

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended March 31, 2021 and 2020

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at March 31, 2021 and December 31, 2020*

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

As at March 31, 2021 and December 31, 2020

	Note	March 31, 2021 US\$	December 31, 2020 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	42,502,795	42,355,271
Right-of-use assets	10	543,108	711,590
<b>Total non-current assets</b>		<b>43,045,903</b>	<b>43,066,861</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	11	2,723,309	2,066,648
Inventories	12	24,407,994	22,498,525
Prepayments		1,798,477	1,493,013
Trade and other receivables	13	34,564,657	22,650,964
Cash		5,927,956	6,564,525
<b>Total current assets</b>		<b>69,422,393</b>	<b>55,273,675</b>
<b>Total assets</b>		<b>112,468,296</b>	<b>98,340,536</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		24,325,476	23,378,281
Share-based payment reserve		3,861,147	4,270,588
Retained earnings		50,711,139	45,410,722
Capital and reserves attributable to owners of Geodrill Limited		78,897,762	73,059,591
Non-controlling interests	14	(2,120)	119
<b>Total equity</b>		<b>78,895,642</b>	<b>73,059,710</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	3,536,859	3,312,310
Lease liabilities		186,734	321,941
<b>Total non-current liabilities</b>		<b>3,723,593</b>	<b>3,634,251</b>
<b>Current liabilities</b>			
Trade and other payables	16	20,256,763	16,474,655
Loans payable	15	6,541,667	3,083,333
Lease liabilities		331,302	343,949
Taxes payable	8(ii)	2,494,329	1,294,638
Related party payables	18(iii)	225,000	450,000
<b>Total current liabilities</b>		<b>29,849,061</b>	<b>21,646,575</b>
<b>Total equity and liabilities</b>		<b>112,468,296</b>	<b>98,340,536</b>
<b>Contingency</b>	24		

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

*For the three months ended March 31, 2021 and 2020*

	Note	March 31, 2021 US\$	March 31, 2020 US\$
Revenue		30,665,141	18,003,326
Cost of sales	7	(21,032,734)	(14,888,056)
<b>Gross profit</b>		<b>9,632,407</b>	<b>3,115,270</b>
Selling, general and administrative expenses	7	(3,045,600)	(2,738,289)
Foreign exchange (loss) / gain		(200,342)	189,618
Other gain / (loss)	11	1,283,949	(57,706)
<b>Results from operating activities</b>		<b>7,670,414</b>	<b>508,893</b>
Finance income		-	166
Finance costs		(92,831)	(70,179)
<b>Income before taxation</b>		<b>7,577,583</b>	<b>438,880</b>
Income tax expense	8(i)	(1,924,695)	(321,838)
<b>Income and total comprehensive income for the period</b>		<b>5,652,888</b>	<b>117,042</b>
<b>Income and total comprehensive income for the period is attributable to:</b>			
Owners of Geodrill Limited		5,655,127	117,042
Non-controlling interests		(2,239)	-
		<b>5,652,888</b>	<b>117,042</b>
<b>Earnings per share for income attributable to the ordinary equity holders of the Company</b>			
Basic	21(i)	\$0.13	\$0.00
Diluted	21(ii)	\$0.13	\$0.00

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

*For the three months ended March 31, 2021 and 2020*

	<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, 2021	23,378,281	4,270,588	45,410,722	119	73,059,710
Income and total comprehensive income for the period	-	-	5,655,127	(2,239)	5,652,888
Dividend provided for or paid (Note 22)	-	-	(354,499)	-	(354,499)
Share buy-back and cancellation	(160)	-	(211)	-	(371)
Exercise of stock options	947,355	(508,227)	-	-	439,128
Share-based payment expense	-	98,786	-	-	98,786
<b>Balance at March 31, 2021</b>	<b>24,325,476</b>	<b>3,861,147</b>	<b>50,711,139</b>	<b>(2,120)</b>	<b>78,895,642</b>
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	-	-	117,042	-	117,042
Share buy-back and cancellation	(7,730)	-	(11,115)	-	(18,845)
Exercise of stock options	37,346	(14,031)	-	-	23,315
Share-based payment expense	-	59,467	-	-	59,467
<b>Balance at March 31, 2020</b>	<b>23,234,085</b>	<b>4,397,335</b>	<b>38,348,035</b>	<b>-</b>	<b>65,979,455</b>

