

GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Management's discussion and analysis ("MD&A") is a review of the operations, the liquidity and the results of operations and capital resources of Geodrill Limited ("Geodrill", the "Company" or the "Group"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). This discussion contains forward-looking information. Please see "Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions relating to this MD&A.

This MD&A should be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021 and notes thereto.

This MD&A is dated March 4, 2023. Disclosure contained in this document is current to that date unless otherwise stated.

Additional information relating to Geodrill, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

All references to "US\$" are to United States dollars and all references to "CAD\$" are to Canadian dollars.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries, future growth, results of operations, capital needs, performance, business prospects and opportunities. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes" or variations (including negative variations) of such words or by the use of words or phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking information, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance

that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Corporate Overview

Geodrill operates a fleet of Multi-Purpose, Core, Air-Core, Grade Control and Underground drill rigs. The multi-purpose rigs can perform both reverse circulation (“RC”) and diamond core (“Core”) drilling and can switch from one to the other with little effort or downtime. Multi-purpose rigs provide clients with the efficiency and high productivity of RC drilling and the depth and accuracy of Core drilling without the need to have two different drill rigs on site. The Company currently has operations in five African countries and two South American countries.

The Company’s rigs and support equipment also incorporate a fleet of boosters and auxiliary compressors, which enable Geodrill to achieve high-quality sampling and operations to greater depths.

The state-of-the-art workshops and supply bases at Anwiankwanta, Ghana, at Bouake, Cote d’Ivoire, at Bamako, Mali, at Ouagadougou, Burkina Faso, and at Lima, Peru provide centralized locations for storage of inventory, equipment and supplies, which in turn minimizes trucking, shipping and supply costs and allows the rigs and inventory to be mobilized to drill sites with minimal delay.

An experienced management team and workforce, a modern fleet of drill rigs and state-of-the-art workshops and supply bases have contributed to Geodrill’s reputation as a results-oriented drilling company that strives to achieve greater drilling depths and provide better quality samples than its competitors in the shortest possible time, safely and in a cost-effective and environmentally conscious manner.

Business Strategy

The Company competes with other drilling companies on the basis of price, accuracy, reliability and experience in the marketplace. The Company’s competitors consist of both large public companies as well as small local operators.

Management believes that the Company has a number of attributes that result in competitive advantages including:

- **Business Development:** The Company continually improves its operations including the following recent and ongoing developments:

West Africa: The Company continues to maintain its strong presence in West Africa in three primary countries being Ghana, Cote d’Ivoire and Mali. In Burkina Faso, the Company is gradually reducing its presence due to security concerns. In Zambia, the Company currently is not drilling and has redeployed its rigs and ancillary equipment to other countries to keep up with demand. Management’s plans for its primary countries in West Africa include continuing to add more rigs for existing clients and adding new clients.

Egypt: The Company secured its first drilling contract in Egypt in 2021. During the first quarter of 2022, the Company secured its second drilling contract as it was awarded a significant multi-rig, multi-year underground drilling contract. In Q3 2022, the Company secured an additional two contracts. Depending on utilization and the availability of rigs, tender

proposals and opportunities to acquire new drill rigs, the Company intends to continue to expand its footprint in Egypt.

South America: The Company is currently operating in South America in Peru and has been awarded its first contract in Chile. Management's intention is to continue to add rigs and clients in Peru, Chile and other South American countries as it believes the need for specialized drilling in South America will support Geodrill's expansion into South America. Geodrill has corporate entities in Peru, Chile and Brazil and is considering other South American countries for expansion.

- **A Modern Fleet of Drill Rigs and World Class Workshops:** The Company has accumulated modern state-of-the-art drilling rigs, and continues to invest in new rigs and ancillary equipment with an established centrally located world class workshops to promote client satisfaction through reliable operational performance. In addition, within the workshop in Ghana is a manufacturing facility with the capacity to produce ancillary equipment such as RC drill rods and RC wire-line drill subs in-house, reducing downtime and reliance on suppliers for these items.
- **Establishing, building and maintaining long-standing relationships with customers:** The Company has strong client relationships. Typically, a longer term client relationship for the Company originally commenced as a short term drill contract won under a competitive bidding process, which has been continually renewed as the respective drilling program of the client has progressed through various phases.
- **Support of well-established international and local vendors:** The Company has maintained long standing relationships with international vendors in Australia, Europe, North and South America and China and has also been supported in West Africa, Egypt, Peru and Chile by local branches of these suppliers and other local suppliers.
- **Local Knowledge:** The Company's local market knowledge, expertise and experience have enabled Geodrill to further develop the local networks required to support its operations.
- **Presence in West Africa, Egypt and South America:** The Company is able to mobilize drill rigs and associated ancillary equipment within a few days of a request by a client. The well-resourced, centrally located workshops further reduce downtime, as the Company can fairly quickly reach most of its current customer sites.
- **An Active and Experienced Management Team:** Geodrill is led by Dave Harper, President and Chief Executive Officer, Terry Burling, Chief Operating Officer, Greg Borsk, Chief Financial Officer and Greig Rodger, Executive General Manager. This group is also supported by: Stephan Rodrigue, Zone Manager – Francophone West Africa and Don Seguin, Health, Safety and Environmental ("HSE") Manager.
- **A Skilled and Dedicated Workforce:** A favorable compensation and benefits package, coupled with the Company's track record of quality hiring and commitment to frequent, relevant continuous training programs for both permanent and contract employees, has reduced unplanned workforce turnover even during robust mining cycles. This has also increased efficiency and productivity, ensuring the availability and continuity of a skilled labor force.
- **Environmental, Social and Governance (ESG):** The Company has always considered our ESG initiatives first and foremost and it is at the center of everything we do. Operating in the mining sector, our impact on the environment has been a key focus for the Company as we continually

strive to improve the environment. Our Social impact has been focused on the communities we work in, giving back to the orphanages, schools and shelters but also making sure we transfer the expertise and knowledge of our most experienced employees in developing local employees. Our governance initiatives including our code of conduct and ethics policy, whistleblower policy, bribery and diversity policy are developed by our board of directors and carried out by senior management throughout the organization so that each stakeholder in Geodrill understands the importance of good governance.

- **Maintaining a high level of safety standards to protect its people and the environment:** The Company's HSE Group oversees the design, implementation, monitoring and evaluation of the Company's HSE standards, which standards are generally considered to be stringent standards for drilling firms globally and are higher than what is currently required in all local markets in which Geodrill currently operates. Every aspect of Geodrill's operations is designed to meet the highest HSE standards and includes induction meetings, at least one safety meeting per work site, including non-exploration work sites, regular safety audits and detailed investigations of incidents.
- **Commitment to Excellence:** Geodrill is committed to being a company of the highest standard in every aspect of its business operations. This is the framework used by the Company to guide its personnel towards the Company's goals and to be the customer-preferred partner in providing world class drilling services.

