

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and nine months ended September 30, 2020 and 2019

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at September 30, 2020 and December 31, 2019*

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

As at September 30, 2020 and December 31, 2019

	Note	September 30, 2020 US\$	December 31, 2019 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	40,439,650	41,698,227
Right-of-use assets	10	280,694	460,285
<b>Total non-current assets</b>		<b>40,720,344</b>	<b>42,158,512</b>
<b>Current assets</b>			
Financial assets at fair value through profit and loss	11	1,714,241	428,787
Inventories	12	18,821,398	17,660,278
Prepayments		1,144,463	598,510
Trade and other receivables	13	15,700,819	15,315,453
Cash	14	9,944,133	10,558,184
<b>Total current assets</b>		<b>47,325,054</b>	<b>44,561,212</b>
<b>Total assets</b>		<b>88,045,398</b>	<b>86,719,724</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		23,421,004	23,204,469
Share-based payment reserve		4,243,802	4,351,899
Retained earnings		43,327,048	38,242,108
Capital and reserves attributable to owners of Geodrill Limited		70,991,854	65,798,476
Non-controlling interests	15	4,210	-
<b>Total equity</b>		<b>70,996,064</b>	<b>65,798,476</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	3,060,904	3,383,765
Loans payable	16	-	1,083,333
Lease liabilities		122,350	115,375
<b>Total non-current liabilities</b>		<b>3,183,254</b>	<b>4,582,473</b>
<b>Current liabilities</b>			
Trade and other payables	17	10,994,167	11,588,931
Loans payable	16	1,625,000	2,287,190
Lease liabilities		87,287	323,088
Taxes payable	8(ii)	709,626	1,689,566
Related party payables	19(iii)	450,000	450,000
<b>Total current liabilities</b>		<b>13,866,080</b>	<b>16,338,775</b>
<b>Total equity and liabilities</b>		<b>88,045,398</b>	<b>86,719,724</b>

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

*For the three and nine months ended September 30, 2020 and 2019*

	Note	Three-month period ended September 30		Nine-month period ended September 30	
		2020 US\$	2019 US\$	2020 US\$	2019 US\$
Revenue		18,864,042	20,292,260	57,729,466	70,206,023
Cost of sales	7	(14,603,499)	(15,710,090)	(43,718,862)	(50,345,171)
<b>Gross profit</b>		<b>4,260,543</b>	<b>4,582,170</b>	<b>14,010,604</b>	<b>19,860,852</b>
Selling, general and administrative expenses	7	(2,397,524)	(2,067,079)	(7,281,866)	(7,616,230)
Foreign exchange gain / (loss)		144,423	118,490	(15,229)	467,472
Other income	11	471,617	-	542,029	-
<b>Results from operating activities</b>		<b>2,479,059</b>	<b>2,633,581</b>	<b>7,255,538</b>	<b>12,712,094</b>
Finance income		184	108	546	2,966
Finance costs		(46,013)	(115,940)	(177,084)	(382,712)
<b>Income before taxation</b>		<b>2,433,230</b>	<b>2,517,749</b>	<b>7,079,000</b>	<b>12,332,348</b>
Income tax expense	8(i)	(471,623)	(1,692,228)	(1,719,757)	(7,498,148)
<b>Income and total comprehensive income for the period</b>		<b>1,961,607</b>	<b>825,521</b>	<b>5,359,243</b>	<b>4,834,200</b>
<b>Income and total comprehensive income for the period is attributable to:</b>					
Owners of Geodrill Limited		1,962,202	825,521	5,359,838	4,834,200
Non-controlling interests		(595)	-	(595)	-
		<b>1,961,607</b>	<b>825,521</b>	<b>5,359,243</b>	<b>4,834,200</b>
<b>Earnings per share for income attributable to the ordinary equity holders of the Company</b>					
Basic	22(i)	\$0.04	\$0.02	\$0.12	\$0.11
Diluted	22(ii)	\$0.04	\$0.02	\$0.12	\$0.11