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

*For the three months ended March 31, 2021 and 2020*

	March 31, 2021 US\$	March 31, 2020 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	7,577,583	438,880
<i>Adjustments for:</i>		
Depreciation expense	2,351,037	1,705,848
Movement in expected lifetime credit losses	261,796	7,290
Change in provision for inventory obsolescence	(46,603)	52,945
Equity-settled share-based payment expense	98,786	59,467
Finance income	-	(166)
Finance costs	92,831	70,179
Fair value (gains) / losses on non-current financial assets at fair value through profit and loss	(1,283,949)	57,706
Unrealized foreign exchange gain	(24,803)	(101,089)
	<b>9,026,678</b>	<b>2,291,060</b>
Change in financial assets at fair value through profit and loss	627,288	(88,713)
Change in inventories	(1,862,866)	(526,286)
Change in prepayments	(305,464)	(93,161)
Change in trade and other receivables	(12,175,490)	(5,285,037)
Change in trade and other payables	2,240,255	1,320,341
	(2,449,599)	(2,381,796)
Finance income received	-	166
Finance costs paid	(84,393)	(64,508)
Income taxes paid	(500,455)	(862,355)
<b>Net cash used in operating activities</b>	<b>(3,034,447)</b>	<b>(3,308,493)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,396,438)	(658,294)
<b>Net cash used in investing activities</b>	<b>(1,396,438)</b>	<b>(658,294)</b>
<b>Financing activities</b>		
Loans received	4,000,000	-
Loan repayments	(541,666)	(601,928)
Cash received on exercise of options	439,128	23,315
Lease liabilities payments	(89,432)	(91,608)
Share buy-back	(371)	(18,845)
Change in related party payables	(225,000)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>3,582,659</b>	<b>(689,066)</b>
<b>Effect of movement in exchange rates on cash</b>	<b>211,657</b>	<b>(88,618)</b>
<b>Net decrease in cash</b>	<b>(636,569)</b>	<b>(4,744,471)</b>
Cash at beginning of the period	6,564,525	10,558,184
<b>Cash at end of the period</b>	<b>5,927,956</b>	<b>5,813,713</b>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2021 and 2020*

**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 March 31, 2021 and 2020 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Limited, Geodrill Mauritius Limited, Geodrill Cote d’Ivoire SARL, 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, Recon Drilling S.A.C. of which the Company owns a 95% shareholding and Geo-Drill SARL 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 May 11, 2021.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 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, 2020. 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 2020 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, 2020.

**GEODRILL LIMITED**

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

*For the three months ended March 31, 2021 and 2020*

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

**(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 March 31, 2021. 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, 2020.

**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.

**(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.



**GEODRILL LIMITED**

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

*For the three months ended March 31, 2021 and 2020*

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

**(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, however the first quarter of 2021 was extremely busy and not affected by the shutdown. 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 March 31, 2021, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 27%, one customer contributed 15% and one customer contributed 12%.

