

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and six months ended June 30, 2022 and 2021

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at June 30, 2022 and December 31, 2021*

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

As at June 30, 2022 and December 31, 2021

	<i>Note</i>	June 30, 2022 US\$	December 31, 2021 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	53,498,072	49,085,157
Right-of-use assets	10	1,141,327	811,671
<b>Total non-current assets</b>		<b>54,639,399</b>	<b>49,896,828</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	11	1,100,692	4,253,119
Inventories	12	29,844,760	27,832,408
Prepayments		2,990,160	1,590,638
Trade and other receivables	13	40,367,586	23,707,433
Cash		11,785,471	9,275,316
<b>Total current assets</b>		<b>86,088,669</b>	<b>66,658,914</b>
<b>Total assets</b>		<b>140,728,068</b>	<b>116,555,742</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		28,106,386	24,858,172
Share-based payment reserve		3,277,174	3,857,405
Retained earnings		69,603,481	58,830,570
Capital and reserves attributable to owners of Geodrill Limited		100,987,041	87,546,147
Non-controlling interests	14	(3,660)	(19,612)
<b>Total equity</b>		<b>100,983,381</b>	<b>87,526,535</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	4,342,223	3,381,671
Loans payable	15	3,293,939	2,940,909
Lease liabilities		681,516	405,823
<b>Total non-current liabilities</b>		<b>8,317,678</b>	<b>6,728,403</b>
<b>Current liabilities</b>			
Trade and other payables	16	23,460,467	17,037,523
Loans payable	15	5,627,273	3,960,606
Lease liabilities		366,987	302,828
Taxes payable	8(ii)	1,972,282	999,847
<b>Total current liabilities</b>		<b>31,427,009</b>	<b>22,300,804</b>
<b>Total equity and liabilities</b>		<b>140,728,068</b>	<b>116,555,742</b>
<b>Contingency</b>	24		

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

*For the three and six months ended June 30, 2022 and 2021*

	Note	Three-month period ended June 30		Six-month period ended June 30	
		2022	2021	2022	2021
		US\$	US\$	US\$	US\$
Revenue		39,150,996	30,575,963	72,559,739	61,241,104
Cost of sales	7	(26,732,449)	(22,243,186)	(50,330,357)	(43,275,920)
<b>Gross profit</b>		<b>12,418,547</b>	<b>8,332,777</b>	<b>22,229,382</b>	<b>17,965,184</b>
Selling, general and administrative expenses	7	(2,653,074)	(3,438,585)	(5,804,256)	(6,484,184)
Foreign exchange (loss) / gain		(568,739)	192,481	(581,055)	(7,861)
Other (loss) / income	11	(620,412)	28,613	443,905	1,312,562
<b>Results from operating activities</b>		<b>8,576,322</b>	<b>5,115,286</b>	<b>16,287,976</b>	<b>12,785,701</b>
Finance costs		(200,127)	(158,220)	(361,545)	(251,052)
<b>Income before taxation</b>		<b>8,376,195</b>	<b>4,957,066</b>	<b>15,926,431</b>	<b>12,534,649</b>
Income tax expense	8(i)	(2,469,114)	(992,486)	(4,068,177)	(2,917,181)
<b>Income and total comprehensive income for the period</b>		<b>5,907,081</b>	<b>3,964,580</b>	<b>11,858,254</b>	<b>9,617,468</b>
<b>Income and total comprehensive income for the period is attributable to:</b>					
Owners of Geodrill Limited		5,889,819	3,965,389	11,842,302	9,618,898
Non-controlling interests		17,262	(809)	15,952	(1,430)
		<b>5,907,081</b>	<b>3,964,580</b>	<b>11,858,254</b>	<b>9,617,468</b>
<b>Earnings per share</b>					
Basic	21(i)	\$0.13	\$0.09	\$0.26	\$0.21
Diluted	21(ii)	\$0.13	\$0.09	\$0.25	\$0.21