Market Participants and Geodrill's Client Base

The Company currently operates in Ghana, Cote d'Ivoire, Mali, Burkina Faso, Egypt, Peru and Chile. The Company's drilling focus is still principally on gold and is still primarily in West Africa, however, the Company has diversified its geographic footprint and also provides drilling services to clients in Egypt, Peru and Chile. The Company will take advantage of drilling opportunities in other minerals, including copper, lithium, zinc, iron ore, manganese, uranium, phosphate and energy. In addition, the proximity to other African countries and other South American countries positions the Company favorably in its ability to service these markets as well, if it so chooses.

The signing of a drilling contract and the actual commencement of drilling do not always happen simultaneously, and in numerous situations there may be a two to three month interval between the signing of an agreement and the commencement of drilling. In addition, given the short-term nature of drilling contracts, there can be no assurance that any contract that the Company currently has will be extended or renewed on terms favorable to the Company. In the event that any of its current contracts are not extended or renewed on favorable terms, or replaced with new contracts, this could have a significant impact on the Company's operations.

For the year ended December 31, 2022, one customer individually contributed 10% or more to the Group's revenue. That customer contributed 16%.

For the year ended December 31, 2021, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 21% and three customers contributed 11%.

OUTSTANDING SECURITIES AS OF MARCH 4, 2023

The Company is authorized to issue an unlimited number of Ordinary Shares. As of March 4, 2023, the Company has the following securities outstanding:

Number of Ordinary Shares	46,856,400
Number of Options	<u>2,580,000</u>
Diluted	<u>49,436,400</u>

For the year ended December 31, 2022, 1,520,000 shares were issued as a result of options being exercised, 780,000 options were issued and 110,000 options were cancelled. Subsequent to the year end and up to and including March 4, 2023, 20,000 shares were issued as a result of options being exercised and no further options were issued.

OVERALL PERFORMANCE

The Company generated revenue of US\$138.6M for 2022, an increase of US\$23.4M or 20% when compared to US\$115.2M for 2021. The increase in revenue is a result of the increase in demand for the Company's drilling services. With the gold price averaging approximately US\$1,800 during 2022, global exploration spending continues to be strong. The majority of exploration spending is on gold and since the Company drills approximately 95% for clients exploring for gold, this has impacted positively on the Company seeing an increase in its revenue.

The gross profit for 2022 was US\$40.6M, being 29% of revenue compared to a gross profit of US\$30.1M, being 26% of revenue for 2021. The gross profit increase is a result of the increase in revenue of US\$23.4M off set by the increase in cost of sales of US\$12.9M. See "Supplementary Disclosure – Non IFRS Measures" on page 15.

The selling, general and administrative ("SG&A") expenses for 2022 was US\$13.0M, being 9% of revenue compared to a SG&A of US\$11.2M, being 10% of revenue for 2021.

The foreign exchange gain for 2022 was US\$0.2M compared to a loss of US\$0.4M for 2021 as a result of fluctuations in foreign currencies.

Other gains for 2022 was US\$0.5M compared to other gains US\$2.0M for 2021 relating to gains on listed equity investments held at fair value through profit and loss that the Company holds and insurance proceeds received in 2022.

The EBIT (as defined herein) for 2022 was US\$28.3M, compared to EBIT of US\$20.4M, for 2021. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

EBITDA (as defined herein) for 2022 was US\$38.4M, being 28% of revenue compared to US\$29.5M, 26% of revenue for 2021. See "Supplementary Disclosure – Non-IFRS Measures" on page 15.

The net income for 2022 was US\$18.9M or US\$0.41 per Ordinary Share (US\$0.40 per Ordinary Share diluted), compared to US\$14.1M for 2021 or US\$0.31 per Ordinary Share (US\$0.31 per Ordinary Share diluted)

RESULTS OF OPERATIONS

SELECTED FINANCIAL INFORMATION

(in US\$ 000s)	<u>Fiscal Year Ended</u>			<u>% Change</u>	<u>% Change</u>
	2022	2021	2020	2022 vs 2021	2021 vs 2020
Revenue	138,625	115,214	82,436	20%	40%
Cost of Sales	(98,048)	(85,116)	(61,522)	15%	38%
<i>Cost of Sales (%)</i>	71%	74%	75%		
Gross Profit	40,577	30,098	20,914	35%	44%
<i>Gross Profit Margin (%)</i>	29%	26%	25%		
Selling, General and Administrative Expenses	(12,959)	(11,242)	(10,132)	15%	11%
<i>Selling, General and Administrative Expenses (%)</i>	9%	10%	12%		
Foreign Exchange Gain / (Loss)	180	(437)	(295)		
Other Gain	524	2,028	324		
Profit from Operating Activities	28,321	20,448	10,811	39%	89%
<i>Profit from Operating Activities (%)</i>	20%	18%	13%		
EBIT*	28,321	20,448	10,811	39%	89%
<i>EBIT (%)</i>	20%	18%	13%		
Finance Cost	(691)	(654)	(219)		
<i>Finance Cost (%)</i>	0%	1%	0%		
Profit Before Taxation	27,630	19,794	10,592	40%	87%
<i>Profit Before Taxation (%)</i>	20%	17%	13%		
Income Tax Expense	(8,712)	(5,676)	(3,079)		
<i>Income Tax Expense (%)</i>	6%	5%	4%		
Net Income	18,918	14,118	7,513	34%	88%
<i>Net Income (%)</i>	14%	12%	9%		
EBITDA **	38,350	29,454	18,951	30%	55%
<i>EBITDA (%)</i>	28%	26%	23%		
Income Per Share					
Basic	0.41	0.31	0.17		
Diluted	0.40	0.31	0.17		
Total Assets	141,229	116,556	98,341		
Total Long - Term Liabilities	5,839	6,728	3,634		
Cash Dividend Declared ***	0.06	0.02	Nil		

See "Supplementary Disclosure - Non-IFRS Measures" on page 15.

*EBIT = Earnings before interest and taxes.

**EBITDA = Earnings before interest, taxes, depreciation and amortization.

*** A CAD\$0.03 was declared on March 4, 2022 and a CAD\$0.03 was declared on September 23, 2022

*** A CAD\$0.01 was declared on March 5, 2021 and a CAD\$0.01 was declared on August 11, 2021

FISCAL 2022 COMPARED TO FISCAL 2021

Revenue

The Company recorded revenue of US\$138.6M for 2022, compared to US\$115.2M for 2021, representing an increase of 20%. The increase in revenue is a result of the increase in demand for the Company's drilling services. In addition to West Africa, the Company also derived revenue from Egypt, Peru and Chile in 2022. The Company has invested a significant amount of capital into its drill rig fleet and has advantages in the form of experience in the market place, accuracy, reliability and safety, which have been key factors in the awarding of contracts and the increase in the Company's revenue. The Company has also been successful in expanding its client base to include a mix of majors, intermediates and juniors which has contributed to the increase in overall drilling activity and a well balanced mix of drilling services.

