294)
`		$ 1,547	$ 6,810	$ (5,263)	$ 9,955	$ 15,369	$ (5,414)

**Net of investment tax credits and other governmental assistance*
[1]*Insurance claim recovery*

Revenues

The Company is in production ramp-up and has no revenues.

Expenses

(a) Research and development expenses decreased for the quarter and year ended December 31, 2016. The decrease for the three-month period of 2016 is due mainly to:

- a decrease in salaries due to the allocation of some of the R&D employees to support the commissioning of the HPA Plant, lab equipment & supplies, consulting fees and share based payments.

The decrease for the 2016 year-end is due mainly to:

- a decrease in salaries due to the allocation of some of the R&D employees to support the commissioning of the HPA Plant, lab equipment & supplies, repair and maintenance, share-based payments partially offset by higher R&D tax credit recognized during 2016.

(b) General and administrative charges decreased for the quarter and the year ended December 31, 2016. The decreases are due mainly to:

- A decrease in salaries, investor relations & communication, professional fees and travel,

partially offset by:

- an increase in share-based payments and for the 2016 year-end, the discontinuance of patent applications.

(c) HPA Plant operations decreased for quarter and remained stable for the year ended December 31, 2016. The decrease during the fourth quarter is due mainly to:

- a decrease in salaries due to the allocation of HPA Plant employees to support the commissioning of the Plant, and a general reduction in operating cost,

partially offset by:

- an increase in insurance expense.

(d) The increase in write-off of E&E assets during the quarter and the year ended December 31, 2016 compared to 2015, is due to management decision to not allocate any additional resources to certain properties and consequently, the assets have been written-off.

(e) The increase in Other Income during the year ended December 31, 2016 compared to 2015, is due to proceeds received from the insurance claim for the 2014 incident at the HPA Plant.

Net Finance Expense (income)

(f) The decrease in net finance expense (income) during the quarter and the year ended December 31, 2016, is due mainly to:

- a decrease in the fair value of the 2016-2018 ITC Debentures, the absence of loss on redemption of the 2012 convertible debentures recorded in the last quarter of 2015, a positive effect of changes in fair value of derivative financial instruments and a positive effect of changes in foreign exchange rates.

partially offset by:

- a decrease in gain from government loans renegotiation and for the year ended 2016, the increase in transaction costs related to the 2016-2018 ITC Debentures.

(g) The decrease in deferred taxes during the twelve-months of 2016 is due mainly to:

- the deferred tax recovery resulting from the equity component recognized upon issuance of convertible debentures including an equity component.

Share-based Payments

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

(in thousands of dollars)	Three months ended December 31, 2016	Three months ended December 31, 2015	Variance $	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015	Variance $
Research and development	$ 11	$ 25	$ (14)	$ 54	$ 90	$ (36)
General and administration	64	275	(211)	1,082	870	212
HPA plant operations	23	34	(11)	81	97	(16)
Recognized in comprehensive loss	98	334	(236)	1,217	1,057	160
Prepaid expenses and others	(225)	300	(525)	(300)	300	(600)
Capitalized in property, plant and equipment	-	3	(3)	-	14	(14)
Recognized in contributed suplus	$ (127)	$ 637	$ (764)	$ 917	$ 1,371	$ (454)

The Company has an Option Plan for its directors, officers and employees. Share-based payments recognized in comprehensive loss, which are non-cash in nature, decrease by $236 thousand during the three-month period and increase by $160 thousand during the twelve-month period of 2016 compared to the same periods in 2015. The variation during 2016, is mainly due to stock options issued for advisory services recognized in general and administration starting in Q4 2015.

CASH FLOWS

The following table summarizes Company cash flow activities.

(in thousands of dollars)		Three months ended December 31, 2016	Three months ended December 31, 2015	Variance $	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015	Variance $
Cash Flow							
Operations	(a)	$ (3,320)	$ (3,448)	$ 128	$ (9,043)	$ (11,137)	$ 2,094
Non-cash working capital items	(b)	2,538	(1,519)	4,057	1,661	527	1,134
Interest received		(43)	16	(59)	2	453	(451)
Interest Paid		(614)	(402)	(212)	(1,814)	(2,083)	269
Operating activities		(1,439)	(5,353)	3,914	(9,194)	(12,240)	3,046
Financing activities	(c)	5,772	(7,577)	13,349	31,055	13,880	17,175
Investing activities	(d)	(4,955)	12,081	(17,036)	(21,838)	(2,895)	(18,943)
Net change in cash		(622)	(849)	227	23	(1,255)	1,278
Cash, beginning of period		2,368	2,572	(204)	1,723	2,978	(1,255)
Cash, end of period		$ 1,746	$ 1,723	$ 23	$ 1,746	$ 1,723	$ 23

