

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and six months ended June 30, 2018 and 2017

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at June 30, 2018 and December 31, 2017*

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**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

As at June 30, 2018 and December 31, 2017

	Note	June 30, 2018 US\$	December 31, 2017 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	42,713,059	39,282,180
<b>Total non-current assets</b>		<b>42,713,059</b>	<b>39,282,180</b>
<b>Current assets</b>			
Inventories	10	17,297,407	16,985,124
Prepayments		1,004,128	1,287,039
Trade and other receivables	11	24,870,224	17,660,607
Cash	12	7,757,873	5,691,742
<b>Total current assets</b>		<b>50,929,632</b>	<b>41,624,512</b>
<b>Total assets</b>		<b>93,642,691</b>	<b>80,906,692</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		22,459,762	22,129,477
Share-based payment reserve		4,402,168	4,319,175
Retained earnings		37,506,790	33,980,478
<b>Total equity</b>		<b>64,368,720</b>	<b>60,429,130</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	570,595	-
Loans payable	13	4,574,379	2,361,569
<b>Total non-current liabilities</b>		<b>5,144,974</b>	<b>2,361,569</b>
<b>Current liabilities</b>			
Trade and other payables	14	16,560,894	12,276,257
Loans payable	13	2,407,713	2,397,646
Taxes payable	8(ii)	4,237,365	2,519,065
Related party payables	16(iii)	923,025	923,025
<b>Total current liabilities</b>		<b>24,128,997</b>	<b>18,115,993</b>
<b>Total equity and liabilities</b>		<b>93,642,691</b>	<b>80,906,692</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**

*For the three and six months ended June 30, 2018 and 2017*

	Note	Three-month period ended June 30		Six-month period ended June 30	
		2018 US\$	2017 US\$	2018 US\$	2017 US\$
Revenue		27,280,406	22,620,518	51,532,603	41,173,204
Cost of sales	7	(14,547,707)	(13,081,390)	(27,355,297)	(24,418,333)
<b>Gross profit</b>		<b>12,732,699</b>	<b>9,539,128</b>	<b>24,177,306</b>	<b>16,754,871</b>
Selling, general and administrative expenses	7	(7,406,100)	(6,154,684)	(14,406,532)	(11,902,983)
Foreign exchange gain / (loss)		296,972	140,061	191,001	(28,147)
<b>Results from operating activities</b>		<b>5,623,571</b>	<b>3,524,505</b>	<b>9,961,775</b>	<b>4,823,741</b>
Finance income		2,109	438	3,429	444
Finance costs		(127,947)	(150,079)	(242,474)	(273,265)
<b>Income before taxation</b>		<b>5,497,733</b>	<b>3,374,864</b>	<b>9,722,730</b>	<b>4,550,920</b>
Income tax expense	8(i)	(3,122,256)	(1,259,532)	(5,978,573)	(2,156,331)
<b>Income and total comprehensive income for the period</b>		<b>2,375,477</b>	<b>2,115,332</b>	<b>3,744,157</b>	<b>2,394,589</b>
<b>Earnings per share</b>					
Basic	19(i)	\$0.05	\$0.05	\$0.09	\$0.06
Diluted	19(ii)	\$0.05	\$0.05	\$0.08	\$0.05

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

*For the six months ended June 30, 2018 and 2017*

	Share Capital US\$	Share- based Payment Reserve US\$	Retained Earnings US\$	Total Equity US\$
Balance at January 1, 2018	22,129,477	4,319,175	33,980,478	60,429,130
Adoption of IFRS 9 (Notes 3 and 11)	-	-	(217,845)	(217,845)
Balance at January 1, 2018 (restated)	22,129,477	4,319,175	33,762,633	60,211,285
Income and total comprehensive income for the period	-	-	3,744,157	3,744,157
Exercise of stock options	330,285	(124,709)	-	205,576
Share-based payment expense	-	207,702	-	207,702
<b>Balance at June 30, 2018</b>	<b>22,459,762</b>	<b>4,402,168</b>	<b>37,506,790</b>	<b>64,368,720</b>
Balance at January 1, 2017	21,671,076	3,991,245	29,490,254	55,152,575
Income and total comprehensive income for the period	-	-	2,394,589	2,394,589
Exercise of stock options	386,642	(195,266)	-	191,376
Share-based payment expense	-	357,437	-	357,437
<b>Balance at June 30, 2017</b>	<b>22,057,718</b>	<b>4,153,416</b>	<b>31,884,843</b>	<b>58,095,977</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