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

*For the six months ended June 30, 2022 and 2021*

	<u>Attributable to owners of Geodrill Limited</u>				
	Share	Share-based	Retained	Non-	Total
	Capital	Payment	Earnings	controlling	Equity
	US\$	Reserve	US\$	interests	US\$
	US\$	US\$	US\$	US\$	US\$
Balance at January 1, 2022	24,858,172	3,857,405	58,830,570	(19,612)	87,526,535
Income and total comprehensive income for the period	-	-	11,842,302	15,952	11,858,254
Dividends (Note 22)	-	-	(1,069,391)	-	(1,069,391)
Exercise of stock options	3,248,214	(739,718)	-	-	2,508,496
Share-based payment expense	-	159,487	-	-	159,487
<b>Balance at June 30, 2022</b>	<b>28,106,386</b>	<b>3,277,174</b>	<b>69,603,481</b>	<b>(3,660)</b>	<b>100,983,381</b>
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	-	-	9,618,898	(1,430)	9,617,468
Dividends (Note 22)	-	-	(358,154)	-	(358,154)
Share buy-back and cancellation	(160)	-	(211)	-	(371)
Exercise of stock options	1,480,051	(641,480)	-	-	838,571
Share-based payment expense	-	143,030	-	-	143,030
<b>Balance at June 30, 2021</b>	<b>24,858,172</b>	<b>3,772,138</b>	<b>54,671,255</b>	<b>(1,311)</b>	<b>83,300,254</b>

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

*For the six months ended June 30, 2022 and 2021*

	June 30, 2022 US\$	June 30, 2021 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	15,926,431	12,534,649
<i>Adjustments for:</i>		
Depreciation expense	5,252,801	4,626,022
Movement in expected lifetime credit losses	292,159	641,357
Change in provision for inventory obsolescence	208,679	(87,603)
Equity-settled share-based payment expense	159,487	143,030
Finance costs	361,545	251,052
Fair value gains on financial assets at fair value through profit and loss	(443,905)	(1,312,562)
Unrealized foreign exchange loss	1,177,734	85,781
	<b>22,934,931</b>	<b>16,881,726</b>
Change in financial assets at fair value through profit and loss	3,596,332	(413,157)
Change in inventories	(2,221,031)	(2,970,938)
Change in prepayments	(1,399,522)	(2,469,030)
Change in trade and other receivables	(16,952,312)	(8,510,585)
Change in trade and other payables	5,375,786	2,137,778
	11,334,184	4,655,794
Finance costs paid	(323,318)	(223,392)
Income taxes paid	(2,135,190)	(2,285,111)
<b>Net cash generated from operating activities</b>	<b>8,875,676</b>	<b>2,147,291</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(8,756,180)	(4,950,458)
<b>Net cash used in investing activities</b>	<b>(8,756,180)</b>	<b>(4,950,458)</b>
<b>Financing activities</b>		
Loans received	5,000,000	8,500,000
Loans repaid	(2,980,303)	(1,083,333)
Cash received on exercise of options	2,508,496	838,571
Share buy-back	-	(371)
Dividends paid	(1,069,391)	(358,154)
Loans issued	-	(646,345)
Change in related party payables	-	(450,000)
Lease liabilities payments	(471,464)	(320,119)
<b>Net cash generated from financing activities</b>	<b>2,987,338</b>	<b>6,480,249</b>
<b>Effect of movement in exchange rates on cash</b>	<b>(596,679)</b>	<b>(86,117)</b>
<b>Net increase in cash</b>	<b>2,510,155</b>	<b>3,590,965</b>
Cash at beginning of the period	9,275,316	6,564,525
<b>Cash at end of the period</b>	<b>11,785,471</b>	<b>10,155,490</b>