Operating Activities

(a) The increase in cash flows used for operations during the quarter ended December 31, 2016, which is cash flows used in operating activities adjusted for certain non-cash working capital items and net interest payments, is mainly due to:

- a decrease in net finance expense (income),

The decrease in cash flows used for operations during the year ended December 31, 2016, is mainly due to:

- a decrease in net finance expense (income) and an increase in other income,

partially offset by:

- the write-off of E&E assets.

(b) The increase from non-cash working capital items during the quarter and the year ended December 31, 2016, is mainly due to:

- an increase in accounts payable and accrued liabilities, a decrease in sales taxes and other receivables and a decrease in prepaid expenses.

Financing Activities

(c) The increase in cash flows from financing activities during the quarter and year ended December 31, 2016 is mainly due to:

- higher proceeds received from the issuance of Convertible Debentures and lower amount used to redeem convertible debentures,

partially offset by:

- lower proceeds from the issuance of long term debt and higher amount used for repayment of short term loans.

Investing Activities

(d) The increase in cash flows used in investing activities during the quarter ended December 31, 2016 is mainly due to:

- changes in restricted cash and changes in investment tax credits,

partially offset by:

- lower investment in the HPA plant.

The increase used in cash flows for investing activities during the year ended December 31, 2016 is mainly due to:

- changes in restricted cash and changes in investment tax credits and higher investment in the HPA plant.

LIQUIDITY AND CAPITAL RESOURCES

The Company has evolved from a development stage to the point of being an operating Company and has not generated any revenues or cash flows from its HPA Plant, the construction of which is materially completed. The Company's source of funding to this point has primarily been from the sale of equity and debt securities, government grants 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 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.

During 2016 and subsequent to December 31, 2016, the Company completed several financings as briefly outlined below. For further details about each financing please refer to the various continuous disclosure documents available on the Company's website or at www.sedar.com

Convertible Debentures

In February 2016, the Company completed the first portion of the public offering of units in the amount of $8.5 million under the short form base shelf prospectus and prospectus supplement dated March 18, 2015 and January 28, 2016 respectively. The gross proceeds are comprised of $4 million raised on a bought deal basis, $2.6 million raised pursuant to the exercised of underwriter's option together with $2.9 million in outstanding supplier invoices, which have been converted into 2,938 units. Each unit consists of $1,000 principal amount convertible unsecured unsubordinated debentures and 2,500 share purchase warrants of the Company. On February 6, 2017, all of the remaining 2016 convertible debentures were converted into Class A Shares. On June 1, 2016, the Company completed a debt financing in the amount of $5 million with IQ, acting as agent of the Government of Québec. IQ subscribed to a convertible debenture (the "IQ Debenture") in the capital amount of $5 million at an interest rate of 10% annually.

Each IQ Debenture consists of $1,000 principal amount of convertible unsecured debentures of the Company, which will mature on June 1, 2021 and bear interest at a rate of 10% per annum payable monthly. The interest accrued during the first 2 years is capitalized and payable in cash at the maturity date of the IQ Debentures or is convertible into shares at the then market price, at the sole option of the holder. Each Debenture (capital only) is convertible, at the option of the holder at any time prior to the maturity date, into Class A Shares of the Company at a price of $0.241 per share.

On August 10, 2016, Orbite completed a private placement of units for an aggregate principal amount of $12 million. Each Unit is comprised of (i) $1,000 principal amount of debentures bearing interest at an annual rate of 9%, maturing five years from the date of issue and convertible into Common Shares at a price of $0.42 and which are secured against the Company's investment tax credit receivables resulting from capital expenditures at its HPA Plant for the Company's 2016, 2017 and 2018 financial years, and (ii) 833 warrants exercisable into one share at a price of $0.55 for a period of 36 months. An amount of $4.9 million was used to repay the 2016 bridge loan with IQ. The debentures were listed for trading on the TSX on December 12, 2016.