Cost of Sales and Gross Profit

Cost of Sales for 2022 were US\$98.0M, compared to US\$85.1M for 2021, being an increase of US\$12.9M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses increased by US\$5.9M consistent with the increase in drilling activity and revenue.
- Drill rig expenses and fuel costs increased by US\$5.6M consistent with the increase in drilling activity and revenue.
- Repairs and maintenance increased by US\$0.8M as more repairs were completed on the Company's drill rigs and plant and equipment.
- Depreciation expense increased by US\$0.6M as a result of significant additions in the previous years to the Company's property, plant and equipment.

The gross profit for 2022 was US\$40.6M, compared to a gross profit of US\$30.1M for 2021, being an increase of US\$10.5M. The gross profit percentage for 2022 was 29% and for 2021 it was 26%.

Selling, General and Administrative Expenses

SG&A expenses for 2022 were US\$13.0M, compared to US\$11.2M for 2021, being an increase of US\$1.8M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses increased by US\$1.2M consistent with the Company's increased activities.
- Depreciation expense increased by US\$0.4M as a result of recent additions to the Company motor vehicle fleet.
- Expected lifetime credit loss increased by US\$0.2M due to a change in the aging profile of trade receivables.

Foreign Exchange Gain / (Loss)

Foreign exchange gain for 2022 was US\$0.2M compared to a foreign exchange loss of US\$0.4M in 2021 as a result of fluctuations in foreign currencies.

Other Gain

Other gain for 2022 was US\$0.5M compared to other gain of US\$2.0M in 2021 relating to gains on listed equity investments held at fair value through profit and loss that the Company holds and insurance proceeds received in 2022.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses, foreign exchange gain or loss and other gain) for 2022 was US\$28.3M, compared to US\$20.4M in 2021.

EBIT and EBIT Margin (see “Supplementary Disclosure – Non-IFRS Measures” on page 15)

EBIT was US\$28.3M for 2022 or 20% compared to US\$20.4M or 18% for 2021.

EBITDA and EBITDA Margin (see “Supplementary Disclosure – Non-IFRS Measures” on page 15)

EBITDA was US\$38.4M for 2022 or 28% compared to US\$29.5M or 26% for 2021.

Depreciation

Depreciation for 2022 was US\$10.0M (US\$8.7M in cost of sales and US\$1.3M in SG&A) compared to US\$9.0M (US\$8.0M in cost of sales and US\$1.0M in SG&A) for 2021.

Income Tax Expense

Income tax expense for 2022 was US\$8.7M compared to income tax expense of US\$5.7M for 2021. The income tax expense of US\$8.7M was comprised of US\$4.4M relating to withholding tax and US\$4.4M relating to tax expense on taxable income, offset by US\$0.1M relating to a deferred tax recovery. Income tax expense has increased in the year ended December 31, 2022 compared to the year ended December 31, 2021, due to the Company’s significant increase in revenue and profit.

Net income

The net income for 2022 was US\$18.9M, or US\$0.41 per Ordinary Share (US\$0.40 per Ordinary Share diluted), compared to US\$14.1M for 2021, or US\$0.31 per Ordinary Share (US\$0.31 per Ordinary Share diluted).

SELECTED FINANCIAL INFORMATION

(in US\$ 000s)	<u>Fourth Quarter Ended</u>		<u>% Change</u>
	2022	2021	2022 vs 2021
Revenue	30,900	26,741	16%
Cost of Sales	(23,464)	(20,249)	16%
<i>Cost of Sales (%)</i>	76%	76%	
Gross Profit	7,436	6,492	15%
<i>Gross Profit Margin (%)</i>	24%	24%	
Selling, General and Administrative Expenses	(3,288)	(2,040)	61%
<i>Selling, General and Administrative Expenses (%)</i>	11%	8%	
Foreign Exchange Gain / (Loss)	900	(281)	
Other Gain	139	899	
Profit from Operating Activities	5,187	5,071	2%
<i>Profit from Operating Activities (%)</i>	17%	19%	
EBIT*	5,187	5,071	2%
<i>EBIT (%)</i>	17%	19%	
Finance Cost	(134)	(188)	
<i>Finance Cost (%)</i>	0%	1%	
Profit Before Taxation	5,053	4,883	3%
<i>Profit Before Taxation (%)</i>	16%	18%	
Income Tax Expense	(1,612)	(2,125)	
<i>Income Tax Expense (%)</i>	5%	8%	
Net Income	3,441	2,758	25%
<i>Net Income (%)</i>	11%	10%	
EBITDA **	7,507	7,307	3%
<i>EBITDA (%)</i>	24%	27%	
Income Per Share			
Basic	0.07	0.06	
Diluted	0.06	0.06	
Total Assets	141,299	116,556	
Total Long - Term Liabilities	5,839	6,728	
Cash Dividend Declared	NIL	NIL	

See "Supplementary Disclosure - Non-IFRS Measures" on page 15.

*EBIT = Earnings before interest and taxes.

**EBITDA = Earnings before interest, tax, depreciation and amortization.

FOURTH QUARTER ENDED DECEMBER 31, 2022 COMPARED TO FOURTH QUARTER ENDED DECEMBER 31, 2021

Revenue

The Company recorded revenue of US\$30.9M for the fourth quarter ended December, 2022, compared to US\$26.7M for the fourth quarter ended December, 2021, representing an increase of 16%. The increase in revenue is a result of the increase in demand for the Company's drilling services. In addition to West Africa, the Company also derived revenue from both Egypt and Chile in the fourth quarter of 2022. The Company has invested a significant amount of capital into its drill rig fleet and has advantages in the form of experience in the market place, accuracy, reliability and safety, which have been key factors in the awarding of contracts and the increase in the Company's revenue. The Company has also been successful in expanding its client base to include a mix of majors, intermediates and juniors which has contributed to the increase in overall drilling activity and a well balanced mix of drilling services.

Cost of Sales and Gross Profit

Cost of Sales for the fourth quarter of 2022 were US\$23.5M, compared to US\$20.2M for the fourth quarter of 2021, being an increase of US\$3.3M and reflects the following:

- Drill rig expenses and fuel costs increased by US\$2.6M consistent with the increase in drilling activity and revenue.
- Wages, employee benefits, external services, contractors and other expenses increased by US\$0.4M in Q4 2022 versus Q4 2021 consistent with the increase in drilling activity and revenue.
- Repairs and maintenance increased by US\$0.3M as more repairs were completed on the Company's drill rigs and plant and equipment in Q4 2022 versus Q4 2021.

The gross profit for the fourth quarter ended December 31, 2022 was US\$7.4M, compared to a gross profit of US\$6.5M for the fourth quarter ended December 31, 2021, being an increase of US\$0.9M. The gross profit percentage for the fourth quarter ended December 31, 2022 was 24% consistent with 24% for fourth quarter ended December 31, 2021.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses for the fourth quarter ended December 31, 2022 were US\$3.3M, compared to US\$2.0M for the fourth quarter ended December 31, 2021, being an increase of US\$1.3M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses increased by US\$0.8M in Q4 2022 versus Q4 2021 consistent with the Company's increased activity.
- Expected lifetime credit loss increased by US\$0.3M in Q4 2022 versus Q4 2021 due to a change in the aging profile of trade receivables.
- Depreciation expense increased by US\$0.1M as a result of recent additions to the Company motor vehicle fleet.