For the three months ended March 31, 2020, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 29%, one customer contributed 24% and one customer contributed 10%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2021 and 2020*

**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:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Expenses</b>		
Wages and employee benefits	9,298,266	6,941,222
Drill rig expenses and fuel	7,365,709	4,549,772
External services, contractors and others	3,641,198	3,538,989
Depreciation	2,351,037	1,705,848
Repairs and maintenance	1,160,327	881,991
Allowance for doubtful accounts and expected lifetime credit expense	261,797	8,523
	<u>24,078,334</u>	<u>17,626,345</u>
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	21,032,734	14,888,056
Selling, general and administrative expenses	3,045,600	2,738,289
	<u>24,078,334</u>	<u>17,626,345</u>

**8. TAXATION**

**(i) Income tax expense**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Current tax expense (iii)	1,700,146	600,642
Deferred tax expense / (recovery) (iv)	224,549	(278,804)
	<u>1,924,695</u>	<u>321,838</u>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2021 and 2020*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	<b>Balance at Jan. 1 US\$</b>	<b>Payments during the period US\$</b>	<b>Charge for the period US\$</b>	<b>Balance at Mar. 31 US\$</b>
2021	1,294,638	(500,455)	1,700,146	2,494,329

	<b>Balance at Jan. 1 US\$</b>	<b>Payments during the period US\$</b>	<b>Charge for the period US\$</b>	<b>Balance at Dec. 31 US\$</b>
2020	1,689,566	(3,545,705)	3,150,777	1,294,638

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

	<b>March 31, 2021 US\$</b>	<b>March 31, 2020 US\$</b>
Income before tax	7,577,583	438,880
Corporate tax at 25%	1,894,396	109,720
Add:		
Effect of different rate tax countries	(1,231,235)	(414,703)
Adjustments for current tax of prior years	(70,979)	-
Tax effect of amounts that are not deductible in calculating taxable income	83,465	53,247
Tax expense before withholding tax	675,647	(251,736)
	8.9%	(57%)
Add:		
Withholding tax	1,249,048	573,574
Total tax expense	1,924,695	321,838
Effective tax rate	25.4%	73.3%

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2021 and 2020*

**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	3,312,310	3,383,765
Expense / (recovery) for the period	224,549	(71,455)
	<u>3,536,859</u>	<u>3,312,310</u>

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

Deferred tax assets and liabilities are attributable to the following:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	736,236	989,698
Provision for inventory obsolescence	155,533	172,311
Movement in expected lifetime credit losses	23,349	9,179
Property, plant and equipment	(4,220,788)	(3,889,321)
Deferred tax asset not recognized (2)	(231,189)	(594,177)
	<u>(3,536,859)</u>	<u>(3,312,310)</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, 2021 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 months ended March 31, 2021 and 2020*

**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2021</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, 2021	9,381,753	26,900,039	66,680,227	5,395,227	5,788,812	114,146,058
Additions	-	-	-	-	2,384,867	2,384,867
Reclassifications from CWIP	420,582	681,510	964,024	41,050	(2,107,166)	-
Assets retired during the period	(11,140)	(185,763)	(782,759)	-	-	(979,662)
<b>Balance at March 31, 2021</b>	<b>9,791,195</b>	<b>27,395,786</b>	<b>66,861,492</b>	<b>5,436,277</b>	<b>6,066,513</b>	<b>115,551,263</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2021	7,140,065	22,733,466	39,006,535	2,910,721	-	71,790,787
Charge for the period	264,777	426,588	1,438,482	107,496	-	2,237,343
Assets retired during the period	(11,140)	(185,763)	(782,759)	-	-	(979,662)
<b>Balance at March 31, 2021</b>	<b>7,393,702</b>	<b>22,974,291</b>	<b>39,662,258</b>	<b>3,018,217</b>	<b>-</b>	<b>73,048,468</b>
<b>Carrying amounts at March 31, 2021</b>	<b>2,397,493</b>	<b>4,421,495</b>	<b>27,199,234</b>	<b>2,418,060</b>	<b>6,066,513</b>	<b>42,502,795</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)**  
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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<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	-	-	-	-	8,349,249	8,349,249
Reclassifications from CWIP	1,270,913	1,463,184	4,114,197	229,926	(7,078,220)	-
Assets retired during the year	(43,127)	(661,825)	(1,921,564)	-	-	(2,626,516)
<b>Balance at December 31, 2020</b>	<b>9,381,753</b>	<b>26,900,039</b>	<b>66,680,227</b>	<b>5,395,227</b>	<b>5,788,812</b>	<b>114,146,058</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 year	877,541	1,890,164	4,463,439	461,061	-	7,692,205
Assets retired during the year	(43,127)	(661,825)	(1,921,564)	-	-	(2,626,516)
<b>Balance at December 31, 2020</b>	<b>7,140,065</b>	<b>22,733,466</b>	<b>39,006,535</b>	<b>2,910,721</b>	<b>-</b>	<b>71,790,787</b>
<b>Carrying amounts at December 31, 2020</b>	<b>2,241,688</b>	<b>4,166,573</b>	<b>27,673,692</b>	<b>2,484,506</b>	<b>5,788,812</b>	<b>42,355,271</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 months ended March 31, 2021 and 2020*