*For the six months ended June 30, 2018 and 2017*

	June 30, 2018 US\$	June 30, 2017 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	9,722,730	4,550,920
<i>Adjustments for:</i>		
Depreciation expense	3,132,608	3,551,415
Movement in expected lifetime credit losses	65,037	-
Provision for doubtful accounts	-	547,465
Change in provision for inventory obsolescence	138,304	44,909
Equity-settled share-based payment expense	207,702	357,437
Finance income	(3,429)	(444)
Finance costs	242,474	273,265
Unrealized foreign exchange gain	(99,235)	(303,557)
	<b>13,406,191</b>	<b>9,021,410</b>
Change in inventories	(450,587)	(972,302)
Change in prepayments	282,911	(961,395)
Change in trade and other receivables	(7,492,499)	(3,889,299)
Change in trade and other payables	4,516,127	4,182,704
Cash generated from operations	10,262,143	7,381,118
Finance income received	3,429	444
Finance costs paid	(282,963)	(239,942)
Income taxes paid	(3,689,678)	(2,423,494)
<b>Net cash generated from operating activities</b>	<b>6,292,931</b>	<b>4,718,126</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,563,487)	(5,644,934)
<b>Net cash used in investing activities</b>	<b>(6,563,487)</b>	<b>(5,644,934)</b>
<b>Financing activities</b>		
Loans received	6,500,000	1,973,138
Loan repayments	(4,277,123)	(946,952)
Shares issued	205,576	191,376
<b>Net cash received from financing activities</b>	<b>2,428,453</b>	<b>1,217,562</b>
<b>Effect of movement in exchange rates on cash</b>	<b>(91,766)</b>	<b>331,704</b>
<b>Net increase in cash</b>	<b>2,066,131</b>	<b>622,458</b>
Cash at beginning of the period	5,691,742	9,328,786
<b>Cash at end of the period</b>	<b>7,757,873</b>	<b>9,951,244</b>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and six months ended June 30, 2018 and 2017*

**1. GENERAL INFORMATION**

Geodrill Limited (the “Company” or “Geodrill”) is a company registered and domiciled in the Isle of Man. The address of the Company’s registered office is Ragnall House, 18 Peel Road, Douglas, Isle of Man, IM1 4LZ. The unaudited condensed interim consolidated financial statements of the Company for the periods ended June 30, 2018 and 2017 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Limited, Geotool Limited, Geo-Forage BF SARL, Geo-Forage Cote d’Ivoire SARL, Geo-Forage Mali SARL, Geo-Forage Senegal SARL, Geodrill Cote d’Ivoire SARL, D.S.I. Services Limited (“DSI”) and Geodrill Limited’s registered foreign Zambian operating entity, together referred to as the “Group”.

The Group is primarily a provider of mineral exploration drilling services. These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill on August 11, 2018.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting, on a basis consistent with the accounting policies as presented in Note 2 disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2017 except for the adoption of the new standards effective January 1, 2018 as described in Note 3. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) has been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited 2017 annual consolidated financial statements of the Company.

**(b) Basis of measurement**

The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except where otherwise stated.

**(c) Functional and presentation currency**

The unaudited condensed interim consolidated financial statements are presented in United States dollars which is the Group’s functional and presentation currency.

**(d) Critical accounting estimates and judgments**

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2017.

**GEODRILL LIMITED**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and six months ended June 30, 2018 and 2017*

**2. BASIS OF PREPARATION (CONTINUED)**

**(e) Impairment testing**

As at June 30, 2018, and in 2017, due to the economic conditions in the drilling industry and the increase in drilling activity of the Group, there was no indicator of potential impairment of the carrying value of the Group's property, plant and equipment. As this was the case, no recoverable amount analysis was completed at June 30, 2018.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2017, with the exception of the impact of certain new accounting standards or new interpretations issued by the IASB, which were effective from January 1, 2018.

**a) Adoption of new and amended accounting pronouncements**

**IFRS 9 – Financial instruments**

In the current period the Company has applied IFRS 9. The Company has chosen to apply IFRS 9 to the current period only and has retained its' prior period figures as allowed by the standard. The Company has provided an adjustment to the opening balance of its' retained earnings recognizing the cumulative effect of applying IFRS 9. This has resulted in a charge of US\$217,845 against the opening balance of retained earnings.

IFRS 9 requires the Company to provide a loss allowance for full lifetime expected credit losses for its trade receivables that do not constitute a financing transaction in accordance with IFRS 15. The Company uses a provision matrix to calculate the estimated credit losses based on the aging of its trade receivables; current, 1-30 days past due, 31-60 days past due and +61 past due and by applying default rates to each of these balances.

**IFRS 15 - Revenue from Contracts with Customers**

In the current period the Company has applied IFRS 15. The Company has chosen to apply IFRS 15 to the current period only and has retained its' prior period figures as allowed by the standard. IFRS 15 Appendix B16 includes a practical expedient for recognizing revenue, stating that "*if an entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, the entity may recognize revenue in the amount to which the entity has a right to invoice*", as such, there has been no change in the way the Company recognizes revenue.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however, the Standard does not prohibit an entity from using alternative descriptions in the Statement of Financial Position. The Company has adopted the terminology used in IFRS 15 to describe such balances. As at June 30, 2018, the Company had no contract assets or contract liabilities.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTIUNED)**

**b) Accounting pronouncements issued but not yet effective**

**IFRS 16 – Leases**

The Company is currently evaluating the impact of this standard on its consolidated financial statements. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company has chosen not to adopt IFRS 16 early. Management expects to recognize lease liabilities and right-of-use assets in respect of operating leases previously expensed.

**4. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Group's basis of determining fair values of financial instruments:

**(a) Trade and other receivables**

The fair value of trade and other receivables approximates their carrying value due to their short term nature.

**(b) Cash**

Cash consists of cash at bank and cash on hand.

**(c) Trade and other payables**

The fair value of trade and other payables approximates their carrying values, due to their short term nature.

**(d) Loans payable**

The fair value of the loans payable approximates their carrying value.