## **GEODRILL LIMITED**

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

*For the three and six months ended June 30, 2022 and 2021*

#### **1. GENERAL INFORMATION**

Geodrill Limited (the “Company” or “Geodrill”) is a company registered and domiciled in the Isle of Man. The address of the Company’s registered office is Ragnall House, 18 Peel Road, Douglas, Isle of Man, IM1 4LZ. The unaudited condensed interim consolidated financial statements of the Company for the periods ended June 30, 2022 and 2021 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Ltd, Geodrill Mauritius Limited, Geodrill Cote d’Ivoire SARL, Drilling Services Malta Limited, Vannin Resources, Unipessoal Limitada, Geodrill Sondagens LTDA, Silver Back Egypt for Mining and Drilling Services S.A.E., Geodrill Zambia Limited being Geodrill Limited’s registered foreign Zambian operating entity, Geodrill BF being Geodrill Cote d’Ivoire SARL’s registered foreign Burkina Faso operating entity, Geodrill Mali 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 August 6, 2022.

#### **2. BASIS OF PREPARATION**

##### **(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 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, 2021. 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 2021 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, 2021.

**GEODRILL LIMITED**

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

*For the three and six months ended June 30, 2022 and 2021*

**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 June 30, 2022. 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, 2021.

**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. The fair value of cash approximates its carrying values due to its short term nature.

**(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 and six months ended June 30, 2022 and 2021*

**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 2022 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, however, the second quarter of 2022 was extremely busy and was not affected by Easter. 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. The Company has operations in South America, however, this is not material to the Company's operations and therefore not considered to be a reportable segment.

For the three months ended June 30, 2022, two customers individually contributed 10% or more to the Group's revenue. One customer contributed 20% and one customer contributed 12%.

For the three months ended June 30, 2021, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 26%, one customer contributed 14% and one customer contributed 11%.

For the six months ended June 30, 2022, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 17%, one customer contributed 12% and one customer contributed 11%.

For the six months ended June 30, 2021, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 27%, one customer contributed 14% and one customer contributed 11%.

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

For the three and six months ended June 30, 2022 and 2021

**7. EXPENSES BY NATURE**

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

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
<b>Expenses</b>				
Wages and employee benefits	11,178,677	9,207,208	21,751,351	18,505,471
Drill rig expenses	9,764,047	8,363,841	17,311,633	15,729,550
External services, contractors and others	4,185,061	4,335,479	8,989,749	7,976,678
Depreciation	2,612,822	2,274,982	5,252,801	4,626,022
Repairs and maintenance	1,254,042	1,120,701	2,536,920	2,281,028
Expected lifetime credit loss	390,874	379,560	292,159	641,357
	<u>29,385,523</u>	<u>25,681,771</u>	<u>56,134,613</u>	<u>49,760,106</u>

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Cost of sales	26,732,449	22,243,186	50,330,357	43,275,920
Selling, general and administrative expenses	2,653,074	3,438,585	5,804,256	6,484,186
	<u>29,385,523</u>	<u>25,681,771</u>	<u>56,134,613</u>	<u>49,760,106</u>

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

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Current tax expense (iii)	1,839,728	1,161,001	3,107,625	2,861,147
Deferred tax expense / (recovery) (iv)	629,386	(168,515)	960,552	56,034
	<u>2,469,114</u>	<u>992,486</u>	<u>4,068,177</u>	<u>2,917,181</u>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and six months ended June 30, 2022 and 2021*

**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 Jun. 30 US\$</b>
2022	999,847	(2,135,190)	3,107,625	1,972,282

	<b>Balance at Jan. 1 US\$</b>	<b>Payments during the year US\$</b>	<b>Charge for the year US\$</b>	<b>Balance at Dec. 31 US\$</b>
2021	1,294,638	(5,901,164)	5,606,373	999,847