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

Depreciation has been charged in comprehensive income as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	2,129,844	1,510,396
Selling, general and administrative expenses	107,499	89,101
	<u>2,237,343</u>	<u>1,599,497</u>

As at March 31, 2021, property, plant and equipment with a carrying amount of US\$10,381,945 (December 31, 2020: US\$10,351,586) have been pledged as security for certain loans (Note 15).

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cost</b>		
Balance at January 1,	1,579,632	880,749
Additions	-	694,744
Disposals	(55,833)	-
Movement in foreign exchange	1,045	4,139
<b>Balance at the end of the period</b>	<u><b>1,524,844</b></u>	<u><b>1,579,632</b></u>
<b>Accumulated Depreciation</b>		
Balance at January 1,	868,042	420,464
Charge for the period	113,694	447,578
<b>Balance at the end of the period</b>	<u><b>981,736</b></u>	<u><b>868,042</b></u>
<b>Carrying amounts</b>		
<b>at the end of the period</b>	<u><b>543,108</b></u>	<u><b>711,590</b></u>

The amount of depreciation recognized as an expense in the period ended March 31, 2021 was US\$113,694 (2020: US\$106,351).

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2021 and 2020***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 year are shown in the table below:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1,	2,066,648	428,787
Additions	441,473	1,313,868
Disposals	(1,068,761)	-
Gain recognized through profit and loss	1,283,949	323,993
	<b>2,723,309</b>	<b>2,066,648</b>

**12. INVENTORIES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Inventories on hand	23,902,230	21,148,660
Inventories in transit	1,268,843	2,165,087
Provision for obsolescence	(763,079)	(815,222)
	<b>24,407,994</b>	<b>22,498,525</b>

The amount of inventories recognized as expense in the three months ended March 31, 2021 is US\$8,710,225, (March 31, 2020: US\$6,197,407). Inventory write downs in the three months ended March 31, 2021 amounted to US\$5,540 (March 31, 2020: US\$45,630).

**13. TRADE AND OTHER RECEIVABLES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Trade receivables	34,471,743	22,268,758
Expected life time credit losses	(443,479)	(181,683)
Net trade receivables	34,028,264	22,087,075
Sundry receivables	536,393	563,889
	<b>34,564,657</b>	<b>22,650,964</b>

As at March 31, 2021, trade receivables with a carrying amount of US\$10,786,842 (December 31, 2020: US\$7,922,813) have been pledged as security for certain loans (Note 15).



**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2021 and 2020***13. TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	181,683	303,884
Movement in expected lifetime credit losses in the period	261,796	(122,201)
Specific provisions made in the period	-	233,246
Amounts written off in the period	-	(233,246)
	<u>443,479</u>	<u>181,683</u>

**14 NON-CONTROLLING INTERESTS**

Non-controlling interest relates to 5% of Recon Drilling S.A.C not owned by the Group of US\$2,120 and 5% of Geo-Drill SARL not owned by the Group of US\$Nil.