**(e) Other financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated using the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date or by using recent arm's-length market transactions. Instruments with maturity periods of 6 months or less such as trade and other payables, and related party payables, are not discounted as their carrying values approximate their fair values.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and six months ended June 30, 2018 and 2017*

**4. DETERMINATION OF FAIR VALUES (CONTINUED)**

**(f) Share-based payment transactions**

The fair value of share options is measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility, expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**5. SEASONALITY OF OPERATIONS**

The operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season. The second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week. The wet season occurs (in some geographical areas where the Company operates, particularly in Burkina Faso and Mali) normally in the third quarter, but in the recent years the global weather pattern has become somewhat erratic. The Company has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

**6. SEGMENT REPORTING**

Segmented information is presented in respect of the Group's operating segments. The primary format (operating segments) is based on the Group's management and internal reporting structure, which is submitted to the Chief Executive Officer ("CEO") who is the Chief Operating Decision Maker. The Group's results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly non-operating income, financing cost, taxation and corporate assets and liabilities which are managed centrally. The operating segments are based on geographical segments categorized as Ghana and Outside Ghana.

For the three months ended June 30, 2018, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 15%, one customer contributed 14% and one customer contributed 13%.

For the three months ended June 30, 2017, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 25%, one customer contributed 15% and one customer contributed 10%.

For the six months ended June 30, 2018, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 20% and two customers contributed 13% each.

For the six months ended June 30, 2017, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 22%, one customer contributed 13% and one customer contributed 11%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

For the three and six months ended June 30, 2018 and 2017

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transaction		Total (2)	
	Three month period ended June 30,		Three month period ended June 30,		Three month period ended June 30,		Three month period ended June 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	10,422	10,409	26,159	22,376	(9,301)	(10,164)	27,280	22,621
Other income	2,989	2,591	549	-	(3,538)	(2,591)	-	-
Cost of sales	(8,244)	(9,342)	(18,868)	(16,169)	12,564	12,430	(14,548)	(13,081)
Selling, general and administrative	(3,352)	(2,584)	(4,323)	(3,487)	269	(84)	(7,406)	(6,155)
Foreign exchange gain / (loss)	80	(65)	217	205	-	-	297	140
<b>Results from operating activities</b>	<b>1,895</b>	<b>1,009</b>	<b>3,734</b>	<b>2,925</b>	<b>(6)</b>	<b>(409)</b>	<b>5,623</b>	<b>3,525</b>
Finance income							2	-
Finance cost							(128)	(150)
Income tax							(3,122)	(1,260)
<b>Income for the period</b>							<b>2,375</b>	<b>2,115</b>
<b>Capital expenditures</b>	<b>2,876</b>	<b>4,231</b>	<b>600</b>	<b>292</b>	<b>5</b>	<b>(718)</b>	<b>3,481</b>	<b>3,805</b>
<b>As at</b>	<b>Jun 30, 2018</b>	<b>Dec 31, 2017</b>	<b>Jun 30, 2018</b>	<b>Dec 31, 2017</b>			<b>Jun 30, 2018</b>	<b>Dec 31, 2017</b>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000			US\$ '000	US\$ '000
<b>Non-current assets</b>	<b>37,613</b>	<b>34,433</b>	<b>7,605</b>	<b>7,678</b>			<b>45,218</b>	<b>42,111</b>
Intra group balances							(2,505)	(2,829)
Per statement of financial position							<b>42,713</b>	<b>39,282</b>
<b>Total assets</b>	<b>64,445</b>	<b>59,070</b>	<b>94,316</b>	<b>87,746</b>			158,761	146,816
Intra group balances							(65,118)	(65,909)
Per statement of financial position							<b>93,643</b>	<b>80,907</b>
<b>Total liabilities</b>	<b>74,226</b>	<b>69,851</b>	<b>17,562</b>	<b>13,662</b>			91,788	83,513
Intra group balances							(62,514)	(63,035)
Per statement of financial position							<b>29,274</b>	<b>20,478</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the three month period ended June 30, 2018 was US\$10,117,857 (June 30, 2017: US\$6,747,810).

(2) Income for the period equals the income for the period as disclosed in the condensed interim consolidated statements of comprehensive income.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and six months ended June 30, 2018 and 2017*

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transactions		Total (2)	
	Six month period ended June 30,		Six month period ended June 30,		Six month period ended June 30,		Six month period ended June 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	17,515	17,660	51,604	39,649	(17,586)	(16,136)	51,533	41,173
Other income	6,670	4,401	1,599	-	(8,269)	(4,401)	-	-
Cost of sales	(15,736)	(17,036)	(35,495)	(26,790)	23,876	19,408	(27,355)	(24,418)
Selling, general and administrative expenses	(6,320)	(5,117)	(9,140)	(7,493)	1,053	707	(14,407)	(11,903)
Foreign exchange gain / (loss)	58	(46)	133	18	-	-	191	(28)
<b>Results from operating activities</b>	<b>2,187</b>	<b>(138)</b>	<b>8,701</b>	<b>5,384</b>	<b>(926)</b>	<b>(422)</b>	<b>9,962</b>	<b>4,824</b>
Finance income							3	-
Finance cost							(242)	(273)
Income tax							(5,979)	(2,156)
<b>Income for the period</b>							<b>3,744</b>	<b>2,395</b>
<b>Capital expenditures</b>	<b>6,241</b>	<b>6,232</b>	<b>755</b>	<b>460</b>	<b>(433)</b>	<b>(1,047)</b>	<b>6,563</b>	<b>5,645</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the six month period ended June 30, 2018 was US\$22,579,674 (June 30, 2017: US\$11,289,218).