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

	<b>Three month period ended June 30,</b>		<b>Six month period ended June 30,</b>	
	<b>2022 US\$</b>	<b>2021 US\$</b>	<b>2022 US\$</b>	<b>2021 US\$</b>
Income before tax	8,376,195	4,957,066	15,926,431	12,534,649
Corporate tax at 25%	2,094,049	1,239,267	3,981,608	3,133,662
Add:				
Effect of different rate tax countries	(872,615)	(1,214,630)	(2,017,386)	(2,445,865)
Adjustment for current tax of prior years	(187,632)	(192,073)	(187,632)	(263,052)
Deferred tax liability on undistributed profits of subsidiary	675,000	-	1,125,000	-
Tax effect of amounts that are not deductible in calculating taxable income	82,872	119,012	99,720	202,477
Tax expense before withholding tax	1,791,674	(48,425)	3,001,310	627,222
	21.4%	(1.0)%	18.8%	5.0%
Add:				
Withholding tax	677,440	1,040,911	1,066,867	2,289,959
Total tax expense	2,469,114	992,486	4,068,177	2,917,181
Effective tax rate	29.5%	20.0%	25.5%	23.3%

During the period ended June 30, 2022, the Group recognized deferred tax in the amount of US\$1,125,000 (June 30, 2021: US\$Nil) in relation to undistributed profits in certain subsidiaries.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and six months ended June 30, 2022 and 2021*

**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	3,381,671	3,312,310
Expense for the period	960,552	69,361
	<u>4,342,223</u>	<u>3,381,671</u>

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

Deferred tax assets and liabilities are attributable to the following:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	1,435,608	1,276,192
Provision for inventory obsolescence	134,327	120,464
Movement in expected lifetime credit losses	155,220	129,631
Property, plant and equipment	(3,506,770)	(3,631,766)
Deferred tax on undistributed profits	(1,125,000)	-
Deferred tax asset not recognized (2)	(1,435,608)	(1,276,192)
	<u>(4,342,223)</u>	<u>(3,381,671)</u>

(1) The Group also has tax losses in numerous jurisdictions that are available for the years December 31, 2022 through December 31, 2026.

(2) The deferred tax assets have 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)**  
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**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2022</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, 2022	10,137,793	28,899,347	71,540,790	5,692,392	9,272,044	125,542,366
Additions	-	-	-	-	9,225,407	9,225,407
Reclassifications from CWIP	998,078	2,065,614	5,131,613	370,209	(8,565,514)	-
Assets retired during the period	(6,411)	(427,578)	(2,617,071)	(39,849)	-	(3,090,909)
<b>Balance at June 30, 2022</b>	<b>11,129,460</b>	<b>30,537,383</b>	<b>74,055,332</b>	<b>6,022,752</b>	<b>9,931,937</b>	<b>131,676,864</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2022	7,989,295	23,957,606	41,159,378	3,350,930	-	76,457,209
Charge for the period	422,739	1,085,750	3,065,535	238,468	-	4,812,492
Assets retired during the period	(6,411)	(427,578)	(2,617,071)	(39,849)	-	(3,090,909)
<b>Balance at June 30, 2022</b>	<b>8,405,623</b>	<b>24,615,778</b>	<b>41,607,842</b>	<b>3,549,549</b>	<b>-</b>	<b>78,178,792</b>
<b>Carrying amounts at June 30, 2022</b>	<b>2,723,837</b>	<b>5,921,605</b>	<b>32,447,490</b>	<b>2,473,203</b>	<b>9,931,937</b>	<b>53,498,072</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 six months ended June 30, 2022 and 2021*