Foreign Exchange Gain / (Loss)

Foreign exchange gain for the fourth quarter ended December 31, 2022 was US\$0.9M compared to a loss of US\$0.3M in the fourth quarter ended December 31, 2021 as a result of fluctuations in foreign currencies.

Other Gain

Other gain for the fourth quarter ended December 31, 2022 was US\$0.1M compared to a gain of US\$0.9M in the fourth quarter ended December 31, 2021 relating to gains and losses on the Company's investments in equity of listed companies and insurance proceeds received in in the fourth quarter of 2022.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses, foreign exchange gain or loss and other gain or loss) for the fourth quarter ended December 31, 2022 was US\$5.2M, compared to US\$5.1M for the fourth quarter ended December 31, 2021.

EBIT and EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBIT was US\$5.2M for the fourth quarter of 2022, or 17%, compared to US\$5.1M for the fourth quarter ended December 31, 2021 or 19%.

EBITDA and EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBITDA was US\$7.5M for the fourth quarter ended December 31, 2022 or 24% compared to US\$7.3M or 27% for the fourth quarter ended December 31, 2021.

Depreciation

Depreciation for the fourth quarter ended December 31, 2022 was US\$2.3M (US\$2.0M in cost of sales and US\$0.3M in SG&A) compared to US\$2.2M (US\$1.9M in cost of sales and US\$0.3M in SG&A) for the fourth quarter ended December 31, 2021.

Income Tax Expense

Income tax expense for the fourth quarter ended December 31, 2022 was US\$1.6M compared to income tax expense of US\$2.1M for the fourth quarter ended December 31, 2021. The income tax expense of US\$1.6M was comprised of US\$0.9M relating to withholding tax, US\$0.6M relating to tax expense on taxable income and US\$0.1M relating to a deferred tax charge.

Net Income

Net income was US\$3.4M for the fourth quarter ended December 31, 2022, or US\$0.07 per Ordinary Share (US\$0.06 per Ordinary Share diluted), compared to net income of US\$2.8M for the fourth quarter ended December 31, 2021, or US\$0.06 per Ordinary Share (US\$0.06 per Ordinary Share diluted).

SUMMARY OF QUARTERLY RESULTS

(in US\$ 000s)	2022				2021			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	30,900	35,166	39,151	33,409	26,741	27,232	30,576	30,665
Revenue (Decrease) / Increase %	(12%)	(10%)	17%	25%	(2%)	(11%)	(0%)	24%
Gross Profit	7,436	10,912	12,419	9,811	6,493	5,640	8,333	9,632
Gross Margin (%)	24%	31%	32%	29%	24%	21%	27%	31%
Net Earnings	3,441	3,619	5,907	5,951	2,758	1,742	3,965	5,653
Per Share - Basic	0.07	0.08	0.13	0.13	0.06	0.04	0.09	0.13
Per Share - Diluted	0.06	0.08	0.13	0.13	0.06	0.04	0.09	0.13

The Company's revenue of US\$30.9M represents a decrease on a quarter over quarter basis by US\$4.3M or 12% for the fourth quarter ended December 31, 2022 compared to the third quarter ended September 30, 2022. The decline in revenue of 12% in Q4 2022 versus Q3 2022 is a result of the holiday season. On a quarter to quarter basis, the Company's revenue increased by US\$4.2M or 16% compared to the fourth quarter ended December 31, 2021. The increase in revenue over the prior year's comparable quarter is a result of an increase in demand for drilling services and is consistent with the industry trend of increased drilling activity, especially in the gold sector.

The operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season. The second quarter may be 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 Company operates, particularly in Mali and Burkina Faso) normally in the third quarter, but in the recent years the global weather pattern has become somewhat erratic. In the third quarter of 2022, the wet season resulted in a slowdown in activity. 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. In the fourth quarter of 2022, the Company slowed in December as a result of the holiday season.

Effect of Exchange Rate Movements

The Company's receipts and disbursements are denominated in US Dollars and local currencies. The Company's main exposure to exchange rate fluctuations arises from holding foreign currencies, having receivables in foreign currencies, certain capital costs, wage costs and purchases denominated in foreign currencies.

The Company's revenue is invoiced in US Dollars and local currencies. The Company's purchases are in Australian Dollars, US Dollars, Euros, Canadian Dollars and local currencies. Other local expenses include purchases and wages which are paid in the local currency.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in US\$ 000s)	Fiscal year end		Fourth quarter end	
	2022	2021	2022	2021
Net Cash generated from operating activities	25,286	14,782	9,819	79
Net Cash used in investing activities	(16,885)	(14,632)	(4,747)	(3,142)
Net Cash (used in) / provided from financing activities	(2,850)	2,831	(10,030)	(3,591)
Effect of movement in exchange rates on cash	(435)	(270)	271	96
Net increase / (decrease) in cash	5,116	2,711	(4,687)	(6,558)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at December 31, 2022, the Company had cash of US\$14.4M and loans payable of US\$4.6M resulting in net cash (excluding lease liabilities) of US\$9.8M. In addition, the Company has US\$10.0M still available on the US\$10.0M Revolving Line of Credit, US\$0.5M still available on the US\$6.0M Medium Term Loan and US\$2.0M still available on the US\$4.0M Medium Term Loan. Since the Company has loans payable, the Company continues to monitor its cash and its capital spending in conjunction with the loans that need to be repaid.

FISCAL 2022

Operating Activities

In 2022, the Company generated net cash from operating activities of US\$25.3M, as compared to US\$14.8M in 2021. The Company realized profit before taxation of US\$27.6M for 2022, however, the changes in non-cash items, changes in working capital items and the payment of finance costs and income taxes decreased cash by US\$2.3M, resulting in cash generated from operations of US\$25.3M.

Investing Activities

In 2022, the Company's net investment in property, plant and equipment was US\$16.9M compared to US\$14.6M in 2021. The Company continues to reinvest and upgrade its fleet in order to maintain a modern fleet of drill rigs and related equipment. The Company understands the importance of this and has significantly invested in its property, plant and equipment. Plant and equipment additions in 2022 included new drill rigs, costs associated with rebuilding existing drill rigs and related equipment, new light vehicles and costs associated with completing certain workshops and supply bases.

Financing Activities

In 2022, the Company used net cash of US\$2.9M relating to financing activities. The Company received loans of US\$11.0M, repaid loans in the amount of US\$13.3M, paid dividends of US\$2.2M, paid lease liabilities of US\$0.9M and received US\$2.5M from the exercise of stock options. In 2021, the Company generated net cash of US\$2.8M relating to financing activities. The Company received loans of US\$11.5M, repaid loans in the amount of US\$7.7M, paid dividends of US\$0.7M, paid lease liabilities of US\$0.7M, repaid related party payables in the amount of US\$0.4M and received US\$0.8M from the exercise of stock options.