On September 28, 2016, Orbite completed a private placement of secured convertible debentures for an aggregate principal amount of $8.5 million, secured against the Company's investment tax credit receivables resulting from capital expenditures at its HPA Plant for the Company's 2015 financial year. Each Debenture is comprised of $1,000 principal amount bearing interest at an annual rate of 7%, maturing two years from the date of issue and convertible into Common Shares at a price of $0.44. An amount of $7.6 million was used to repay the 2015 bridge loan with IQ.

On October 31, 2016, the Company completed a public offering on a bought deal basis for an aggregate amount of $5.5 million under the short form base shelf prospectus and prospectus supplement dated March 18, 2015 and October 27, 2016 respectively. Each unit consists of $1,000 principal amount convertible unsecured unsubordinated debentures and 2,793 share purchase warrants of the Company. The Debentures will mature on October 31, 2021 and bear interest at a rate of 5% per annum payable semi-annually.

On February 1, 2017, the Company completed a public offering of units in the amount of $11.5 million under the short form base shelf prospectus and prospectus supplement dated January 6, 2017 and January 27, 2017 respectively. Each unit consists of $1,000 principal amount convertible unsecured unsubordinated debentures and 3,125 share purchase warrants of the Company. The Debentures will mature on February 1, 2022 and bear interest at a rate of 5% per annum payable semi-annually.

Short Term Loan

During the second and third quarters the Company received $2.8 million and $2.1 million respectively of the $4.9 million bridge loan from IQ. The Company used the proceeds from the 2016-2018 ITC Debentures received in August and the proceeds from the 2015 ITC Debentures received in September to repay $4.9 million ITC 2016 bridge loan entered into with IQ on April 27, 2016 and repay the $7.6 million 2015 ITC bridge loan entered into with IQ in November 2015, respectively.

Equity Financing

On May 6, 2016, the Company completed a non-brokered financing in the amount of $1 million at a price of $0.241 per share. The financing was completed on a private placement basis. The shares underlying the financing were issued without payment of a commission.

On May 19, 2016, Orbite completed the equity financing in the amount of $5 million with RQ a subsidiary of IQ announced on April 27, 2016. RQ purchased 20,746,888 Class A Shares of Orbite at a price of $0.241 per share. As part of the financing, the Company amended the terms of the 17,857,143 outstanding warrants issued to RQ in May 2014 which warrants are now exercisable into Class A Shares of the Company at a price of $0.241

per share (instead of $0.33) and will expire on May 2, 2019 (instead of May 27, 2017) which could potentially generate an additional $4.3 million to the Company.

During the year ended December 31, 2016, warrants and share options were exercised for an amount of $2.8 million.

ITC 2014

During the quarter ended June 30, 2016, the Company received payments totalling $3.6 million from tax authorities in consideration of the Company's 2014 ITCs. This amount represents 90% of the claimed amount and the remaining 10% will be paid once the audit is completed. The sums received were used to partially repay the Company's revolving credit facility (the "Facility") and term loan A on a prorated basis.

Liquidity

As at December 31, 2016, the Company had aggregate cash and short-term investments balance of $2.3 million, and negative working capital (current assets less current liabilities) of $3.3 million. Subsequent to December 31, 2016, the Company completed a public offering on a bought deal basis for an aggregate amount of $11.5 million under the short form base shelf prospectus and prospectus supplement dated January 6, 2017 and January 27, 2017 respectively and received $10.3 million, net of commission and fees.

The annual 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 the plant, the production ramp-up, the attainment of profitable operations or the receipt of proceeds from the disposition of its mineral property interests. The Company is evolving from a development stage to an operating Company and has not generated any revenues or cash flows from its HPA Plant, the construction of which is materially completed. The Company's sources of funding to this point has been the issuance of equity securities, debt and government grants.

On March 31, 2017, the Company announced that the supplied decomposer and calciner electrical heating system is not robust enough to reliably achieve the 3 tpd design capacity of the calcination system, but is rather limited to approximately 1-1.2 tpd. Management believes it has a solution that could resolve the issues encountered with the electrical heating element system and allow the capacity of the decomposer to be increased to 5 tpd (the calciner capacity is already 5 tpd).