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

*For the nine months ended September 30, 2020 and 2019*

	<u>Attributable to owners of Geodrill Limited</u>				
	Share Capital US\$	Share- based Payment Reserve US\$	Retained Earnings US\$	Non- controlling interests US\$	Total Equity US\$
Balance at January 1, 2020	23,204,469	4,351,899	38,242,108	-	65,798,476
Income and total comprehensive income for the period	-	-	5,359,838	(595)	5,359,243
Non-controlling interest recognized on acquisition of subsidiary	-	-	-	4,805	4,805
Share buy-back and cancellation	(164,291)	-	(274,898)	-	(439,189)
Exercise of stock options	380,826	(219,099)	-	-	161,727
Share-based payment expense	-	111,002	-	-	111,002
<b>Balance at September 30, 2020</b>	<b>23,421,004</b>	<b>4,243,802</b>	<b>43,327,048</b>	<b>4,210</b>	<b>70,996,064</b>
Balance at January 1, 2019	22,428,417	4,464,416	34,365,745	-	61,258,578
Income and total comprehensive income for the period	-	-	4,834,200	-	4,834,200
Exercise of stock options	673,294	(235,688)	-	-	437,606
Share-based payment expense	-	145,334	-	-	145,334
<b>Balance at September 30, 2019</b>	<b>23,101,711</b>	<b>4,374,062</b>	<b>39,199,945</b>	<b>-</b>	<b>66,675,718</b>

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

*For the nine months ended September 30, 2020 and 2019*

	September 30, 2020 US\$	September 30, 2019 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	7,079,000	12,332,348
<i>Adjustments for:</i>		
Depreciation expense	5,983,458	5,495,914
Movement in expected lifetime credit losses	(8,921)	100,725
Change in provision for inventory obsolescence	134,083	194,940
Equity-settled share-based payment expense	111,002	145,334
Finance income	(546)	(2,966)
Finance costs	177,084	382,712
Fair value gain on current financial assets at fair value through profit and loss	(542,029)	-
Loss on disposal of plant, property and equipment	-	42,807
Unrealized foreign exchange loss / (gain)	111,841	(335,352)
	<b>13,044,972</b>	<b>18,356,462</b>
Change in financial assets at fair value through profit and loss	(743,425)	-
Change in inventories	(1,295,203)	142,917
Change in prepayments	(600,547)	(705,002)
Change in trade and other receivables	(376,445)	(2,628,250)
Change in trade and other payables	(859,547)	943,143
Cash generated from operations	9,169,805	16,109,270
Finance income received	546	2,966
Finance costs paid	(163,273)	(353,630)
Income taxes paid	(3,022,558)	(5,198,512)
<b>Net cash generated from operating activities</b>	<b>5,984,520</b>	<b>10,560,094</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,136,480)	(4,250,411)
<b>Net cash used in investing activities</b>	<b>(4,136,480)</b>	<b>(4,250,411)</b>
<b>Financing activities</b>		
Loan repayments	(1,745,523)	(1,805,785)
Shares issued on options exercised	161,727	437,606
Lease liabilities payments	(350,226)	(335,861)
Share buy-back	(439,189)	-
Transactions with non-controlling interest	4,805	-
Change in related party payables	-	(473,025)
<b>Net cash used in financing activities</b>	<b>(2,368,406)</b>	<b>(2,177,065)</b>
<b>Effect of movement in exchange rates on cash</b>	<b>(93,685)</b>	<b>(131,098)</b>
<b>Net (decrease) / increase in cash</b>	<b>(614,051)</b>	<b>4,001,520</b>
Cash at beginning of the period	10,558,184	4,617,083
<b>Cash at end of the period</b>	<b>9,944,133</b>	<b>8,618,603</b>

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

*For the three and nine months ended September 30, 2020 and 2019*

**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 September 30, 2020 and 2019 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 Mauritius Limited, Geodrill Cote d’Ivoire SARL, D.S.I. Services Limited (“DSI”), D.S.I. Services (IOM) Limited (“DSI IOM”), Drilling Services Malta Limited, Vannin Resources, Unipessoal Limitada, Geodrill Sondagens LTDA, Geodrill Zambia Limited being Geodrill Limited’s registered foreign Zambian operating entity, Geodrill BF SARL being Geodrill Cote d’Ivoire SARL’s registered foreign Burkina Faso operating entity, Geodrill Mali SARL being Geodrill Cote d’Ivoire SARL’s registered foreign Mali operating entity and Recon Drilling S.A.C. of which the Company owns a 95% shareholding, collectively 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 November 11, 2020.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 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, 2019. 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 2019 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, 2019, except for those noted below:

## **GEODRILL LIMITED**

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

*For the three and nine months ended September 30, 2020 and 2019*

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

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

In March 2020, the World Health Organization declared a global pandemic following the emergence and rapid spread of a novel strain of the coronavirus ("COVID-19"). The outbreak and subsequent measures intended to limit the pandemic contributed to significant declines and volatility in financial markets.