FOURTH QUARTER ENDED DECEMBER 31, 2022

Operating Activities

The Company realized profit before taxation of US\$5.1M for the fourth quarter of 2022 and the impact of changes in non-cash items, changes in working capital items and the payment of finance costs and income taxes increased cash by US\$4.7M resulting in US\$9.8M cash being generated from operations in the fourth quarter of 2022, compared to US\$0.1M cash being generated from operations in the fourth quarter of 2021.

Investing Activities

In the fourth quarter of 2022, the Company's investment in property, plant and equipment was US\$4.7M compared to US\$3.1M in the fourth quarter of 2021. The Company continues to upgrade its fleet in order to maintain a modern fleet of drill rigs and related equipment. The Company understands the importance of this and has significantly invested in its property, plant and equipment. Plant and equipment additions in the fourth quarter of 2022 included costs associated with rebuilding existing drill rigs and related equipment, new light vehicles and costs associated with completing certain workshops and supply bases.

Financing Activities

During the fourth quarter of 2022, the Company used cash of US\$10.0M relating to financing activities. The Company repaid loans in the amount of US\$9.7M, received loans of US\$0.9M, paid dividends of US\$1.1M and paid lease liabilities of US\$0.2M. During the fourth quarter of 2021, the Company received loans of US\$1.0M, repaid loans in the amount of US\$4.4M and paid lease liabilities of US\$0.2M.

Contractual Obligations

Contractual Obligations (in US\$ 000s)	Payments Due by				
	Total	2023	2024	2025	2026 and older
Loans ⁽¹⁾	4,930	2,890	1,700	340	-
Lease liabilities ⁽²⁾	1,510	850	490	140	30
Purchase obligations ⁽³⁾	830	830	-	-	-
Total Contractual Obligations	7,270	4,570	2,190	480	30

⁽¹⁾ Loans refer to amounts owing on the US\$6.0M Medium Term Loan and the US\$4.0M Medium Term Loan, including the related interest.

⁽²⁾ The lease liabilities relate to the lease payments for the two real estate properties, as fully disclosed under "Transactions with Related Parties". In addition, the lease liabilities includes amounts for other operating sites.

⁽³⁾ The purchase obligations relate to the balance owing on the purchase of a drill rig that the Company expects to be shipped in the second quarter of 2023.

Contractual obligations will be funded in the short-term by cash as at December 31, 2022 of US\$14.4M, the US\$10.0M amount still available on the US\$10.0M Revolving Line of Credit, the US\$0.5M still available on the US\$6.0M Medium Term Loan, the US\$2.0M still available on the US\$4.0M Medium Term Loan and cash flow generated from operations.

OUTLOOK

Throughout 2022, the Company recorded its highest ever annual revenues. The Company has benefited from one of the most robust mining and exploration cycles in 2022 as gold averaged US\$1,800 in 2022. The Company has a well diversified client base of majors, intermediates and juniors and believes the majors and intermediates will continue to reinvest their cash flow into exploration as they continue to

strive to grow their reserves. The Company also believes that juniors will continue to be able to secure financing for exploration projects. The Company has also expanded its presence in South America and was awarded its first ever contract in Chile which began in Q4 2022. The Company now operates in two countries in South America where base metal (copper and zinc) exploration is prevalent. The Company continues to develop a diversified geographical and commodity strategy while maintaining a strong financial position. The Company still expects the robust mining and exploration cycle will continue into 2023.

As at December 31, 2022, the Company had 76 drill rigs, of which 70 drill rigs were available for operation, five drill rigs were in the workshop and one was being manufactured. In addition, the Company rented four rigs, resulting in a total drill rig fleet of 80 rigs.

SUPPLEMENTARY DISCLOSURE - NON-IFRS MEASURES

EBIT is defined as Earnings before Interest and Taxes and EBITDA is defined as Earnings before Interest, Taxes, Depreciation and Amortization. The definitions are used in this MD&A as measures of financial performance. The Company believes EBIT and EBITDA are useful to investors because they are frequently used by securities analysts, investors and other interested parties to evaluate companies in the same industry. However, EBIT and EBITDA are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. EBIT and EBITDA should not be viewed in isolation and do not purport to be alternatives to net income or gross profit as indicators of operating performance or cash flows from operating activities as a measure of liquidity. EBIT and EBITDA do not have standardized meanings prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies. Also, EBIT and EBITDA should not be construed as alternatives to other financial measures determined in accordance with IFRS.

Additionally, EBIT and EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements.

Gross profit margin is defined as gross profit as a percentage of revenue. Gross profit margin does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies.

The following table is a reconciliation of Geodrill's results from operations to EBIT and EBITDA

(US\$ 000s)	Year ended		Three months ended	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
Total comprehensive income	18,918	14,118	3,441	2,758
Add: Income taxes	8,712	5,676	1,612	2,125
Add: Finance costs	691	654	134	188
Earnings Before Interest and Taxes (EBIT)	28,321	20,448	5,187	5,071
Add: Depreciation & Amortization	10,029	9,006	2,320	2,236
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	38,350	29,454	7,507	7,307

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO") of the Company are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") for the

Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. As at December 31, 2022, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P were effective as at December 31, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

Management has evaluated the design and operation of the Company's internal controls over financial reporting as of December 31, 2022, and has concluded that such controls over financial reporting are effective. There are no material weaknesses that have been identified by management in this regard.

There were no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2022 and ending on December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

The following discussion outlines certain relevant risk factors according to the Company's business and industry within which it operates. These risks are not the only risks facing the Company. Additional risks and uncertainties presently not known to the Company may also impair the operations and could potentially affect the Company.

Risks Related to the Business and the Industry

Political Instability

The Company's drilling activities are in West Africa (Ghana, Cote d'Ivoire, Mali and Burkina Faso), Egypt, Chile and Peru. Conducting business in West Africa, Egypt, Chile and Peru presents political and economic risks including, but not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labour unrest. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business. Business may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production and exploration activities, currency remittance, income taxes, environmental legislation, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted, however, the Company keeps abreast of all political issues and is prepared to act accordingly.

ECOWAS Sanctions

The Economic Community of West African States (“ECOWAS”) placed sanctions on Mali in January 2022. These sanctions were in response to Mali delaying elections to December 2025 instead of the previously agreed timeline of February 2022. In July, 2022 ECOWAS removed the economic, financial and diplomatic sanctions imposed on Mali earlier in 2022 following the interim Malian Government's announcement of a two-year transition to presidential elections and the promulgation of a new electoral law. The Company continues to operate in Mali and is monitoring the situation. The Company is also continuing to monitor the impact of the January 2022 military coup in Burkina Faso and ECOWAS’s position. The Company continues to operate in Burkina Faso and is monitoring the situation.

Russia Ukraine Conflict

The Russian invasion of Ukraine and the Russia Ukraine conflict is likely to have wide-ranging consequences on the peace and stability of the region and the rest of the world. As the Company operates in Africa and South America, it has not been directly impacted by the Russia Ukraine conflict. The impact of the Russia Ukraine impact on Europe, and on the Euro, impacted foreign exchange reported by the Company. In September 2022, the Euro / USD has recently traded at a twenty-year low. In certain countries, the Company invoices in and holds CFA, and the Company has local payrolls that are paid in CFA. Since the CFA is linked to the Euro, the Company’s foreign exchange may be impacted by a devaluing Euro and CFA. Any gains or losses relating to other foreign currency exposures may not offset the gains or losses resulting from the net CFA exposure. The Company does not expect foreign currency gains or losses to have a material adverse effect on the Company’s performance, however, the Company will continue to monitor its foreign exchange exposure.