(2) Income for the period equals the income for the period as disclosed in the condensed interim consolidated statements of comprehensive income.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and six months ended June 30, 2018 and 2017*

**7. EXPENSES BY NATURE**

The Group presents certain expenses in the Condensed Interim Consolidated Statements of Comprehensive Income by function. The following table presents those expenses by nature:

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
<b>Expenses</b>				
Drill rig expenses and fuel	6,307,239	5,921,830	11,618,448	11,068,285
Wages and employee benefits	8,951,616	6,884,601	17,112,449	12,384,552
External services, contractors and others	3,715,586	3,608,176	7,674,558	6,894,436
Depreciation	1,646,425	1,710,270	3,132,608	3,551,415
Repairs and maintenance	1,189,370	965,053	2,158,729	1,875,163
Allowance for doubtful accounts	143,571	146,144	65,037	547,465
	21,953,807	19,236,074	41,761,829	36,321,316

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Cost of sales	14,547,707	13,081,390	27,355,297	24,418,333
Selling, general and administrative expenses	7,406,100	6,154,684	14,406,532	11,902,983
	21,953,807	19,236,074	41,761,829	36,321,316

**8. TAXATION**

**(i) Income tax expense**

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Current tax expense (iii)	2,656,991	1,259,532	5,407,978	2,156,331
Deferred tax expense (iv)	465,265	-	570,595	-
	3,122,256	1,259,532	5,978,573	2,156,331

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and six months ended June 30, 2018 and 2017*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Jun. 30 US\$
2018	2,519,065	(3,689,678)	5,407,978	4,237,365
	Balance at Jan. 1 US\$	Payments during the year US\$	Charge for the year US\$	Balance at Dec. 31 US\$
2017	2,691,321	(4,184,968)	4,012,712	2,519,065

Tax liabilities for Ghana up to and including the 2012 year of assessment have been agreed with the tax authorities in Ghana. The Group's remaining tax position is, however, subject to agreement with the tax authorities in the various tax jurisdictions in which it operates. During the period ended June 30, 2018, the Group recognized an under provision in tax payable in the amount of US\$335,672 (December 31, 2017: US\$156,420) reflecting the outcome of tax reviews in jurisdictions in which it operates.

**(iii) Reconciliation of effective tax rate**

	Three month period ended June 30,		Six month period ended June 30,	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Income before tax	5,497,733	3,374,864	9,722,730	4,550,920
Ghana corporate tax at 25%	1,374,433	843,716	2,430,683	1,137,730
Add:				
Effect of different rate tax countries	(841,236)	(490,343)	(1,253,710)	(864,654)
Under provision from previous year	335,672	135,118	211,803	135,118
Movement in temporary differences	199,180	(133,758)	335,672	256,986
Tax expense before withholding tax	1,068,049	354,733	1,724,448	665,180
	19.4%	10.5%	17.7%	14.6%
Add:				
Withholding tax	2,054,207	904,799	4,254,125	1,491,151
Total tax expense	3,122,256	1,259,532	5,978,573	2,156,331
Effective tax rate	56.8%	37.3%	61.5%	47.4%

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**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	-	-
Charge for the period	570,595	-
Balance at end of the period	570,595	-

**(v) Recognized deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	4,201,086	4,533,445
Provision for inventory obsolescence	96,742	101,431
Movement in expected lifetime losses	22,223	-
Property, plant and equipment	(4,227,712)	(4,074,338)
Deferred tax asset not recognized (2)	(662,934)	(560,538)
Total	(570,595)	-

(1) Effective January 1, 2016, the Ghana Revenue Authority introduced the Income Tax Act 2015 (Act 896). This had the impact of transferring unutilised capital cost allowances to losses carried forward. These losses will be available for a period of five years expiring on December 31, 2021.

The Group also has tax losses in Zambia available for a period of five years expiring during the years December 31, 2019 through to December 31, 2021.

(2) The deferred tax asset has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilize the related tax benefits.

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**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2018</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2018	7,054,991	22,667,804	58,170,767	3,738,630	4,928,751	96,560,943
Additions	-	-	-	-	6,563,487	6,563,487
Reclassifications from CWIP	781,469	1,470,247	4,794,047	104,486	(7,150,249)	-
Reclassifications from inventory	-	-	-	-	-	-
Assets retired during the period	-	(386,460)	(956,865)	-	-	(1,343,325)
<b>Balance at June 30, 2018</b>	<b>7,836,460</b>	<b>23,751,591</b>	<b>62,007,949</b>	<b>3,843,116</b>	<b>4,341,989</b>	<b>101,781,105</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2018	5,625,731	19,236,680	30,416,062	2,000,290	-	57,278,763
Charge for the period	215,778	648,567	2,167,174	101,089	-	3,132,608
Assets retired during the period	-	(386,460)	(956,865)	-	-	(1,343,325)
<b>Balance at June 30, 2018</b>	<b>5,841,509</b>	<b>19,498,787</b>	<b>31,626,371</b>	<b>2,101,379</b>	<b>-</b>	<b>59,068,046</b>
<b>Carrying amounts at June 30, 2018</b>	<b>1,994,951</b>	<b>4,252,804</b>	<b>30,381,578</b>	<b>1,741,737</b>	<b>4,341,989</b>	<b>42,713,059</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.