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

<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	-	-	-	-	15,194,053	15,194,053
Reclassifications from CWIP	895,451	2,688,999	7,829,206	297,165	(11,710,821)	-
Assets retired during the year	(139,411)	(689,691)	(2,968,643)	-	-	(3,797,745)
<b>Balance at December 31, 2021</b>	<b>10,137,793</b>	<b>28,899,347</b>	<b>71,540,790</b>	<b>5,692,392</b>	<b>9,272,044</b>	<b>125,542,366</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 year	988,641	1,913,831	5,121,486	440,209	-	8,464,167
Assets retired during the year	(139,411)	(689,691)	(2,968,643)	-	-	(3,797,745)
<b>Balance at December 31, 2021</b>	<b>7,989,295</b>	<b>23,957,606</b>	<b>41,159,378</b>	<b>3,350,930</b>	<b>-</b>	<b>76,457,209</b>
<b>Carrying amounts at December 31, 2021</b>	<b>2,148,498</b>	<b>4,941,741</b>	<b>30,381,412</b>	<b>2,341,462</b>	<b>9,272,044</b>	<b>49,085,157</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 six months ended June 30, 2022 and 2021

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

Depreciation has been charged in comprehensive income as follows:

	Three month period		Six month period	
	ended June 30,		ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Cost of sales	2,286,813	2,020,723	4,574,022	4,150,570
Selling, general and administrative expenses	121,586	108,169	238,470	215,668
	2,408,399	2,128,892	4,812,492	4,366,238

As at June 30, 2022, property, plant and equipment with a carrying amount of US\$21,328,578 (December 31, 2021: US\$11,755,282) have been pledged as security for certain loans (Note 15).

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

	June 30, 2022	December 31, 2021
	US\$	US\$
<b>Cost</b>		
Balance at January 1,	2,035,908	1,579,632
Additions	773,413	646,251
Disposals	-	(185,268)
Movement in foreign exchange	(3,448)	(4,707)
<b>Balance at the end of the period</b>	<b>2,805,873</b>	<b>2,035,908</b>
<b>Accumulated Depreciation</b>		
Balance at January 1,	1,224,237	868,042
Charge for the period	440,309	541,463
Assets expired in the year	-	(185,268)
<b>Balance at the end of the period</b>	<b>1,664,546</b>	<b>1,224,237</b>
<b>Carrying amounts at the end of the period</b>	<b>1,141,327</b>	<b>811,671</b>

The amount of depreciation recognized as an expense in the three and six months ended June 30, 2022 was US\$204,423 and US\$440,309 respectively (2021: US\$146,090 and US\$259,784, respectively).

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**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:

	June 30, 2022 US\$	December 31, 2021 US\$
Balance at January 1,	4,253,119	2,066,648
Additions	40,103	1,954,725
Disposals	(3,636,435)	(1,796,393)
Gain recognized through profit and loss	443,905	2,028,139
	<b>1,100,692</b>	<b>4,253,119</b>

**12. INVENTORIES**

	June 30, 2022 US\$	December 31, 2021 US\$
Inventories on hand	28,989,480	27,545,221
Inventories in transit	1,928,585	1,152,296
Provision for obsolescence	(1,073,305)	(865,109)
	<b>29,844,760</b>	<b>27,832,408</b>

The amount of inventories recognized as expense in the three and six months ended June 30, 2022 is US\$11,141,368 and US\$20,077,570, respectively (three and six months ended June 30, 2021: US\$9,519,023 and US\$18,229,248, respectively). Inventory write downs in the three and six months ended June 30, 2022 amounted to US\$483 and US\$483, respectively (three and six months ended June 30, 2021: US\$215 and US\$5,755, respectively).

**13. TRADE AND OTHER RECEIVABLES**

	June 30, 2022 US\$	December 31, 2021 US\$
Trade receivables	40,869,332	23,498,809
Expected life time credit losses	(1,008,802)	(716,642)
Net trade receivables	39,860,530	22,782,167
Sundry receivables	507,056	925,266
	<b>40,367,586</b>	<b>23,707,433</b>

As at June 30, 2022, trade receivables with a carrying amount of US\$13,010,398 (December 31, 2021: US\$9,047,720) have been pledged as security for certain loans (Note 15).