Management estimates that approximately $8 million of external capital costs and 8 months are required to implement the proposed solution for the reliable, consistent, and continuous production of 3 tpd of 5N+ HPA. Accordingly, operations will be suspended as the Company concentrates its human and financial capital on implementing this proposed solution. As at March 31, 2017 the Company's working capital is insufficient to cover the costs to implement their plan to address the equipment issue. The Company has no other committed sources of future financing currently available March 31, 2017 statements. The Company is examining available options to raise funds and limit its cash outflows. The Company may be unable to meet its current obligations.

Commercial production will not commence before sufficient financing is secured and the above-noted equipment issues have been remedied. In addition, the Company will not be able to meet its debt covenants under its Facility as early as April 1, 2017 which will result in the right by the lender to request the immediate repayment of amounts borrowed under the Facility.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The annual financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for the Company's annual financial statements, adjustments to the carrying value of assets and liabilities, reported expenses and statement of financial position classifications would be necessary. Such adjustments could be material.

Contingencies

The Company may be subject to various contingent liabilities that occur in the normal course of its operations. The Company is not aware of any pending or threatened proceedings, which could potentially have a material adverse effect on the annual financial condition or future results of the Company.

Contractual Obligations

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 financing as described in the Liquidity and capital resources section.

The following table presents the contractual maturities of the financial liabilities and commitments as of December 31, 2016:

	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	$ 11,310	$ 11,310	$ 11,310	$ -	$ -	$ -
Short-term loan	794	890	890	-	-	-
Derivative financial instrument [a)]	39	-	-	-	-	-
Convertible debentures [b)]	22,554	34,776	1,798	11,989	20,989	-
Long-term debt [c)]	16,137	20,715	4,667	9,888	3,380	2,780
Operating leases	-	324	163	120	41	-
Purchase obligations	-	51	51	-	-	-
	$ 50,834	$ 68,066	$ 18,879	$ 21,997	$ 24,410	$ 2,780

[a)] The embedded derivative has no outflows since it is included in the 2016 convertible debentures.
[b)] Includes interest outflows at 5%, 7%, 9% and 10%.
[c)] The Company does not expect to meet its covenants which would give the lender the right to demand immediate repayment.

OFF BALANCE SHEET ARRANGEMENTS

The Company has certain off-balance sheet arrangements, consisting of leasing certain premises and equipment under the terms of operating leases and contractual obligations in the normal course of business.

TRANSACTIONS WITH RELATED PARTIES

During the three and twelve months ended December 31, 2016, the Company incurred $7 thousand and $361 thousand respectively ($19 thousand and $377 thousand for the three and twelve-month periods ended December 31, 2015) from a legal firm of which a director of the Company is a 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.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands of dollars, unless otherwise indicated)

Quarter ended	Net loss and comprehensive loss ($)	Quarter to quarter variance ($)		Net loss per share ($)
December 31, 2016	1,548	(3,256)	(a)	0.00
September 30, 2016	4,804	1,089	(b)	0.01
June 30, 2016	1,916	228	(c)	0.00
March 31, 2016	1,688	(5,122)	(d)	0.00
December 31, 2015	6,810	4,677	(e)	0.01
September 30, 2015	2,133	(1,607)	(f)	0.01
June 30, 2015	3,740	1,054	(g)	0.01
March 31, 2015	2,686			0.01

(a) the decrease in net loss is principally due to a decrease in net finance expense (income) related to the fair market value adjustment on the 2016-2018 ITC Debentures and a decrease in general and administrative charges related to stock options issued for advisory services during the previous quarter; partially offset by the write-off of Chaswood and Le Tac E&E properties.

(b) the increase in net loss is principally due to an increase in net finance expense (income) related to the 2016-2018 ITC Debentures transaction costs and an increase in general and administrative charges related to stock options issued for advisory services.

(c) the increase in net loss is principally due to an increase in net finance expense (income) due to the absence of positive effect of the changes in fair value on derivative financial instruments and on changes in foreign exchange; partially offset by an increase in Other income related to the insurance claim for the 2014 incident at the HPA Plant and a decrease in general and administration, research and development and HPA Plant operations charges.

(d) the decrease in net loss is principally due to a positive effect of the changes in fair value on derivative financial instruments and on changes in foreign exchange. Also the Q4 2015 Net loss and comprehensive loss includes a loss recognized on the redemption of all the outstanding 2012 debentures recognized in Q4, 2015.

(e) the increase in net loss is principally due to the loss on the redemption of all outstanding 2012 debentures as well as an increase in general and administrative charges and the HPA Plant operations.