Local Content Requirements

The Company has drilling activities currently in Ghana, Cote d’Ivoire , Mali, Burkina Faso, Egypt, Chile and Peru. The Company has always considered the local communities and districts in which it operates and has specifically hired local workers and supported local community initiatives. In 2022, approximately 95% of the Company’s workforce was local to the countries in which it operated. In certain jurisdictions in which the Company operates, there are discussions regarding granting contracts to companies that are locally owned or a percentage of the company is locally owned. As the Company is a publicly listed entity, if local ownership content requirements become mandated, this may affect the way the Company operates or is structured in certain jurisdictions in which it operates.

Under Articles 41 and 101 of the Burkinabe Mining Code, effective January 1, 2022 holders of mining titles or authorizations must define a plan to anchor the activity of the mining company to the national economy and give preference to Burkinabe companies for the services and supplies of goods at equivalent conditions of price, quality and time. The Company operates in Burkina Faso through a wholly owned branch and may therefore be subject to reduced drilling opportunities from clients due to local content rules. Currently, the Company continues to operate in Burkina Faso however, the Company is gradually reducing our presence due to security concerns.

The Ghana Minerals and Mining (Local Content and Local Participation) Regulations 2020 (L.I.2431) became effective December 22, 2020 and the Ghana Minerals Commission commenced the implementation of the fourth edition of its procurement list in 2022 that limited surface drilling to companies strictly incorporated in Ghana with exclusive Ghanaian directors and shareholders and underground drilling to companies incorporated in Ghana with a minimum of 30% Ghanaian directors and shareholders. The Company operates in Ghana through Geodrill Ghana Ltd, a wholly owned subsidiary

and GTS Drilling Ltd, a fully incorporated company in Ghana and wholly owned by Dave Harper. The Company continues to monitor the local content and participation requirements in Ghana.

Uncertain Legal and Regulatory Frameworks

The Company's business and operations are potentially subject to the uncertain legal and regulatory frameworks in the countries in which it operates. Laws, regulations and local rules governing business entities in these countries may change and are often subject to a number of possibly conflicting interpretations by business entities, government departments and the courts. Laws and regulations may be promulgated and overseen by different government entities or departments, which may be national, regional or municipal and these entities may differ in their interpretation and enforcement of the laws and regulations. The business, financial condition, profitability and results of operations of the Company could potentially be adversely affected by changes in and uncertainty surrounding governmental policies, in particular with respect to business laws and regulations, licenses and permits, taxation, exchange control regulations, labor laws and expropriation.

Given the uncertain legal and regulatory framework in the African countries, Chile and Peru, there is a risk that the necessary licenses, permits, certificates, consents and authorizations to implement or conduct operations may not be obtained by either the client or the Company under conditions or within time frames that make such operations viable and that changes to applicable laws, regulations or the governing authorities may result in additional material expenditure or time delays.

Credit Risk

The Company provides credit to its clients in the normal course of its operations. The Company provides for expected credit losses for trade receivables based on the aging of trade receivables. In addition, in the past the Company had noticed that certain accounts in the greater than 90 day category were taking longer to pay and certain accounts were having difficulty paying and therefore the Company needed to provide for certain specific accounts. The Company has continued to extend credit to clients and as at December 31, 2022, 19% of the trade accounts receivable are aged over 90 days. The Company's normal credit terms are 30 to 60 days.

Tax Risk

The Company has organized its group structure and its operations in part based on certain assumptions about various tax laws including, among others, income tax and withholding tax, foreign currency and capital repatriation laws and other relevant laws of a variety of jurisdictions. While the Company believes that such assumptions are correct, there can be no assurance that foreign taxing or other authorities will reach the same conclusion. If such assumptions are incorrect, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may suffer adverse tax and financial consequences. The Group has drilling activities currently in Ghana, Cote d'Ivoire, Mali, Burkina Faso, Egypt, Chile and Peru. The Group has subsidiaries or branches in Ghana, Cote d'Ivoire, Mali, Burkina Faso, Zambia, Mauritius, Isle of Man, Malta, Madeira, Egypt, Peru, Chile and Brazil. There is a risk in which the countries where Geodrill operates may change their current tax regime with little prior notice or that the tax authorities in these jurisdictions may attempt to claim tax on the global revenues of the Company. A change to the tax regimes in these countries or an unfavorable interpretation of the current tax legislation could have a material adverse effect on the profitability of the Company.

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 20, 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 March 4, 2022, Geodrill is waiting for a ruling from the administrative courts in Burkina Faso.

On January 12, 2023 Geodrill received the ruling from the secretariat of the administrative court dismissing the entire revised assessment and has awarded a payment of 1,500,000 CFA to Geodrill for expenses incurred. The Burkina Faso tax authorities have two months to submit an appeal regarding the ruling. As at March 4, 2023, Geodrill is unaware of the BFTA appealing the ruling.

Foreign Currency Exposure

The Bank of Ghana granted approval in 2022 and 2023 for the Company to receive a portion of its payments in US dollars. The 2023 approval is valid up to December 31, 2023. If the Company has significant cash and receivables in Ghana Cedi it may be exposed to currency fluctuations between the US Dollar and the Ghana Cedi. The Company also has significant amounts of CFA relating to operating in certain French West African countries. Although the exchange rate of the CFA is linked to the EURO and it has been fairly stable in the past, there can be no assurance that it will continue to be stable. In addition, there is also a significant part of the Company’s foreign exchange exposure to the Australian dollar and Euro in relation to international purchases. As a result, the Company is exposed to currency fluctuations and exchange rate risks. Currency fluctuations and exchange rate risks between the value of the US dollar and the value of certain foreign currencies may increase the cost of the Company’s operations and could adversely affect financial results.

Supply of Consumables

The Company’s operations could place pressure on the ability of its vendors to manufacture and deliver to the Company consumables used in its drilling activities. Any negative impact on the ability of the vendors to deliver their products may constrain the Company’s ability to increase its capacity and increase or maintain revenue and profitability.

Cybercrime

Cybercrime is now recognized as one of the biggest threats to global businesses. The agile nature of business, along with remote working technology, has left more companies open to the risk of cyber-attacks. These crimes range from the malicious, perhaps politically or ideologically motivated through to data or financial theft which may be orchestrated by the amateur hacker or by organized crime. Failure to identify and address these threats would leave the Company vulnerable to a cyber-attack. The Company continually updates its hardware and software to the highest standard to protect it against cybercrime. In addition to this, on an annual basis the Company has a third party perform a vulnerability assessment on its network.