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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>2017</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2017	6,090,060	21,570,436	53,825,304	2,264,200	4,406,133	88,156,133
Additions	-	-	-	-	10,625,181	10,625,181
Reclassifications from CWIP	971,506	1,789,853	6,007,298	1,474,430	(10,243,087)	-
Reclassifications from inventory	-	-	-	-	140,524	140,524
Assets retired during the year	(6,575)	(692,485)	(1,661,835)	-	-	(2,360,895)
<b>Balance at December 31, 2017</b>	<b>7,054,991</b>	<b>22,667,804</b>	<b>58,170,767</b>	<b>3,738,630</b>	<b>4,928,751</b>	<b>96,560,943</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2017	5,370,116	18,260,905	27,694,185	1,660,582	-	52,985,788
Charge for the year	262,190	1,668,260	4,383,712	339,708	-	6,653,870
Assets retired during the year	(6,575)	(692,485)	(1,661,835)	-	-	(2,360,895)
<b>Balance at December 31, 2017</b>	<b>5,625,731</b>	<b>19,236,680</b>	<b>30,416,062</b>	<b>2,000,290</b>	<b>-</b>	<b>57,278,763</b>
<b>Carrying amounts at December 31, 2017</b>	<b>1,429,260</b>	<b>3,431,124</b>	<b>27,754,705</b>	<b>1,738,340</b>	<b>4,928,751</b>	<b>39,282,180</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.

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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Depreciation has been charged in comprehensive income as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Cost of sales	1,474,446	1,554,723	2,815,741	3,255,499
Selling, general and administrative expenses	171,979	155,547	316,867	295,916
	<u>1,646,425</u>	<u>1,710,270</u>	<u>3,132,608</u>	<u>3,551,415</u>

As at June 30, 2018, property, plant and equipment with a carrying amount of US\$15,240,978 (December 31, 2017: US\$11,644,673) have been pledged as security for certain loans (note 13).

**10. INVENTORIES**

	June 30, 2018 US\$	December 31, 2017 US\$
Inventories on hand	17,195,356	16,740,071
Inventories in transit	491,700	672,894
Provision for obsolescence	(389,649)	(427,841)
	<u>17,297,407</u>	<u>16,985,124</u>

The amount of inventories recognized as expense in the three and six months ended June 30, 2018 are US\$7,104,746 and US\$13,483,935, respectively (June 30, 2017: US\$6,971,421 and US\$12,829,744, respectively). Inventory write downs in the three and six months ended June 30, 2018 amounted to a reversal of write down of US\$8,787 and a write down of US\$176,496, respectively (June 30, 2017: write down of US\$1,766 and US\$30,489, respectively).

As at June 30, 2018, inventories with a carrying amount of US\$Nil (December 31, 2017: US\$3,334,497) have been pledged as security for certain loans (note 13).

**11. TRADE AND OTHER RECEIVABLES**

	June 30, 2018 US\$	December 31, 2017 US\$
Trade receivables	24,858,084	17,395,556
Expected lifetime credit losses	(282,882)	-
Net trade receivables	<u>24,575,202</u>	<u>17,395,556</u>
Cash advances	43,670	27,600
Sundry receivables	251,352	237,451
	<u>24,870,224</u>	<u>17,660,607</u>

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**11. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The movements in the expected lifetime credit losses and allowance for doubtful accounts is as follows:

	June 30, 2018 US\$	December 31, 2017 US\$
Balance at January 1	-	-
Adoption of IFRS 9	217,845	-
Balance at January 1 (restated)	217,845	-
Movement in expected lifetime credit losses in the period	65,037	-
Provisions made in the period	-	547,456
Receivables recovered in the period	-	(547,456)
Balance at end of period	282,882	-

Trade and other receivables are recorded at amortized cost.

As at June 30, 2018, accounts receivable with a carrying amount of US\$9,103,117 (December 31, 2017: US\$Nil) have been pledged as security for certain loans (note 13).

**12. CASH**

	June 30, 2018 US\$	December 31, 2017 US\$
Cash at bank	7,601,260	5,463,413
Cash on hand	156,613	228,329
	7,757,873	5,691,742

As at June 30, 2018, cash of US\$7,757,873 was available to the Group (December 31, 2017: US\$5,691,742).

**13. LOANS PAYABLE**

	June 30, 2018 US\$	December 31, 2017 US\$
US\$6.5M Medium Term Loan (i)	6,500,000	-
US\$3.5M Revolving Line of Credit (ii)	-	-
Equipment Loan (iii)	482,092	602,615
US\$5M Term Loan (iv)	-	2,156,600
US\$2M Credit Line (v)	-	2,000,000
US\$1M Credit Line (vi)	-	-
Total	6,982,092	4,759,215
Current portion of loans	2,407,713	2,397,646
Non-current portion of loans	4,574,379	2,361,569

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**13. LOANS PAYABLE (CONTINUED)****(i) US\$6.5M Medium Term Loan**

On April 24, 2018, the Group entered into a Medium Term Loan with Ecobank Ghana Limited. The Medium Term Loan in the amount of US\$6.5 million (the "US\$6.5M Medium Term Loan") is for a period of 3 years. Principal is repaid in 12 equal quarterly instalments required to satisfy the principal over the term of the loan commencing three months after the initial disbursement date. Interest is payable monthly in arrears. The US\$6.5M Term Loan bears interest at a rate of 8.5% per annum and is subject to periodic review in line with market conditions. The US\$6.5M Term Loan is secured by certain assets of the Group (Note 9 and Note 11). The US\$6.5M Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$6.5M Term Loan is 9.1%. The US\$6.5M Medium Term Loan was subject to, and as at June 30, 2018, the Group was in compliance with normal course covenants.