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For the three and six months ended June 30, 2022 and 2021

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

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

	June 30, 2022 US\$	December 31, 2021 US\$
Balance at January 1	716,642	181,683
Movement in expected lifetime credit losses in the period	199,170	120,401
Specific provisions made in the period	92,990	414,558
	1,008,802	716,642

**14 NON-CONTROLLING INTERESTS**

Non-controlling interest relates to 5% of Recon Drilling S.A.C not owned by the Group of US\$(4,245) and 5% of Geo-Drill SARL not owned by the Group of US\$585.

**15. LOANS PAYABLE**

	June 30, 2022 US\$	December 31, 2021 US\$
US\$6.0M Medium Term Loan (i)	3,921,212	4,901,515
US\$10.0M Revolving Line of Credit (ii)	3,000,000	2,000,000
US\$4.0M Medium Term Loan (iii)	2,000,000	-
Total	8,921,212	6,901,515
Current portion of loans	5,627,273	3,960,606
Non-current portion of loans	3,293,939	2,940,909

**(i) US\$6.0M Medium Term Loan**

On July 25, 2022, the Group renewed the US\$6.0M Medium Term Loan (the “US\$6.0M Medium Term Loan”) with Ecobank Ghana Limited until August 31, 2023. Multiple drawings are permitted under the US\$6.0M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$6.0M Medium Term Loan is available for drawdown until April 30, 2023. The US\$6.0M Medium Term Loan bears interest at a rate of 7.5% per annum and is subject to periodic review in line with market conditions. The US\$6.0M Medium Term Loan is secured by certain assets of the Group (Note 9 and Note 13). The US\$6.0M Medium 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\$6.0M Medium Term Loan is 8.1%. The US\$6.0M Medium Term Loan is subject to, and as at June 30, 2022, the Group was in compliance with normal course covenants. As at June 30, 2022, the Group had drawn US\$5.5M on the US\$6.0M Medium Term Loan.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and six months ended June 30, 2022 and 2021***15. LOANS PAYABLE (CONTINUED)****(ii) US\$10.0M Revolving Line of Credit**

On July 25, 2022, the Group renewed the US\$10.0M Revolving Line of Credit (the “US\$10.0M Revolving Line of Credit”) with Ecobank Ghana Limited until August 31, 2023. Interest is repayable monthly and principal is repayable one year after drawdown. The US\$10.0M 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\$10.0M Revolving Line of Credit is secured by certain assets of the Group (Note 9 and Note 13). The US\$10.0M Revolving Line of Credit may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The US\$10.0M Revolving Line of Credit is subject to, and as at June 30, 2022, the Group was in compliance with normal course covenants. As at June 30, 2022, the Group had drawn US\$3.0M on the US\$10.0M Revolving Line of Credit.

**(iii) US\$4.0M Medium Term Loan**

On July 25, 2022, the Group renewed the US\$4.0M Medium Term Loan (the “US\$4.0M Medium Term Loan”) with Ecobank Ghana Limited. Multiple drawings are permitted under the US\$4.0M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$4.0M Medium Term Loan is available for drawdown until April 30, 2023. The US\$4.0M Medium Term Loan bears interest at a rate of 7.5% per annum and is subject to periodic review in line with market conditions. The US\$4.0M Medium Term Loan is secured by certain assets of the Group (Note 9 and Note 13). The US\$4.0M Medium 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\$4.0M Medium Term Loan is 8.1%. The US\$4.0M Medium Term Loan is subject to, and as at June 30, 2022, the Group was in compliance with normal course covenants. As at June 30, 2022, the Group had drawn US\$2.0M on the US\$4.0M Medium Term Loan.