**15. LOANS PAYABLE**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
US\$6.5M Medium Term Loan (i)	541,667	1,083,333
US\$7.5M Revolving Line of Credit (ii)	6,000,000	2,000,000
Total	<u>6,541,667</u>	<u>3,083,333</u>
Current portion of loans	6,541,667	3,083,333
Non-current portion of loans	<u>-</u>	<u>-</u>

**(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 March 31, 2021, the Group was in compliance with normal course covenants.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2021 and 2020***15. LOANS PAYABLE (CONTINUED)****(ii) US\$7.5M Revolving Line of Credit**

On December 29, 2020, the Group increased the limit on the Revolving Line of Credit with Ecobank Ghana Limited from US\$3.5M to US\$7.5M. The Revolving Line of Credit in the amount of US\$7.5 million (the "US\$7.5M Revolving Line of Credit") matures on April 30, 2021 (Note 26), interest is repaid monthly and principal is repaid one year after drawdown. The US\$7.5M Revolving Line of Credit 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\$7.5M Revolving Line of Credit is secured by certain assets of the Group (Note 9 and Note 13). The US\$7.5M 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. Amounts drawn on the US\$7.5M may be converted into a Medium Term Loan of up to thirty six months subject to approval and receipt of certain information by Ecobank Ghana Limited. As at March 31, 2021, the Group had drawn US\$6.0M on the US\$7.5M Revolving Line of Credit. The US\$7.5M Revolving Line of Credit is subject to, and as at March 31, 2021, the Group was in compliance with normal course covenants.

**16. TRADE AND OTHER PAYABLES**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	10,619,331	9,282,353
Other creditors and accrued expenses	8,565,759	6,284,294
VAT liability	1,071,673	908,008
	<hr/> 20,256,763	<hr/> 16,474,655

**17. 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 March 31, 2021 and December 31, 2020.

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**18. RELATED PARTY TRANSACTIONS**

<b>Related party</b>	<b>Relationship</b>	<b>Incorporation</b>	<b>2021</b>	<b>2020</b>
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill BF SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geodrill Mali SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geodrill Limited Zambia	Registered foreign operating entity	Zambia	100%	100%
Drilling Services Malta Limited	Subsidiary	Malta	100%	100%
Vannin Resources, Unipessoal Limitada	Subsidiary	Madeira	100%	100%
Geodrill Sondagens LTDA	Subsidiary	Brazil	100%	100%
Recon Drilling S.A.C.	Subsidiary	Peru	95%	95%
Geo-Drill SARL	Subsidiary	Mali	95%	-
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-
Geotool Limited	Subsidiary	British Virgin Islands	N/A <sup>(1)</sup>	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
D.S.I. Services (IOM) Limited	Subsidiary	Isle of Man	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Geo-Forage BF SARL	Subsidiary	Burkina Faso	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Geo-Forage Mali SARL	Subsidiary	Mali	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
Geo-Forage Senegal SARL	Subsidiary	Senegal	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>

<sup>(1)</sup> Geotool Limited has been dissolved during 2021.

<sup>(2)</sup> These companies have been dissolved during 2020.

**(i) Transactions with related parties**

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

The Harper Family Settlement owns 38.9% (December 31, 2020: 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 March 31, 2021, the right-of-use assets relating to the properties above was US\$399,823 (December 31, 2020: US\$466,136) and the related lease liabilities were US\$406,873 (December 31, 2020: US\$470,385).

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**18. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(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>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Short-term benefits	1,562,525	921,294
Share-based payment arrangements	98,786	59,467
	<hr/> 1,661,311	<hr/> 980,761

**(iii) Related party balances**

The related party payables balance payable to The Harper Family Settlement as at March 31, 2021 amounts to US\$225,000 (December 31, 2020: 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.

**19. COMMITMENTS**

As at March 31, 2021, the Group had capital commitments of US\$650,000 relating to the purchase of a new drill rig (December 31, 2020: US\$1,000,000).