**(ii) US\$3.5M Revolving Line of Credit**

On April 24, 2018, the Group entered into a Revolving Line of Credit with Ecobank Ghana Limited. The Revolving Line of Credit in the amount of US\$3.5 million (the "US\$3.5M Revolving Line of Credit") is available for a period of one year, repayable interest only monthly and principal amount at maturity, bears interest at a rate of 8.5% per annum on any utilized portion and is subject to periodic review in line with market conditions. The US\$3.5M Revolving Line of Credit is secured by certain assets of the Group (Note 9 and Note 11). The US\$3.5M Revolving Line of Credit may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The US\$3.5M Revolving Credit Line was subject to, and as at June 30, 2018, the Group was in compliance with normal course covenants. No amounts have been drawn down on the US\$3.5M Revolving Line of Credit.

**(iii) Equipment Loan**

On March 6, 2017, the Group entered into a Supply of Goods and Services Contract ("Equipment Loan") with Sandvik Canada Inc. relating to the purchase of two drill rigs with a total purchase price of US\$0.9M. The Equipment Loan required a down payment and the repayment of the balance over a period of 36 months with payments being made once a quarter. The Equipment Loan bears interest at 7.7% per annum, includes an arrangement fee and stipulates that the final title to the rigs will only pass once the purchase price has been paid in full. All other risks and rewards of ownership lie with the Group. The effective interest rate of the loan is 7.9%.

**(iv) US\$5M Term Loan**

On December 18, 2015, the Group entered into a term loan with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of US\$5 million (the "US\$5M Term Loan"). The US\$5M Term Loan was for a period of 2 years, repayable interest only for 120 days, and thereafter, repayable interest and principal quarterly in six equal amounts required to satisfy the principal over the term of the loan. The US\$5M Term Loan bore interest at a rate of 10.5% per annum and was subject to periodic review in line with money market conditions. The US\$5M Term Loan was secured by certain assets of the Group (note 9). The US\$5M Term Loan could have been repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such repayment. On January 27, 2016, the Group and Zenith Bank (Ghana) Limited agreed to extend the tenor and repayment term of the US\$5M Term Loan. The US\$5M Term Loan was for a period of three years to December 18, 2018, repayable interest only for 120 days, and thereafter repayable interest and principal quarterly in ten equal amounts required to satisfy the principal over the term of the loan. The effective interest rate of the US\$5M Term Loan was 11.6%. The US\$5M Term Loan was fully repaid on May 10, 2018 and the US\$5M Term Loan was retired.

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**13. LOANS PAYABLE (CONTINUED)**

**(v) US\$2M Credit Line**

On October 23, 2017, the Group entered into a credit line agreement with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of US\$2 million (the "US\$2M Credit Line"). The US\$2M Credit Line was for a period of 2 years from the date of the first drawdown, being November 22, 2017, repayable interest only quarterly and principal amount at maturity, bore interest at a rate of 10.5% per annum on any utilized portion, was subject to periodic review in line with money market conditions and bore interest at a rate of 0.25% per quarter on any unutilized portion. The US\$2M Credit Line was secured by certain assets of the Group (note 9). The US\$2M Credit Line could have been repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such payment. The US\$2M drawdown on the US\$2M Credit Line was fully repaid on May 10, 2018 and the US\$2M Credit Line was retired.

**(vi) US\$1M Credit Line**

On October 23, 2017, the Group entered into a credit line agreement with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of US\$1 million (the "US\$1M Credit Line"). The US\$1M Credit Line was for a period of 2 years from the date of the first drawdown, repayable interest and principal amount quarterly, bore interest at a rate of 10.5% per annum on any utilized portion, was subject to periodic review in line with money market conditions and bore interest at a rate of 0.25% per quarter on any unutilized portion. The US\$1M Credit Line was secured by certain assets of the Group (note 9). The US\$1M Credit Line could have been repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such payment. The US\$1M Credit Line was subject to normal course non-financial covenants. No amounts were drawn down on the US\$1M Credit Line and the US\$1M Credit Line was retired on May 10, 2018.

**14. TRADE AND OTHER PAYABLES**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	8,606,640	6,852,151
Creditors and accrued expenses	5,746,093	4,633,526
VAT liability	2,208,161	790,580
	<hr/> 16,560,894	<hr/> 12,276,257

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

As at June 30, 2018 and December 31, 2017, the Group did not hold any financial assets at fair value through profit or loss, derivatives or available-for-sale financial assets.

The carrying values of cash, trade and other receivables, trade and other payables and related party payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of loans payable approximates their fair value as the fixed rate loans have been acquired recently and their carrying value continues to reflect fair value.

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**15. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at June 30, 2018 and December 31, 2017.