The full extent of the impact of COVID-19 on the Company's operations and future financial performance is currently unknown. It will depend on future developments that are uncertain and unpredictable, including the duration and spread of COVID-19, its continued impact on capital and financial markets on a macro scale and any new information that may emerge concerning the severity of the virus. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

##### **(e) Impairment testing**

The Company's market capitalization is currently below the Company's net book value which is considered to be an indicator of potential impairment of the carrying value of the Company's property, plant and equipment as at September 30, 2020. The outcome of the analysis was such that the expected net recoverable amount exceeded the carrying value of the property, plant and equipment and, accordingly, no impairment loss was recognized in the period.

#### **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, 2019.

#### **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:

##### **(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.



## **GEODRILL LIMITED**

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

*For the three and nine months ended September 30, 2020 and 2019*

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

##### **(d) Loans payable**

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

##### **(e) 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.

##### **(f) Financial assets held at fair value through profit and loss**

Financial assets held at fair value through profit and loss consist of listed equity securities and their fair value is measured using quoted market prices.

#### **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 Group operates, particularly in Burkina Faso and Mali) normally in the third quarter, but in recent years the global weather pattern has become somewhat erratic. The Group 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**

The primary format of operating segments is based on the Company's management and internal reporting structure, which is submitted to the Chief Executive Officer (CEO) who is the Chief Operating Decision Maker. Due to the integrated nature of the Company's operations and re-deployment of drill rigs within Africa, the Company maintains only one operating segment.

For the three months ended September 30, 2020, three customers individually contributed 10% or more to the Company's revenue. One customer contributed 19%, one customer contributed 14% and one customer contributed 13%.

For the three months ended September 30, 2019, three customers individually contributed 10% or more to the Company's revenue. One customer contributed 19%, one customer contributed 12% and one customer contributed 11%.

For the nine months ended September 30, 2020, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 23%, one customer contributed 16% and one customer contributed 14%.

For the nine months ended September 30, 2019, two customers individually contributed 10% or more to the Group's revenue. One customer contributed 21% and one customer contributed 11%.

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

For the three and nine months ended September 30, 2020 and 2019

**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		Nine month period	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
<b>Expenses</b>				
Wages and employee benefits	6,949,038	6,576,290	20,174,699	21,807,674
Drill rig expenses and fuel	4,016,096	5,377,991	13,287,946	18,045,726
External services, contractors and others	3,017,399	3,167,213	9,158,696	9,811,015
Depreciation	2,076,061	1,861,841	5,983,458	5,495,914
Repairs and maintenance	891,642	740,317	2,404,850	2,700,347
Allowance for doubtful accounts and expected lifetime credit recovery	50,787	53,517	(8,921)	100,725
	17,001,023	17,777,169	51,000,728	57,961,401

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cost of sales	14,603,499	15,710,090	43,718,862	50,345,171
Selling, general and administrative expenses	2,397,524	2,067,079	7,281,866	7,616,230
	17,001,023	17,777,169	51,000,728	57,961,401

**8. TAXATION****(i) Income tax expense**

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Current tax expense (ii)	634,996	1,456,980	2,042,618	6,198,612
Deferred tax (recovery) / expense (iv)	(163,373)	235,248	(322,861)	1,299,536
	471,623	1,692,228	1,719,757	7,498,148

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2020 and 2019*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Sep. 30 US\$
2020	1,689,566	(3,022,558)	2,042,618	709,626

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Dec. 31 US\$
2019	2,886,000	(6,794,529)	5,598,095	1,689,566

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

	Three month period ended September 30,		Nine month period ended September 30,	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Income before tax	2,433,230	2,517,749	7,079,000	12,332,348
Corporate tax at 25%	608,308	629,437	1,769,750	3,083,087
Add:				
Effect of different rate tax countries	(867,490)	414,255	(2,163,249)	155,440
Adjustment for current tax of prior years	-	5,954	(133,692)	(97,075)
Tax effect of amounts that are not deductible in calculating taxable income	190,472	296,436	296,536	936,515
Tax (recovery) / expense before withholding tax	(68,710) (2.8)%	1,346,082 53.5%	(230,655) (3.3)%	4,077,967 33.1%
Add:				
Withholding tax	540,333	346,146	1,950,412	3,420,181
Total tax expense	471,623	1,692,228	1,719,757	7,498,148
Effective tax rate	19.4%	67.2%	24.3%	60.8%