(f) the decrease in net loss is principally due to a decrease in general and administration, research and development and transaction costs.

(g) the increase in net loss is due mainly to an increase in share-based payments expense following the grant of options during the second quarter as well as an increase in salaries.

(h) the decrease in net loss is mainly due to a decrease in research and development, general and administrative, and HPA Plant operations as well as the absence of the 2014 write-off following the redesign and other expenses pertaining to the flow-through shares.

Fair Value of Financial Instruments

The nature and extent of risk arising from financials instruments are described in *Note 12 – Financial instruments* of our 2016 annual financial statements available on www.sedar.com or on our website www.orbitetech.com.

During the fourth quarter of 2016, there was no material change to the nature of risks arising from financial instruments or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on our annual statement of financial position. For a detailed description of the methods and assumptions used to measure the fair value of the Company financials instruments refer to Note 12 – Financial instruments.

Risk and Uncertainties

In the course of its business and affairs, the Company faces, amongst others, the following risks and uncertainties:

Risks Associated With Our Business

Going Concern

The Company's ability to execute its business plan and operate at a commercial level as a going concern will be dependent on a number of factors. As the Company is evolving from a development stage company to an operating company, it 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. The Company has negative cash flow from operations. As described under "Recent Development", the Company recently announced a serious issue concerning its supplied decomposer and calciner electrical heating system, a key component in the commercial production of HPA, and a potential solution that would require approximately $8 million of external capital costs and 8 months to implement. The Company's working capital is insufficient to cover the costs to implement such solution. The Company is examining available options to raise funds and limit its cash outflows. There can be no assurance that the Company will be able to secure the requisite financing to implement the solution, that the solution will effectively remediate the issue or that the HPA Plant will operate successfully or economically at targeted levels.

In addition, as a result of the delays caused by the electrical heating element system issues and the additional stress imposed on the Company's financial resources resulting therefrom, the Company will not be able to meet its debt covenants under its Credit facility, which will result in the right by the lender to request the immediate repayment of amounts borrowed under the credit facility. The Company may be unable to meet its current obligations.

The Company's 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 implement the solution identified to remedy the electrical heating system issues, complete the construction and production ramp-up of its HPA Plant and commence commercial production, the attainment of profitable operations or the receipt of proceeds from the disposition of its mineral property interests. Other than current limited working capital, possible exercise of outstanding share purchase warrants and stock options, potential insurance proceeds from claims filed under its Boiler and Machinery and Business Interruption insurance policy for which the Company has not yet received confirmation of coverage from its insurer, the Company has no other funds available to it.

The conditions described above indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

Commercial Operation of the HPA Plant

The Company is currently in the process of correcting supplier-related deficiencies with the calcination equipment at its HPA Plant located in Cap-Chat, on the Gaspé Peninsula in the Province of Québec. The construction portion of the development plan is materially complete, and the beginning of the commercial production is expected to take place in Q4 2017.

The Company expects to initially produce to inventory as some of its prospective customers continue to test and qualify the samples shipped to date as well as new samples that will be provided from the full production process at the HPA plant. The Company has received its first two commercial purchase orders for the supply of HPA, the first steps in filling the Company order pipeline. As the Company continues to build its sales funnel and demand for its product, it anticipates closing additional sales agreements. Such expectations are based on discussions to date with potential clients and management's understanding of the marketplace and demand for HPA and products requiring HPA. The Company has not yet entered into agreements for the sale of large quantities of HPA. There can be no guarantee as to the number of purchase orders or commitments, the quantity of HPA represented by such orders and commitments or the timing for receiving same. Factors that may impact such orders and commitments include the ability of the Company to reliably and consistently produce HPA meeting client requirements and confidence of clients in such ability, market conditions and demand for products requiring HPA, overall market conditions and the strength of the economy.

Our credit facilities contain financial covenants which, in order to be satisfied, require commercial operation of our HPA Plant. Our borrowings under such facilities include an amount of US$3 million which may not be used until the Company starts producing HPA on a commercial basis and completes a sale. If we are unable to successfully start commercial production or if we incur delays in starting commercial production and are not able to obtain waiver of covenant defaults from our lender, we may be unable to access the restricted portion of our borrowings and may be faced with the acceleration of our reimbursement obligations under our credit facilities.