**16. TRADE AND OTHER PAYABLES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	9,854,137	7,079,819
Other creditors and accrued expenses	10,689,659	8,729,145
VAT liability	2,916,671	1,228,559
	<u>23,460,467</u>	<u>17,037,523</u>

**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 June 30, 2022 and December 31, 2021.

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

<b>Related party</b>	<b>Relationship</b>	<b>Incorporation</b>	<b>2022</b>	<b>2021</b>
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Geodrill Ghana Ltd	Subsidiary	Ghana	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill BF	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geodrill Mali	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%
Silver Back Egypt for Mining and Drilling Services S.A.E.	Subsidiary	Egypt	100%	100%
Recon Drilling S.A.C.	Subsidiary	Peru	95%	95%
Geo-Drill SARL	Subsidiary	Mali	95%	95%
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-
Geotool Limited	Subsidiary	British Virgin Islands	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>

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

**(i) Transactions with related parties**

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

The Harper Family Settlement owns 37.4% (December 31, 2021: 38.6% of the issued share capital of Geodrill Limited.

On October 1, 2020, Geodrill Ghana Ltd 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 Ltd 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 June 30, 2022, the right-of-use assets relating to the properties above was US\$66,591 (December 31, 2021: US\$199,773) and the related lease liabilities were US\$71,000 (December 31, 2021: US\$209,104).

The Group has paid fees to MS Risk Limited during the six month period ended June 30, 2022 of US\$11,500 (June 30, 2021 of US\$Nil). One of the directors of MS Risk Limited is also a director of Geodrill Limited.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and six months ended June 30, 2022 and 2021***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>Three month period</b>		<b>Six month period</b>	
	<b>ended June 30,</b>		<b>ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Short-term benefits	1,481,679	1,270,980	3,298,368	2,833,505
Share-based payment arrangements	125,032	44,243	159,487	143,030
	<u>1,606,711</u>	<u>1,315,223</u>	<u>3,457,855</u>	<u>2,976,535</u>

**19. COMMITMENTS**

As at June 30, 2022, the Group had capital commitments of US\$340,000 relating to the balance of the purchase of a new drill rig (December 31, 2021: US\$Nil).

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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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>June 30, 2022</b>	<b>December 31, 2021</b>
Shares issued and fully paid	46,836,400	45,316,400
Shares reserved for share option plan	4,683,640	4,531,640
<b>Total shares issued and reserved</b>	<b>51,520,040</b>	<b>49,848,040</b>

**Reconciliation of changes in issued shares**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Shares issued at January 1,	45,316,400	44,309,100
Stock options exercised	1,520,000	1,007,600
Share buy-back	-	(300)
<b>Shares issued at end of period</b>	<b>46,836,400</b>	<b>45,316,400</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 period ended June 30, 2022, the Company did not re-purchase nor cancel any shares under its NCIB (for the year ended December 31, 2021, the Company re-purchased and cancelled 300 shares under its NCIB at an average price of CAD\$1.57).

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

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

The share-based payment expense for the three and six month periods ended June 30, 2022 amounted to US\$125,032 and US\$159,487, respectively (June 30, 2021: US\$44,243 and US\$143,030, 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)**  
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**21. EARNINGS PER SHARE**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the three and six month periods ended June 30, 2022 was based on the income attributable to ordinary shareholders of US\$5,889,819 (2021: US\$3,965,389) and US\$11,842,302 (2021: US\$9,618,898), respectively and on the weighted average number of ordinary shares outstanding of 46,256,678 (2021: 45,076,567) and 46,188,389 (2021: 44,843,299), respectively, calculated as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Income attributable to ordinary shareholders	5,889,819	3,965,389	11,842,302	9,618,898
<b>Weighted average number of ordinary shares</b>	<b>Three month period ended June 30,</b>		<b>Six month period ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
Issued ordinary shares	46,256,678	45,076,567	46,188,389	44,843,299
Earnings per share	\$0.13	\$0.09	\$0.26	\$0.21