During the period ended September 30, 2020, the Group recognized an over provision in tax payable in the amount of US\$133,692 (September 30, 2019: over provision of US\$97,075) reflecting the outcome of tax reviews in jurisdictions in which it operates.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2020 and 2019*

**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	3,383,765	707,499
(Recovery) / expense for the period	(322,861)	2,676,266
Balance at end of the period	<u>3,060,904</u>	<u>3,383,765</u>

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

Deferred tax assets and liabilities are attributable to the following:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	1,339,373	833,708
Provision for inventory obsolescence	166,397	140,659
Movement in expected lifetime credit losses	14,115	33,684
Property, plant and equipment	(3,847,103)	(3,498,072)
Deferred tax asset not recognized (2)	(733,686)	(893,744)
Total	<u>(3,060,904)</u>	<u>(3,383,765)</u>

(1) The Group has tax losses in Ghana available for a period of five years expiring on December 31, 2025.

The Group also has tax losses in Zambia available for a period of five years expiring during the years December 31, 2020 through December 31, 2025.

(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.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2020 and 2019*

**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2020</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, 2020	8,153,967	26,098,680	64,487,594	5,165,301	4,517,783	108,423,325
Additions	-	-	-	-	4,388,256	4,388,256
Reclassifications from CWIP	526,084	677,888	2,993,457	204,458	(4,401,887)	-
Assets retired during the period	(43,127)	(369,004)	(1,469,903)	-	-	(1,882,034)
<b>Balance at September 30, 2020</b>	<b>8,636,924</b>	<b>26,407,564</b>	<b>66,011,148</b>	<b>5,369,759</b>	<b>4,504,152</b>	<b>110,929,547</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2020	6,305,651	21,505,127	36,464,660	2,449,660	-	66,725,098
Charge for the period	637,231	1,387,607	3,269,463	352,532	-	5,646,833
Assets retired during the period	(43,127)	(369,004)	(1,469,903)	-	-	(1,882,034)
<b>Balance at September 30, 2020</b>	<b>6,899,755</b>	<b>22,523,730</b>	<b>38,264,220</b>	<b>2,802,192</b>	<b>-</b>	<b>70,489,897</b>
<b>Carrying amounts at September 30, 2020</b>	<b>1,737,169</b>	<b>3,883,834</b>	<b>27,746,928</b>	<b>2,567,567</b>	<b>4,504,152</b>	<b>40,439,650</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.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2020 and 2019*

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

<b>2019</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, 2019	7,836,460	24,637,055	61,994,806	4,098,596	6,218,460	104,785,377
Additions	-	-	-	-	5,462,852	5,462,852
Reclassifications from CWIP	651,765	1,559,466	3,885,593	1,066,705	(7,163,529)	-
Assets retired during the year	(334,258)	(97,841)	(1,392,805)	-	-	(1,824,904)
<b>Balance at December 31, 2019</b>	<b>8,153,967</b>	<b>26,098,680</b>	<b>64,487,594</b>	<b>5,165,301</b>	<b>4,517,783</b>	<b>108,423,325</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2019	6,095,913	20,107,243	33,184,612	2,201,244	-	61,589,012
Charge for the year	543,996	1,495,725	4,672,853	248,416	-	6,960,990
Assets retired during the year	(334,258)	(97,841)	(1,392,805)	-	-	(1,824,904)
<b>Balance at December 31, 2019</b>	<b>6,305,651</b>	<b>21,505,127</b>	<b>36,464,660</b>	<b>2,449,660</b>	<b>-</b>	<b>66,725,098</b>
<b>Carrying amounts at December 31, 2019</b>	<b>1,848,316</b>	<b>4,593,553</b>	<b>28,022,934</b>	<b>2,715,641</b>	<b>4,517,783</b>	<b>41,698,227</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.

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

For the three and nine months ended September 30, 2020 and 2019

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

Depreciation has been charged in comprehensive income as follows:

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Cost of sales	1,854,315	1,709,886	5,300,792	5,035,380
Selling, general and administrative expenses	107,512	151,955	346,041	460,534
	1,961,827	1,861,841	5,646,833	5,495,914

As at September 30, 2020, property, plant and equipment with a carrying amount of US\$6,167,958 (December 31, 2019: US\$12,856,211) have been pledged as security for certain loans (Note 16).