**Financial Instruments by Category**

	<b>Loans and Receivables US\$</b>	<b>Other Financial Liabilities US\$</b>	<b>Carrying Amount US\$</b>	<b>Total Fair Value US\$</b>
<b>June 30, 2018</b>				
<b>Financial assets</b>				
Trade and other receivables	24,870,224	-	24,870,224	24,870,224
Cash	7,757,873	-	7,757,873	7,757,873
	<u>32,628,097</u>	<u>-</u>	<u>32,628,097</u>	<u>32,628,097</u>
<b>Financial liabilities</b>				
Trade and other payables	-	14,352,733	14,352,733	14,352,733
Related party payables	-	923,025	923,025	923,025
Loans payable	-	6,982,092	6,982,092	6,982,092
	<u>-</u>	<u>22,257,850</u>	<u>22,257,850</u>	<u>22,257,850</u>
<b>December 31, 2017</b>				
<b>Financial assets</b>				
Trade and other receivables	17,660,607	-	17,660,607	17,660,607
Cash	5,691,742	-	5,691,742	5,691,742
	<u>23,352,349</u>	<u>-</u>	<u>23,352,349</u>	<u>23,352,349</u>
<b>Financial liabilities</b>				
Trade and other payables	-	11,485,677	11,485,677	11,485,677
Related party payables	-	923,025	923,025	923,025
Loans payable	-	4,759,215	4,759,215	4,759,215
	<u>-</u>	<u>17,167,917</u>	<u>17,167,917</u>	<u>17,167,917</u>

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**16. RELATED PARTY TRANSACTIONS**

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2018	2017
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	100%	100%
Geotool Limited	Subsidiary	British Virgin Islands	100%	100%
Geo-Forage BF SARL	Subsidiary	Burkina Faso	100%	100%
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geo-Forage Mali SARL	Subsidiary	Mali	100%	100%
Geo-Forage Senegal SARL	Subsidiary	Senegal	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill Limited in Zambia	Registered foreign operating branch	Zambia	100%	100%
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-

**(i) Transactions with related parties**

Transactions with companies within the Group have been eliminated on consolidation.

The Harper Family Settlement owns 40.1% (December 31, 2017: 40.4%) of the issued share capital of Geodrill Limited. On September 30, 2015, Geodrill Ghana Limited entered into lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a five year term at rates consistent with those determined pursuant to the October 1, 2014 rent review. The material terms of the five year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis every two years; and (ii) only Geodrill Ghana Limited can terminate the leases by giving twelve months' notice. On October 1, 2016, in conjunction with the rent review, Geodrill Ghana Limited agreed to the increase in rent for the Anwiankwanta property to US\$186,000 per annum and the increase in rent for the Accra property to US\$78,000 per annum. It was also agreed that all future rent increases will be based on USA inflation data.

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**16. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(i) Transactions with related parties (continued)**

Future operating lease commitments related to the properties are:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	264,000	264,000
Payable between 1 and 5 years	330,000	462,000
<b>Total</b>	<b>594,000</b>	<b>726,000</b>

During the three and six month periods ended June 30, 2018, lease payments amounted to US\$66,000 and US\$132,000, respectively (June 30, 2017: US\$66,000 and US\$132,000, respectively).

**(ii) Key management personnel and directors' transactions**

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Group and other management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Key management personnel and directors' compensation for the period comprised:

	<b>Three month period</b>		<b>Six month period</b>	
	<b>ended June 30,</b>		<b>ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Short-term benefits	1,761,642	1,156,654	2,372,705	1,617,362
Share-based payment arrangements	102,390	311,999	187,244	311,999
<b>Total</b>	<b>1,864,032</b>	<b>1,468,653</b>	<b>2,559,949</b>	<b>1,929,361</b>

**(iii) Related party balances**

The related party payable outstanding as at June 30, 2018 amounts to US\$923,025 (December 31, 2017: US\$923,025). The related party payable is to The Harper Family Settlement, is unsecured, interest free and is repayable on demand at the option of the lender.

**17. COMMITMENTS**

**(i) Lease commitments**

Future operating lease commitments related to the properties are:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	375,000	296,400
Payable between 1 and 5 years	469,500	466,800
<b>Total</b>	<b>844,500</b>	<b>763,200</b>



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**17. COMMITMENTS (CONTINUED)**

**(ii) Capital commitments**

As at June 30, 2018, the Group had no capital commitments (December 31, 2017: US\$825,000).

**18. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

Shares have no par value and the number of authorized shares is unlimited.

<b>Share capital</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Shares issued and fully paid	43,635,400	43,300,400
Shares reserved for share option plan	4,363,540	4,330,040
<b>Total shares issued and reserved</b>	<b>47,998,940</b>	<b>47,630,440</b>

**Reconciliation of changes in issued shares**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Shares issued and reserved at January 1,	43,300,400	42,932,900
Stock options exercised	335,000	367,500
<b>Shares issued and reserved at end of period</b>	<b>43,635,400</b>	<b>43,300,400</b>

All shares rank equally with regards to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

**(ii) Share-based payment reserve**

The share-based payment reserve is comprised of the equity portion of the share-based payment transaction as per the Company's share option plan.

The share-based payment expense for the three and six month periods ended June 30, 2018 amounted to US\$110,081 and US\$207,702, respectively (June 30, 2017: US\$357,437 and US\$357,437, respectively) and was included in selling, general and administrative expenses in the Condensed Interim Consolidated Statements of Comprehensive Income.

**(iii) Retained earnings**

This represents the residual of cumulative profits that are available for distribution to shareholders.