As the Company moves into the commercial operation phase of its HPA Plant, it may be subject to a number of risks associated with the operation of a new plant based on a new technological process, including the following:

- ***Delays in Operation***. The Company's ability to achieve commercial production at the contemplated output levels and within the contemplated timeframe and operational cost levels may be subject to potential delays, interruption of operations or increased costs due to many factors, including, without limitation: design errors; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency; breakdown or failure of equipment or processes; operator errors; labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; violation of permit requirements; and major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms. Any such delays, interruption of operations or increased costs could be materially adverse to the Company and its purchase commitments or potential purchase commitments and its financial results.

- ***Business Interruptions***. The Company may incur losses resulting from business interruptions. The Company may be subject to contractual obligations to deliver product in a timely manner. Any disruption in the Company's activities which leads to a business interruption could harm its customers' confidence level and lead to the cancellation of contracts and legal recourse against the Company or otherwise adversely impact its financial results.

- ***Commodity Price Risk.*** The price for, and availability of, various inputs will fluctuate due to numerous factors beyond the Company's control, including economic conditions, currency exchange rates, global demand for products incorporating HPA, trade sanctions, tariffs, labor costs, competition, over capacity of producers and price surcharges. Fluctuations in availability and cost of inputs may materially affect the Company's business, financial condition, results of operations and cash flows. To the extent that the Company is not able to pass on any increases, its business, financial condition, results of operations and cash flows may be materially adversely affected.

- ***Sources of Supply.*** The Company may not be able to secure the critical raw material feedstock on which it will depend for the operation of the HPA Plant such as power, water, aluminum hydroxide, hydrochloric acid and other inputs. The Company procures and expects to procure its raw materials from a limited number of suppliers. The loss of any one of these suppliers or a reduction in the level of deliveries to the Company may reduce its production capacity and impact its deliveries to customers. This would in turn negatively impact the Company's sales, net margins and may lead to liabilities with respect to supply contracts.

- ***Inventory Price Risk.*** The Company may be subject to risk associated with the value of inventories it builds in relation to the market price of such inventories. This risk will be more significant initially, as the Company will produce to inventory in anticipation of purchase orders and commitments. The highly illiquid nature of the HPA inventories may increase such risk. Going forward, passed such initial inventory build-up, the Company expects to rely on a combination of standard risk measurement techniques, such as value at risk as well as a more empirical assessment of the market conditions to manage inventory levels. Decisions on appropriate physical stock levels are expected to be taken by considering both the value at risk calculations and the market conditions.

- ***Currency Risk.*** Currency translation and transaction risk may negatively affect the Company's net sales, cost of sales and gross margins, and could result in significant exchange losses. The Company reports its financial results in Canadian dollars, while it expects that a substantial portion of its commercial HPA sales will be denominated in foreign currencies.

Other risks associated with our business are as follows

The Company is dependent on a single principal asset

Orbite's principal asset is its HPA Plant which has not yet achieved production on a continuous commercial scale as contemplated by Orbite. 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.

New Markets

The success of our business will depend, in part, on the establishment of new markets by us or third parties for HPA and rare earth products that may be in low demand. Although HPA and 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 HPA and 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.

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 ramping up of production of and optimizing its HPA Plant. Further, Orbite has not yet commercialized its product by entering into agreements for the sale of large quantities of its HPA.

We will need to raise capital to continue our growth.

Orbite is in the process of evolving from being a development stage company to becoming an operating company as commercial revenues generated from our HPA production facility will commence in 2017. With one main short-term project and multiple future projects, each with different funding requirements, Orbite has limited financial resources, and has currently no recurring cash flows from its operations. 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 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 as well as other by-products. Our current credit facilities contain restrictive covenants that limit our ability to incur additional indebtedness and grant security interests on our assets, and may reduce some financing alternatives. 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.

Credit Facilities

The Company is party to credit facilities with an institutional US based lender, which credit facilities and underlying loans are contingent on several contractual covenants and restrictions. These covenants, subject to certain prescribed exceptions, include restrictions on subscribing other debt, distributions of assets, liens on assets of the Company, corporate reorganizations, purchase of assets, amendment to material agreements and starting new businesses, all of which create restrictions on business operations. The Company is also required to meet ongoing financial covenants (including operating cash flow to fixed charges financial ratios — first of which financial covenant is to be met by June 30, 2017), the HPA Convenant which will not be met on April 1, 2017, solvency conditions and cannot be subject to the occurrence of events deemed to have adverse material effects on the affairs of the Company. Should the Company find itself in breach of any such covenants and restrictions, such breach shall be deemed a default under the credit facilities and may lead to enforcement proceedings by the lender, including recall of loaned amounts, seizure of assets of the Company (including its HPA production facility) and imposition of penalties and higher rate interest payments, any of which could adversely affect the operations of the Company on a going forward basis. The debt financing may also lead to diversion of cash flow to satisfy debt-servicing obligations.