**10. RIGHT-OF-USE ASSETS**

	September 30, 2020	December 31, 2019
	US\$	US\$
<b>Cost</b>		
Balance at January 1,	880,749	768,299
Additions	151,707	117,234
Movement in foreign exchange	5,327	(4,784)
<b>Balance at the end of the period</b>	<b>1,037,783</b>	<b>880,749</b>
<b>Accumulated Depreciation</b>		
Balance at January 1,	420,464	-
Charge for the period	336,625	420,464
<b>Balance at the end of the period</b>	<b>757,089</b>	<b>420,464</b>
<b>Carrying amounts at the end of the period</b>	<b>280,694</b>	<b>460,285</b>

The amount of depreciation recognized as an expense in the three and nine months ended September 30, 2020 was US\$114,234 and US\$336,625 respectively (three and nine months ended September 30, 2019: US\$109,346 and US\$314,476, respectively).

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and nine months ended September 30, 2020 and 2019***11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Group classifies listed equity investments that are held for trading as financial assets at fair value through profit or loss (FVTPL). Movements in the period are shown in the table below:

	September 30, 2020 US\$	December 31, 2019 US\$
Balance at January 1,	428,787	-
Additions	743,425	570,790
Gain / (loss) recognized through profit and loss	542,029	(142,003)
<b>Balance at end of the period</b>	<b>1,714,241</b>	<b>428,787</b>

**12. INVENTORIES**

	September 30, 2020 US\$	December 31, 2019 US\$
Inventories on hand	18,710,485	17,896,565
Inventories in transit	892,967	482,864
Provision for obsolescence	(782,054)	(719,151)
	18,821,398	17,660,278

The amount of inventories recognized as expense in the three and nine months ended September 30, 2020 is US\$5,200,312 and US\$16,456,280, respectively (three and nine months ended September 30, 2019: US\$6,419,526 and US\$21,804,958, respectively). Inventory write downs in the three and nine months ended September 30, 2020 amounted to US\$1,405 and US\$71,180, respectively (three and nine months ended September 30, 2019: write down of US\$Nil and US\$26,292, respectively).

**13. TRADE AND OTHER RECEIVABLES**

	September 30, 2020 US\$	December 31, 2019 US\$
Trade receivables	15,702,622	14,964,141
Expected life time credit losses	(294,963)	(303,884)
Net trade receivables	15,407,659	14,660,257
Cash advances	43,969	98,924
Sundry receivables	249,191	556,272
	15,700,819	15,315,453



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

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

As at September 30, 2020, trade receivables with a carrying amount of US\$5,968,370 (December 31, 2019: US\$6,144,830) have been pledged as security for certain loans (Note 16).

The movements in the expected lifetime credit losses is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	303,884	1,110,911
Movement in expected lifetime credit losses in the period	(8,921)	(29,588)
Amounts written off in the period	-	(777,439)
<b>Balance at end of period</b>	<b>294,963</b>	<b>303,884</b>

Trade and other receivables are recorded at amortized cost. Bad debt recovery recorded on trade and other receivables during the period ended September 30, 2020 amounted to US\$Nil (December 31, 2019: US\$Nil).

The Group measures the loss allowance for trade receivables at an amount equal to expected lifetime credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

**14. CASH**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank	9,787,887	10,456,335
Cash on hand	156,246	101,849
<b></b>	<b>9,944,133</b>	<b>10,558,184</b>

As at September 30, 2020, cash of US\$9,944,133 was available to the Group (December 31, 2019: US\$10,558,184).

**15. NON-CONTROLLING INTERESTS**

On June 30, 2020, the Group acquired a 95% controlling interest in Recon Drilling S.A.C. As at September 30, 2020, Recon Drilling S.A.C. has net assets of US\$84,202 and the Group recognized a non-controlling interest of US\$4,210.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and nine months ended September 30, 2020 and 2019***16. LOANS PAYABLE**

	September 30, 2020 US\$	December 31, 2019 US\$
US\$6.5M Medium Term Loan (i)	1,625,000	3,250,000
US\$3.5M Revolving Line of Credit (ii)	-	-
Equipment Loan (iii)	-	120,523
Total	1,625,000	3,370,523
Current portion of loans	1,625,000	2,287,190
Non-current portion of loans	-	1,083,333

**(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") matures on April 30, 2021. Principal is repaid in 12 equal quarterly instalments required to satisfy the principal over the term of the loan commencing on July 31, 2018. 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 13). 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 is subject to, and as at September 30, 2020, the Group was in compliance with normal course covenants.