Inability to Sustain or Increase Revenue Levels

The Company recorded revenue of US\$138.6M in 2022, US\$115.2M in 2021 and US\$82.4M in 2020. The Company's ability to sustain or increase its revenue will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the global demand for materials. In addition, the Company is subject to a variety of business risks generally associated with growing companies. The Company is not currently contemplating adding a significant number of rigs but will continue to explore geographic expansion. Expanding into other jurisdictions could place significant strain on the Company's management personnel and the Company may need to recruit additional personnel to service these jurisdictions.

There can be no assurance that the Company will be able to sustain or increase its revenue or that such increased revenue, if achieved, will result in profitable operations, that it will be able to attract and retain sufficient management personnel necessary. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. Further, as the Company increases its geographical footprint, it may need to expand its operations base or establish a new operations base in order to continue to maintain its fleet of drill rigs.

Business Interruptions

Business interruptions may result from a variety of factors, including regulatory intervention, political elections, delays in necessary approvals and permits, health and safety issues or supply bottlenecks and seasonal or extraordinary weather conditions. In addition, the Company operates in geographic locations which are prone to political risks including terrorism and natural or other disasters. Further, logistical risks such as road conditions, ground conditions and political interference may affect the Company's ability to quickly mobilize or demobilize its drill rigs. The occurrence of business interruptions or conditions could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Cyclical Downturns

The Company's business is highly dependent upon the levels of mineral exploration, development and production activity by mining companies in Africa, Chile and Peru. In recent years, certain countries in West Africa such as Ghana, Cote d'Ivoire, Mali and Burkina Faso, have seen an increase in mining and exploration primarily focused on gold. In 2020, the Company achieved revenues of US\$82.4M as a result of a slower than normal first half of 2020, as a result of the COVID-19 pandemic. In 2021 the Company achieved revenues of US\$115.2M. In 2022 the Company achieved record revenues of US\$138.6M. Although the Company has seen a rebound in its activities, there is no guarantee that this trend will continue due to the cyclical nature of the industry.

The operations and financial results of Geodrill may be materially adversely affected by increases or declines in the price of gold and other commodities. The prices of gold and other commodities fluctuate widely and are affected by numerous factors beyond Geodrill's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and foreign currencies, global and regional supply and demand and the political and economic conditions of major metals-producing countries throughout the world. The price of gold and other commodities has fluctuated widely in the past, and future serious price declines could cause continued exploration, development of and commercial production by Geodrill's clients to be impracticable. In such event, the operational and financial results from drilling operations would suffer.

Industry experience indicates that prevailing and projected prices of commodities are major influences on the Company's clients' activity levels and planned expenditures. In the past, strong commodities market conditions have led to an increased supply of drill rigs to the market. In the event of a sustained decrease in demand for drilling activities, the market may be oversupplied with drill rigs, which may result in downward pressure on drilling service providers' margins and drilling operations. In addition, historically when commodity prices fall below certain levels, it is not uncommon for mining and exploration expenditures to decline in the following twelve month period. There is a risk that a significant, sustained fall in commodity prices could substantially reduce future mining expenditures, particularly in relation to exploration and production, leading to a decline in demand for the drilling services offered by the Company which may have a material adverse effect and impact on the Company's business, financial position, results of operations and prospects.

Competition

The Company faces considerable competition from several large drilling services companies and a number of smaller regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period of time. This may mean that they are perceived as being able to offer a greater range of services at more competitive prices than the Company. In addition, new and current competitors willing to provide services at a lower cost will likely continue to occur as demand for drilling services tightens. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability and growth opportunities. Any erosion of the Company's competitive position could have a material adverse effect on the Company's business, results of operations, financial condition and growth prospects.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company may lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process, or the Company does not continue to provide a premium service as compared to other competitors, to its existing client base which would cause it to lose its reputation in the market place.

Equity Price Risk

The Group holds equity investments in listed companies and is exposed to equity price risk. The equity investments are held for sale and not held for strategic purposes. At December 31, 2022, the Group had US\$0.7M in equity investments. If equity prices had been 10% higher or lower and all other variables were held constant, the Group's equity and profit or loss for the year ended December 31, 2022 would have increased or decreased by US\$72,051 (2021: US\$425,312).

Substance requirements

The Company is incorporated in the Isle of Man and certain of the Company's other subsidiaries are incorporated in other countries where, similar to the Isle of Man, there has been an increased focus on substance requirements. The Company maintains its head office in the Isle of Man and has a local director and corporate secretary based in the Isle of Man. In 2022, the Company has held two meetings in person in the Isle of Man. The Company held its 2022 Annual General Meeting in the Isle of Man and will also hold its 2023 Annual General Meeting in the Isle of Man. The Company has reviewed the necessary requirements and has concluded that it is directed and managed in and from the Isle of Man, there is adequate physical presence in the Isle of Man, there is adequate proportionate expenditure and there are core income generating activities conducted in the Isle of Man and therefore has determined that it fulfils the relevant substance requirements, however, there is always a risk that the authorities will dispute the Company's conclusions. The Company has also reviewed and has concluded that it meets the substance requirements for its Mauritius, Malta and Madeira subsidiaries. However, there is always a risk that the authorities will dispute the Company's conclusions and such disputes may have an adverse effect on the business, financial condition and results of operations of the Company.

International Expansion and Instability

Expansion internationally entails additional political and economic risk. Some of the countries and areas that the Company may target for expansion could be undergoing industrialization and urbanization and do not have the economic, political or social stability that many developed nations now possess. Other countries have experienced political or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other barriers, changes in mining or investment policies or shifts in political attitude that may adversely affect the business. There has been an emergence of a trend by some governments to increase their participation, through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions. Such events could result in reductions in revenue and transition costs as equipment is shifted to other locations.

Environment, Labor and Health and Safety Requirements and Related Considerations

The drilling services industry is regulated by environmental and health and safety regulations. To the extent that the Company fails to comply with laws and regulations, it could lose client contracts and be subject to suspension of operations or other penalties. In addition, accidents at the sites at which the Company operates could adversely affect the Company's ability to retain client contracts and win new business.

The Company is subject to the labour laws and regulations of the various countries in which it operates. Although none of the Company's employees are currently unionized, there is the potential that some or all of its employees may become unionized in the future. There can be no assurance that the Company will not experience labour problems in the future, such as prolonged work stoppages due to labour strikes, which may have an adverse effect on its results of operations and financial conditions.

Clients are required to hold certain permits and approvals in order for the Company to conduct operations. Clients are generally responsible for obtaining the environmental permits necessary for drilling. There is no assurance that clients will be able to renew or obtain the permits or approvals which are required for the drilling services the Company provides to them, in the time frame anticipated or at

all. Any failure to renew, maintain or obtain the required permits or approvals may result in interruption or delay to operations and may have an adverse impact on the Company's business, financial position, results of operations and prospects. In addition, clients rely on concessions, licenses and permits to conduct their activities. Any modification or revocation of these concessions, licenses or permits could result in a decrease in demand for the services of the Company or in contracts with clients being terminated.

Geographic Expansion

Expansion into new jurisdictions also brings additional geographic and currency risk. There is a risk that the operations, assets, employees or repatriation of revenues could be impaired by factors specific to the regions into which Geodrill may choose to expand.