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.

The Company is currently negotiating its first collective bargaining agreement which will govern the working relationship with certain employees. Failure to reach such agreement upon mutually agreeable terms could result in work stoppages or other labour disturbances such as strikes, walkouts or lock-outs, increased costs of labour and/or labour conditions imposed upon the parties by an arbitrator, which could have adverse effects on financial results, operational execution and customer satisfaction.

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.

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

The ramping up of production of our HPA Plant, its conversion to the chloride production process, its increase of production capacity, the building and operation of the contemplated waste monetization and SGA Plants 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.

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 waste monetization and SGA production facilities may not prove to be accurate. Production of HPA and rare earths and metal oxides by-products is a capital-intensive business. Our plans for our HPA and projected waste monetization and SGA production facilities require significant capital expenditures. Capital and operating costs are estimated based on the interpretation of a number of factors. Any of the following events could affect the accuracy of such estimates: incorrect data on which engineering assumptions are made; efficiency of our proprietary process, delay in construction schedules; unanticipated transportation costs; accuracy of major equipment and construction cost estimates; labour negotiations; availability of fossil fuels at market prices, 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.

Environmental and Other Regulatory Requirements

Government approvals and permits are required to be maintained in connection with the Company's production 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 approvals or 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. 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.

Competition

The competitive position of the Company depends upon its ability to obtain sufficient funding and develop 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 cost of production and operation generally, and proximity to market. The Company also competes with other companies for skilled and technical personnel. In addition, the market for HPA and rare earth and metal oxide by-products is limited and the Company will compete with other producing 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. The global aluminum and alumina markets are dominated by a small number of large vertically integrated companies which 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 product 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.

Absence of feasibility studies

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 waste monetization and SGA Plant projects will be completed as expected or that the estimated capital costs will be sufficient to achieve the plants as expected, the design capacity or the product purities and characteristics, or that the respective plants will provide a return on investment or be profitable. 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.

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 of commercial production of its HPA Plant, discussions regarding strategic partnerships, and the timing of its waste monetization project. 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, waste monetization project or any other product or project. 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.

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

The construction of a commercial production plant and the production of HPA, storage, transportation and marketing of HPA 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 plant, equipment, and the environment as well as the interruption of 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. 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 year 2016, our Common Shares have traded as low as $0.20 and as high as $0.485 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:

under performance or other performance related issues affecting our HPA production facility;

- changes in the demand for HPA, 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 implementation of our projects and increased costs related to our HPA, waste monetization and projected SGA production facilities;
- short selling, manipulation of our Common Shares and prohibited trades;
- unfounded rumours and collusion;
- 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 Class A Shares to provide additional financing in the future and the issuance of any such shares may result in a reduction of the book value (on a per share basis) or market price of the outstanding shares. If we do issue any such additional shares, such issuance will also 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.

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. The TSX may 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.

Our Common Shares are classified as a "penny stock" under Securities and Exchange Commision 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.

Exploration and Mining Risks

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of our 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 and liabilities at the date of the financial statements and reported amount of income, and expenses during the reporting period. 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 judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances available at the time estimates are made. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Estimates and underlying assumptions are review on an ongoing basis. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements are disclosed in *Note 3 c) – Significant accounting policies* to our 2016 annual financial statements available on www.sedar.com or on our website www.orbitetech.com.

SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with accounting policies which are consistent with those of the previous financial year.

Standards, amendments and interpretation not yet in effect

We have reviewed new and revised accounting pronouncements that have been issued, but are not yet effective. Refer to Note 3 a) and Note 3 b) of the financial statements for further information. We are still evaluating the potential impact of future accounting standard changes on our financial reporting.

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, 2016, 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, 2016, Orbite's CEO and CFO have designed Disclosure Controls, 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 quarter ended December 31, 2016, which materially affected, or are reasonably likely to materially affect, the Company'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.