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**19. EARNINGS PER SHARE**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the three and six month period ended June 30, 2018 was based on the income attributable to ordinary shareholders of US\$2,375,477 (2017: US\$2,115,332) and US\$3,744,157 (2017: US\$2,394,589), respectively and on the weighted average number of ordinary shares outstanding of 43,559,567 (2017: 43,208,900) and 43,458,433 (2017: 43,189,150), respectively calculated as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Income attributable to ordinary shareholders	2,375,477	2,115,332	3,744,157	2,394,589
<b>Weighted average number of ordinary shares</b>	<b>Three month period ended June 30,</b>		<b>Six month period ended June 30,</b>	
	<b>2018 Shares</b>	<b>2017 Shares</b>	<b>2018 Shares</b>	<b>2017 Shares</b>
Issued ordinary shares	43,559,567	43,208,900	43,458,433	43,189,150
Earnings per share	\$0.05	\$0.05	\$0.09	\$0.06

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three and six month period ended June 30, 2018 was based on the income attributable to ordinary shareholders of US\$2,375,477 (2017: US\$2,115,332) and US\$3,744,157 (2017: US\$2,394,589), respectively and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,776,333 (2017: 44,726,394) and 44,732,880 (2017: 44,813,079), respectively, calculated as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Income attributable to ordinary shareholders	2,375,477	2,115,332	3,744,157	2,394,589
<b>Weighted average number of ordinary shares - diluted</b>	<b>Three month period ended June 30,</b>		<b>Six month period ended June 30,</b>	
	<b>2018 Shares</b>	<b>2017 Shares</b>	<b>2018 Shares</b>	<b>2017 Shares</b>
Weighted average number of ordinary shares - basic	43,559,567	43,208,900	43,458,433	43,189,150
Effect of share options in issue	1,216,766 <sup>(1)</sup>	1,517,494 <sup>(2)</sup>	1,274,447 <sup>(3)</sup>	1,623,929 <sup>(4)</sup>
	<b>44,776,333</b>	<b>44,726,394</b>	<b>44,732,880</b>	<b>44,813,079</b>
Diluted earnings per share	\$0.05	\$0.05	\$0.08	\$0.05

(1) For the three months ended June 30, 2018, 2,206,600 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(2) For the three months ended June 30, 2017, 2,616,600 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(3) For the six months ended June 30, 2018, 2,206,600 options in issue were dilutive and had a \$0.01 effect on the calculation of the diluted earnings per share.

(4) For the six months ended June 30, 2017, 3,241,600 options in issue were dilutive and had a \$0.01 effect on the calculation of the diluted earnings per share.

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**20. DIVIDENDS**

No dividends were paid in 2018 or 2017, nor were dividends declared through to August 11, 2018.

**21. EQUITY-SETTLED SHARE-BASED PAYMENTS**

**Share Option Plan (“SOP”)**

The Company has established a SOP, which is intended to aid in attracting, retaining and motivating the Group’s employees, directors, consultants and advisors through the granting of stock options.

The maximum aggregate number of Ordinary Shares reserved for issuance pursuant to the SOP shall not exceed 10% of the total number of Ordinary Shares then outstanding. The maximum number of Ordinary Shares reserved for issuance pursuant to the SOP and any other security based compensation arrangements of the Company is 10% of the total number of Ordinary Shares then outstanding.

	June 30, 2018		December 31, 2017	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	4,156,600	C\$1.38	2,909,100	C\$0.88
Granted May 15, 2018	110,000	C\$2.00		
Granted May 12, 2017			1,615,000	C\$2.14
Total Granted	110,000	C\$2.00	1,615,000	C\$2.14
Exercised January 15, 2018	(24,500)	C\$0.81		
Exercised March 8, 2018	(90,000)	C\$0.72		
Exercised March 8, 2018	(5,500)	C\$0.81		
Exercised March 15, 2018	(35,000)	C\$0.81		
Exercised March 19, 2018	(15,000)	C\$0.81		
Exercised May 9, 2018	(45,000)	C\$0.81		
Exercised May 11, 2018	(15,000)	C\$0.81		
Exercised May 14, 2018	(105,000)	C\$0.81		
Exercised January 5, 2017			(247,500)	C\$0.74
Exercised April 28, 2017			(26,100)	C\$1.62
Exercised May 2, 2017			(18,900)	C\$1.62
Exercised November 17, 2017			(30,000)	C\$0.66
Exercised December 6, 2017			(45,000)	C\$0.81
Total Exercised	(335,000)	C\$0.79	(367,500)	C\$0.85
Balance ending	3,931,600	C\$1.44	4,156,600	C\$1.38

The following table summarizes the options outstanding at June 30, 2018:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 22, 2014	C\$0.84	325,000	11 mos	325,000
Granted on May 19, 2015	C\$0.51	210,000	1 Yr & 11 mos	210,000
Granted on March 14, 2016	C\$0.79	1,311,600	2 Yrs & 8 mos	1,311,600
Granted on June 30, 2016	C\$1.62	360,000	3 Yrs	360,000
Granted on May 12, 2017	C\$2.14	1,615,000	3 Yrs & 11 mos	1,120,000
Granted on May 15, 2018	C\$2.00	110,000	4 Yrs & 11 mos	110,000

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**21. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)**

The fair values of options granted were calculated using the Black-Scholes option pricing model with the following assumptions:

Granted on	<b>May 22, 2014</b>	<b>May 19, 2015</b>	<b>March 14, 2016</b>	<b>June 30, 2016</b>	<b>May 12, 2017</b>	<b>May 15, 2018</b>
Risk free interest rate	1.37%	1.10%	1.10%	0.57%	1.04%	1.04%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Stock price volatility	55%	111%	46%	52%	50%	40%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	30%	30%	30%	30%	30%	30%

Where relevant, the expected life used in the model used to determine the accounting value attributable to the options has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on historical share price volatility over relevant periods.