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

On April 29, 2020, the Group entered into a new 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") matures on April 30, 2021, repayable interest only monthly and principal one year after initial drawdown, bears interest at a rate of 7.5% 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 13). 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 Group has not drawn on the US\$3.5M Revolving Line of Credit as at September 30, 2020. The US\$3.5M Revolving Line of Credit is subject to, and as at September 30, 2020, the Group was in compliance with normal course covenants.

**(iii) Equipment Loan**

On March 6, 2017, the Group entered into a Supply of Goods and Services Contract ("Equipment Loan") with Sandvik Canada Inc. ("Sandvik") relating to the purchase of two drill rigs with a total purchase price of US\$0.9 million. 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 bore interest at 7.7% per annum, included an arrangement fee and stipulated that the final title to the rigs were 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 Equipment Loan was 7.93%. The Equipment Loan was fully repaid on April 1, 2020.

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

For the three and nine months ended September 30, 2020 and 2019

**17. TRADE AND OTHER PAYABLES**

	September 30, 2020 US\$	December 31, 2019 US\$
Trade payables	4,537,558	5,491,743
Creditors and accrued expenses	5,836,828	4,902,974
VAT liability	619,781	1,194,214
	10,994,167	11,588,931

**18. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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. The fair value of financial assets held at fair value through profit and loss are measured using quoted market prices.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at September 30, 2020 and December 31, 2019.

**19. RELATED PARTY TRANSACTIONS**

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2020	2019
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	100%	100%
D.S.I. Services (IOM) Limited	Subsidiary	Isle of Man	100%	100%
Geotool Limited	Subsidiary	British Virgin Islands	100%	100%
Geo-Forage BF SARL	Subsidiary	Burkina Faso	100%	100%
Geodrill BF SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geo-Forage Mali SARL	Subsidiary	Mali	100%	100%
Geodrill Mali SARL	Registered foreign operating entity	Cote d'Ivoire	100%	N/A
Geo-Forage Senegal SARL	Subsidiary	Senegal	100%	100%
Geodrill Limited Zambia	Registered foreign operating entity	Zambia	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Drilling Serices Malta Limited	Subsidiary	Malta	100%	N/A
Vannin Resources, Unipessoal Limitada	Subsidiary	Madera	100%	N/A
Geodrill Sondagens LTDA	Subsidiary	Brazil	100%	N/A
Recon Drilling S.A.C.	Subsidiary	Peru	95%	N/A
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-

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

*For the three and nine months ended September 30, 2020 and 2019*

**19. RELATED PARTY TRANSACTIONS (CONTINUED)****(i) Transactions with related parties**

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

The Harper Family Settlement owns 39.3% (December 31, 2019: 39.3%) of the issued share capital of Geodrill Limited. On October 1, 2020, Geodrill Ghana Limited entered into new lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a two year term and rent for the Anwiankwanta property of US\$202,000 per annum and rent for the Accra property of US\$82,000 per annum. The material terms of the two year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis on or before October 1, 2022; and (ii) only Geodrill Ghana Limited can terminate the leases by giving twelve months' notice. It was also agreed that all future rent increases will be based on USA inflation data.

For the period ending September 30, 2020, the right-of-use assets relating to the properties above was US\$Nil (December 31, 2019: US\$195,214) and the related lease liabilities were US\$Nil (December 31, 2019: US\$179,499).

The Group has paid fees to Clearwater Fiduciary Services Limited during the three and nine months ended September 30, 2020 of US\$Nil and US\$54,592, respectively (three and nine months ended September 30, 2019: US\$Nil and US\$Nil, respectively). One of the directors of Clearwater Fiduciary Services Limited is also a director of Geodrill Limited.