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**20. 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>March 31, 2021</b>	<b>December 31, 2020</b>
Shares issued and fully paid	45,016,400	44,309,100
Shares reserved for share option plan	4,501,640	4,430,910
<b>Total shares issued and reserved</b>	<b>49,518,040</b>	<b>48,740,010</b>

**Reconciliation of changes in issued shares**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Shares issued at January 1,	44,309,100	44,430,400
Stock options exercised	707,600	274,100
Share buy-back	(300)	(395,400)
<b>Shares issued at end of period</b>	<b>45,016,400</b>	<b>44,309,100</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 period ended March 31, 2021, the Company re-purchased and cancelled 300 shares at an average price of C\$1.57 (for the year ended December 31, 2020, the Company re-purchased and canceled 395,400 shares under its NCIB at an average price of C\$1.86).

**(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 period ended March 31, 2021 amounted to US\$98,786 (March 31, 2020: US\$59,467) 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)**  
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**21. EARNINGS PER SHARE**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the three month period ended March 31, 2021 was based on the income attributable to ordinary shareholders of US\$5,655,127 (2020: US\$117,042) and on the weighted average number of ordinary shares outstanding of 44,605,466 (2020: 44,453,900) calculated as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	5,655,127	117,042

**Weighted average number of ordinary shares**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>Shares</b>	<b>Shares</b>
Issued ordinary shares	44,605,466	44,453,900
Earnings per share	\$0.13	\$0.00

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three month period ended March 31, 2021 was based on the income attributable to ordinary shareholders of US\$5,655,127 (2020: US\$117,042) and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,724,500 (2020: 45,007,331), calculated as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	5,655,127	117,042

**Weighted average number of ordinary shares - diluted**

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares - basic	44,605,466	44,453,900
Effect of share options in issue	119,034 <sup>(1)</sup>	553,431 <sup>(2)</sup>
	<u>44,724,500</u>	<u>45,007,331</u>
Diluted earnings per share	\$0.13	\$0.00

(1) For the three months ended March 31, 2021, 1,375,000 options in issue were dilutive and were included in the calculation of the diluted earnings per share, however, they did not have an effect on the diluted earnings per share amount.

(2) For the three months ended March 31, 2020, 1,295,700 options in issue were dilutive and were included in the calculation of the diluted earnings per share, however, they did not have an effect on the diluted earnings per share amount.

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**22. DIVIDENDS**

During the period ended March 31, 2021, the Company declared a dividend of CDN\$0.01 per share, payable on April 9, 2021, to shareholders of record at the close of business on March 26, 2021. No dividends were paid in 2020.

**23. 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.

	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	3,816,600	CDN\$1.67	3,370,700	CDN\$1.58
Total granted in the period	690,000	CDN\$1.94	750,000	CDN\$1.71
Total exercised in the period	(707,600)	CDN\$0.79	(274,100)	CDN\$0.80
Total cancelled in the period	(49,000)	CDN\$0.79	(30,000)	CDN\$0.51
Balance ending	3,750,000	CDN\$1.89	3,816,600	CDN\$1.67

The following table summarizes the options outstanding at March 31, 2021:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on June 30, 2016	CDN\$1.62	300,000	3 mos	300,000
Granted on May 12, 2017	CDN\$2.14	1,595,000	1 Yrs & 2 mos	1,595,000
Granted on May 16, 2018	CDN\$2.00	90,000	2 Yrs & 2 mos	90,000
Granted on May 15, 2019	CDN\$1.36	325,000	3 Yrs & 2 mos	325,000
Granted on March 9, 2020	CDN\$1.71	750,000	4 Yrs	300,000
Granted on March 15, 2021	CDN\$1.94	690,000	5 Yrs	190,000

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

Granted on	June 30, 2016	May 12, 2017	May 16, 2018	May 15, 2019	March 9, 2020	March 15, 2021
Risk free interest rate	0.57%	1.04%	1.04%	1.54%	0.53%	1.02%
Expected dividend yield	0%	0%	0%	0%	0%	1%
Stock price volatility	52%	50%	40%	42%	43%	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.