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

For the three and six months ended June 30, 2022 and 2021

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

The calculation of diluted earnings per share for the three and six month period ended June 30, 2022 was based on the income attributable to ordinary shareholders of US\$5,889,819 (2021: US\$3,965,389) and US\$11,842,302 (2021: US\$9,618,898), respectively and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 46,892,041 (2021: 45,076,567) and 46,791,844 (2021: 44,843,299), respectively, calculated as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Income attributable to ordinary shareholders	5,889,819	3,965,389	11,842,302	9,618,898
<b>Weighted average number of ordinary shares - diluted</b>				
	Three month period ended June 30,		Six month period ended June 30,	
	2022	2021	2022	2021
	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares - basic	46,256,678	45,076,567	46,188,389	44,843,299
Effect of share options in issue	635,363 <sup>(1)</sup>	504,690 <sup>(2)</sup>	603,455 <sup>(3)</sup>	136,418 <sup>(4)</sup>
	46,892,041	45,581,257	46,791,844	44,979,717
Diluted earnings per share	\$0.13	\$0.09	\$0.25	\$0.21

(1) For the three months ended June 30, 2022, 2,600,000 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(2) For the three months ended June 30, 2021, 3,450,000 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(3) For the six months ended June 30, 2022, 2,600,000 options in issue were dilutive and had a \$0.01 effect on the calculation of the diluted earnings per share.

(4) For the six months ended June 30, 2021, 1,855,000 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

**22. DIVIDENDS**

On April 8, 2022, the Company paid a semi-annual dividend of CAD\$0.03 per share, to shareholders of record on the close of business on March 18, 2022.

On September 8, 2021, the Company paid a semi-annual dividend of CAD\$0.01 per share, to shareholders of record on the close of business on August 25, 2021.

On April 2, 2021, the Company paid a semi-annual dividend of CAD\$0.01 per share, to shareholders of record on the close of business on March 26, 2021.

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**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>June 30, 2022</b>		<b>December 31, 2021</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	3,450,000	CAD\$1.93	3,816,600	CAD\$1.67
Total granted in the period	780,000	CAD\$2.20	690,000	CAD\$1.94
Total exercised in the period	(1,520,000)	CAD\$2.12	(1,007,600)	CAD\$1.04
Total cancelled in the period	(110,000)	CAD\$2.14	(49,000)	CAD\$0.79
<b>Balance ending</b>	<b>2,600,000</b>	<b>CAD\$1.89</b>	<b>3,450,000</b>	<b>CAD\$1.93</b>

The following table summarizes the options outstanding at June 30, 2022:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 16, 2018	CAD\$2.00	90,000	11 mos	90,000
Granted on May 15, 2019	CAD\$1.36	290,000	1 Yrs & 11 mos	290,000
Granted on March 9, 2020	CAD\$1.71	750,000	2 Yrs & 9 mos	600,000
Granted on March 15, 2021	CAD\$1.94	690,000	3 Yrs & 9 mos	570,000
Granted on May 16, 2022	CAD\$2.20	780,000	4 Yrs & 11 mos	260,000



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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	May 16, 2018	May 15, 2019	March 9, 2020	March 15, 2021	May 16, 2022
Risk free interest rate	1.04%	1.54%	0.53%	1.02%	2.73%
Expected dividend yield	0%	0%	0%	1%	2.72%
Stock price volatility	40%	42%	43%	40%	38%
Expected life of options	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	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.

As at August 6, 2022, Geodrill is waiting for ruling from the administrative courts in Burkina Faso.

**GEODRILL LIMITED**

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

*For the three and six months ended June 30, 2022 and 2021*

**25. COVID-19**

The COVID-19 (novel Coronavirus) virus had an adverse impact on global economic conditions which impacted the Company's drilling activities during 2020 and 2021. In 2022, there remains a risk that the COVID-19 Coronavirus may impact the ability of the Company to provide drilling services to our customers. The Company has liaised and worked closely with our customers and has adhered to government stipulations on travel restrictions and curfews where required and has significantly increased our health and safety spending as required.