**(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>Nine month period</b>	
	<b>ended September 30,</b>		<b>ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Short-term benefits	921,133	893,116	2,756,392	2,759,428
Share-based payment arrangements	26,459	-	111,002	145,334
	<u>947,592</u>	<u>893,116</u>	<u>2,867,394</u>	<u>2,904,762</u>

**(iii) Related party balances**

The related party payables balance payable to The Harper Family Settlement as at September 30, 2020 amounts to US\$450,000 (December 31, 2019: US\$450,000). The related party payables balance is unsecured, interest free and is repayable on demand at the option of The Harper Family Settlement.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2020 and 2019*

**20. COMMITMENTS**

As at September 30, 2020, the Group had no capital commitments (December 31, 2019: US\$Nil).

**21. 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>September 30, 2020</b>	<b>December 31, 2019</b>
Shares issued and fully paid	44,404,200	44,430,400
Shares reserved for share option plan	4,440,420	4,443,040
<b>Total shares issued and reserved</b>	<b>48,844,620</b>	<b>48,873,440</b>

**Reconciliation of changes in issued shares**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Shares issued and reserved at January 1,	44,430,400	43,574,500
Stock options exercised	274,100	855,900
Share buy-back	(300,300)	-
<b>Shares issued and reserved at end of period</b>	<b>44,404,200</b>	<b>44,430,400</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.

During the nine month period ended September 30, 2020, the Company re-purchased and canceled 300,300 shares at an average price of C\$1.85 (for the year ended December 31, 2019, no shares were repurchased and cancelled).

**(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 nine month periods ended September 30, 2020 amounted to US\$26,459 and US\$111,002, respectively (September 30, 2019: US\$Nil and US\$145,334, 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.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and nine months ended September 30, 2020 and 2019***22. EARNINGS PER SHARE****(i) Basic earnings per share**

The calculation of basic earnings per share for the three and nine month periods ended September 30, 2020 was based on the income attributable to ordinary shareholders of US\$1,961,607 (2019: US\$825,521) and US\$5,359,838 (2019: US\$4,834,200), respectively and on the weighted average number of ordinary shares outstanding of 44,520,878 (2019: 44,191,666) and 44,494,185 (2019: 43,914,822), respectively calculated as follows:

	Three month period ended September 30,		Nine month period ended September 30,	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Income attributable to ordinary shareholders	1,961,607	825,521	5,359,838	4,834,200
<b>Weighted average number of ordinary shares</b>	<b>Three month period ended September 30,</b>		<b>Nine month period ended September 30,</b>	
	<b>2020 Shares</b>	<b>2019 Shares</b>	<b>2020 Shares</b>	<b>2019 Shares</b>
Issued ordinary shares	44,520,878	44,191,666	44,494,185	43,914,822
Earnings per share	\$0.04	\$0.02	\$0.12	\$0.11

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

For the three and nine months ended September 30, 2020 and 2019

**22. EARNINGS PER SHARE (CONTINUED)****(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three and nine month period ended September 30, 2020 was based on the income attributable to ordinary shareholders of US\$1,961,607 (2019: US\$825,521) and US\$5,359,838 (2019: US\$4,834,200), respectively and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,875,326 (2019: 44,880,910) and 44,916,437 (2019: 44,529,007), respectively, calculated as follows:

	Three month period ended September 30,		Nine month period ended September 30,	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Income attributable to ordinary shareholders	1,961,607	825,521	5,359,838	4,834,200
<b>Weighted average number of ordinary shares - diluted</b>				
	Three month period ended September 30,		Nine month period ended September 30,	
	2020 Shares	2019 Shares	2020 Shares	2019 Shares
Weighted average number of ordinary shares - basic	44,520,878	44,191,666	44,494,185	43,914,822
Effect of share options in issue	354,448 <sup>(1)</sup>	689,244 <sup>(2)</sup>	422,252 <sup>(3)</sup>	614,185 <sup>(4)</sup>
	44,875,326	44,880,910	44,916,437	44,529,007
Diluted earnings per share	\$0.04	\$0.02	\$0.12	\$0.11

(1) For the three months ended September 30, 2020, 2,131,600 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 September 30, 2019, 1,820,700 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(3) For the nine months ended September 30, 2020, 1,081,600 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(4) For the nine months ended September 30, 2019, 1,490,700 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

**23. DIVIDENDS**

No dividends were paid in 2020 or 2019, and no dividends were declared through to November 11, 2020.