**24. CONTINGENCY**

On December 20, 2019, the Burkina Faso Tax Authority's Head of Taxpayers Management Department ("BFTA") made an assessment on Geodrill claiming tax and penalties of \$17.9 million (10,460,774,574 CFA) for the years 2016 through 2018.

On December 28, 2020, the Burkina Faso Tax Authority's Head of Taxpayers Management Department ("BFTA") issued a revised assessment on Geodrill claiming reduced tax and penalties of \$9.7 million (5,232,253,593 CFA) for the years 2016 through 2018, a reduction from the original December 19, 2019 assessment.

For the years of the revised assessment, the BFTA has assessed that Geodrill had a permanent establishment in Burkina Faso and was subject to taxes, penalties and interest provided in Burkina Faso's tax legislation. Geodrill maintains that it did not have a permanent establishment in Burkina Faso in the years of the revised assessment and operated in Burkina Faso as a non-resident tax payer. As a non-resident tax payer, Geodrill 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 was subject to a non-resident ten percent (10%) withholding tax and during the year 2018, Geodrill 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's clients on Geodrill's behalf.

Geodrill has reviewed the BFTA revised assessment and continues to disagree with the BFTA's 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.

On March 7, 2021 Geodrill filed its Notice of Request for a discharge for the amounts owing under the revised assessment with the administrative courts in Burkina Faso. Geodrill as part of its notice for discharge filing highlighted for the courts that it has already been taxed for the years 2016 – 2018 through the non-resident withholding tax system and maintains its position that the revised assessment is without merit.



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**25. COVID-19**

The initial outbreak of COVID-19 (novel Coronavirus) had an adverse impact on global economic conditions which impacted the Company's drilling activities during the first three quarters of 2020.

From the onset of the pandemic, management provided a bi-monthly COVID-19 brief to the Board of Directors, outlining the safety and the wellbeing of our employees and the impact COVID-19 has had on operations. Geodrill liaised closely with our customers to understand their COVID-19 policies and procedures to ensure the Company complied with these policies and procedures. The Company has adhered to increased government stipulations on travel restrictions and curfews where required and has significantly increased our health and safety spending as required.

During the fourth quarter of 2020 and throughout the first quarter of 2021, the Company was able to return to normal operations, although all six countries in which we currently have operations in continued to restrict travel for all persons and in most cases required entrants to complete a negative polymerase chain reaction ("PCR") test before entry is allowed into that country. There remains a risk that any future travel bans may impact the ability of the Company to provide drilling services to our customers.

**26. SUBSEQUENT EVENTS**

On April 9, 2021 the Company paid a dividend of CDN\$0.01 per share to shareholders of record at the close of business on March 26, 2021.

On April 30, 2021, the Group repaid the final amount on the US\$6.5M Medium Term Loan.

On May 11, 2021, the Group increased the US\$7.5M Revolving Line of Credit maturing on April 30, 2021 to US\$10M and renewed it for a further year maturing on April 30, 2022. The interest rate for the US\$10M Revolving Line of Credit is 7.5% and all other terms and conditions remain unchanged and are disclosed in Note 15 (ii). As at May 11, 2021 US\$6M has been drawn on the US\$10M Revolving Line of Credit.

On May 11, 2021, the Group entered into a new US\$6M Medium Term Loan to finance the cost of property, plant and equipment to support the Group's operations. Multiple drawings are permitted under the US\$6M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$6M Medium Term Loan is available until April 30, 2022. The interest rate for the US\$6M Medium Term Loan is 7.5%. As at May 11, 2021 no amounts have been drawn on the US\$6M Medium Term Loan.