**24. 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.

**GEODRILL LIMITED**  
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**24. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)**

	September 30, 2020		December 31, 2019	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	3,370,700	C\$1.58	3,931,600	C\$1.44
Granted March 9, 2020	750,000	C\$1.71		
Granted May 15, 2019			365,000	C\$1.36
Total Granted	750,000	C\$1.71	365,000	C\$1.36
Exercised February 13, 2020	(45,000)	C\$0.51		
Exercised March 31, 2020	(15,000)	C\$0.51		
Exercised May 15, 2020	(75,000)	C\$0.57		
Exercised August 10, 2020	(139,100)	C\$1.05		
Exercised March 11, 2019			(45,000)	C\$0.84
Exercised March 12, 2019			(45,000)	C\$0.84
Exercised March 14, 2019			(25,000)	C\$0.84
Exercised March 18, 2019			(150,000)	C\$0.84
Exercised March 19, 2019			(30,000)	C\$0.84
Exercised March 21, 2019			(15,000)	C\$0.84
Exercised May 15, 2019			(15,000)	C\$0.84
Exercised June 13, 2019			(30,000)	C\$0.51
Exercised June 13, 2019			(15,000)	C\$0.79
Exercised June 21, 2019			(135,000)	C\$0.79
Exercised August 9, 2019			(185,000)	C\$0.81
Exercised September 11, 2019			(30,900)	C\$0.79
Exercised December 16, 2019			(135,000)	C\$0.79
Total Exercised	(274,100)	C\$0.80	(855,900)	C\$0.80
Forfeited May 15, 2020	(30,000)	C\$0.51		
Forfeited September 2, 2019			(70,000)	C\$1.88
Total Forfeited	(30,000)	C\$0.51	(70,000)	C\$1.88
Balance ending	3,816,600	C\$1.67	3,370,700	C\$1.58

The following table summarizes the options outstanding at September 30, 2020:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on March 14, 2016	C\$0.79	756,600	6 mos	756,600
Granted on June 30, 2016	C\$1.62	300,000	9 mos	300,000
Granted on May 12, 2017	C\$2.14	1,595,000	1 Yrs & 8 mos	1,595,000
Granted on May 16, 2018	C\$2.00	90,000	2 Yrs & 8 mos	90,000
Granted on May 15, 2019	C\$1.36	325,000	3 Yrs & 8 mos	325,000
Granted on March 9, 2020	C\$1.71	750,000	4 Yrs & 6 mos	150,000



**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and nine months ended September 30, 2020 and 2019***24. 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	March 14, 2016	June 30, 2016	May 12, 2017	May 16, 2018	May 15, 2019	March 9, 2020
Risk free interest rate	1.10%	0.57%	1.04%	1.04%	1.54%	0.53%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Stock price volatility	46%	52%	50%	40%	42%	43%
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.

**25. CONTINGENCY**

On December 20, 2019, the Burkina Faso Tax Authority's Head of Taxpayers Management Department ("BFTA") made an assessment on Geodrill Limited claiming tax and penalties of \$17.9 million (10,460,774,574 CFA) for the years 2016 through 2018. For the years of assessment, the BFTA has assessed that Geodrill Limited had a permanent establishment in Burkina Faso and was subject to taxes, penalties and interest provided in Burkina Faso's tax legislation. Geodrill Limited maintains that it did not have a permanent establishment in Burkina Faso in the years of assessment and operated in Burkina Faso as a non-resident tax payer. As a non-resident tax payer, Geodrill Limited was subject to a withholding tax on a percentage of its revenue as it was not registered with the BFTA and had never obtained a unique financial identification number. During the years 2016 and 2017, Geodrill Limited was subject to a non-resident ten percent (10%) withholding tax and during the year 2018, Geodrill Limited was subject to a twenty percent (20%) non-resident withholding tax. The non-resident withholding tax is paid to the Director General of taxes directly from Geodrill Limited's clients on Geodrill Limited's behalf.

Geodrill has reviewed the BFTA assessment, submitted its official response letter and continues to disagree with their conclusion and believes it is without merit. Geodrill maintains that it does not have a permanent establishment in Burkina Faso and believes it was appropriately taxed for the years 2016 – 2018 through the non-resident withholding tax system.

**26. SUBSEQUENT EVENT**

On November 3, 2020, the Group placed an order for a new drill rig. The Group has made a down payment with two further payments expected, one in the first quarter of 2021 and one in the second quarter of 2021. The Group expects the drill rig to be shipped in the second quarter of 2021.