Global Financial Condition

Global financial conditions may impact the ability of the Company and its clients to obtain equity or debt financing in the future on terms that are favorable. Worldwide economic conditions, in particular, economic conditions of countries such as the United States and China, influence the activity in the mining industry which in turn has an effect on the demand for the drilling services provided by Geodrill. Increased levels of volatility and market turmoil could adversely affect the Company's results of operations and the trading price of the Ordinary Shares.

Concentration of Currency

The Company receives its revenues in US dollars, CFA and Cedi, and as result, the majority of the Company's cash is in US dollars, CFA as the portion of Cedi that the Company receives can be used locally. To facilitate the payment of certain international suppliers and expenses, the Company holds the majority of its cash in US dollars and CFA to pay international suppliers. There can be no assurance that in the future, the Company will be able to continue to hold the majority of its cash in US dollars and CFA.

Dependence on Certain Key Personnel

The success of the Company was, and is currently, largely dependent on the performance of senior management and, in particular, Dave Harper, Terry Burling, Greg Borsk, Greig Rodger and Stephan Rodrigue. The senior management group is also supported by numerous drilling supervisors, HSE personnel and other management employees to manage its immediate operations as well as the obligations of running a public company. The loss of the senior management personnel would likely have a materially adverse effect on the Company's business and prospects. Additionally, there is no assurance that the Company can maintain the services of its other management or its key drillers required to operate the business. The Company does not maintain key person insurance on the lives of any of its senior management.

Debt Level

In response to the need to finance capital equipment and general corporate expenditures including working capital needs, the Company has needed to borrow funds. As a result, the Company has loans payable outstanding. With loans payable outstanding and the required payments, the Company will need to monitor its cash on hand, and its investing activities in response to the level of debt and scheduled loan repayments. The debt requires repayments of principal and interest of approximately US\$4.9M in 2022. The Company has in the past been able to repay debt from cash on hand and cash flow generated from operations, however, there is no certainty that the Company will continue to generate positive cash flow

from operations. As at December 31, 2022, the Company had US\$14.4M of cash and US\$10.0M still available on the US\$10.0M Revolving Line of Credit, US\$0.5M still available on the US\$6.0M Medium Term Loan and US\$2.0M still available on the US\$4.0M Medium Term Loan.

Sensitivity to General Economic Conditions

The operating and financial performance of the Company is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as monetary and regulatory policies. A deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance, financial position and condition, cash flows, distributions, share price and growth prospects of the Company.

Dependence on Customers with Capital Raising Challenges

From time to time, the Company may be dependent on customers for a significant portion of revenue and net income who, due to their relative size, could be challenged to attract funding to achieve their business plans. Should a number of our customers face serious capital raising constraints, there can be no guarantee that the Company will be able to secure sufficient replacement customers, potentially leading to future reduced revenue and income levels. Consequently, the Company continues to work to expand its client base to mitigate its exposure to customers with capital raising challenges.

Specialized Skills and Cost of Labor Increases

The Company may not be able to recruit or retain drillers and other key personnel who meet the Company's high standards. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Increased Cost of Sourcing Consumables and Drilling Equipment

When bidding on a drilling contract, the cost of consumables (including fuel) is a key consideration in deciding upon the pricing of a contract. A material increase in the cost of consumables (including fuel) could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects. Although the Company mitigates the risk of sourcing and pricing of consumables by keeping an inventory and having the capacity to fabricate certain consumable equipment, such as RC drill pipe and RC wire-line drill subs, there remains a risk that the pricing and availability of certain other consumables such as fuel could have a material negative effect on the Company's operations. Additionally, the delay or inability of suppliers to supply key manufacturing inputs, such as steel and other raw materials, may delay manufacturing certain consumables such as RC drill pipe and RC wire-line drill subs, that may have an adverse effect on the operations and the financial position of the Company's business.

Client Contracts

The Company's drilling client contracts are typically based on meters to drill and range for a term of one month to five years and can be cancelled by the client on short or no notice in certain circumstances with limited or no amounts payable to the Company. The short duration of contract periods, typical for the drilling industry, does not provide any certainty of long term cash flows. There is a risk that existing

contracts may not be renewed or replaced and that the drill rigs may not be able to be placed with alternative clients. The failure to renew or replace some or all of these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property, equipment, release of hazardous substances to the environment, including potential environmental liabilities associated with the Company's fuel storage activities, and interruption or suspension of drill site operation due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings and damage to the Company's reputation.

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, drill rig failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues and business integration issues.

Advances in exploration, development and production technology which could reduce the demand for drilling services may have an adverse impact on the financial performance of the Company.

Risk to the Company's Reputation

Risks to the reputation of the Company, including any negative publicity, whether true or not, could cause a decline in the Company's customer base and have a material adverse impact on the Company's financial performance, financial condition, cash flows and growth prospects. All risks have an impact on reputation and, as such, reputational risk cannot be managed in isolation from other types of risk. Every employee and representative of the Company is charged with upholding its strong reputation by complying with all applicable policies, legislation and regulations as well as creating positive experiences with the Company's customers, stakeholders and the public.

Insurance Limits

The Company maintains, to a limited extent, fixed property, motor and general liability insurance. The Company does not insure all of its drill rigs nor its goods in transit, as management has determined that the cost of the premiums outweigh the benefits at this time. Regarding the insurance that the Company does have, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company. The Company does not carry business interruption insurance or key man insurance and, as such, any such interruption or loss would have an adverse effect on the financial position of the Company. To the extent that Geodrill incurs losses not covered by its insurance policies, the funds available for operations will be reduced.

Risks due to Foreign Incorporation

The Company is incorporated under and governed by the laws of the Isle of Man and consequently shareholders may not have the same rights and protections as they would have under provincial or federal corporate law in Canada. There can be no assurance that shareholder rights and remedies available under

the corporate law of the Isle of Man will be enforceable in Canada through Canadian courts or that any orders of the courts of the Isle of Man made under such corporate law will be enforceable in Canada.

Equity Market Risks

The Ordinary Shares of the Company are listed and traded on the TSX under the symbol GEO and on the OTCQX under the symbol GEODF. There is a risk associated with any investment in the Ordinary Shares. The market price of securities such as the Ordinary Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating performance of the issuers or the industries in which they operate.

The Influence of Existing Shareholders and Future Sales by The Harper Family Settlement and Dave Harper

The Harper Family Settlement and Dave Harper holds or controls, directly or indirectly, 18,504,100 Ordinary Shares representing approximately 39.5% of the Company's issued Ordinary Shares. As a result, The Harper Family Settlement and Dave Harper have the ability to influence the Company's strategic direction and policies, including any sale of all or substantially all of its assets, the election and composition of the Board of Directors, the amendment of the Company's Memorandum and Articles of Association and the declaration of dividends. The foregoing ability to influence the control and direction of the Company could adversely affect investors' perception of the Company's corporate governance and reduce its attractiveness as a target for potential take-over bids and business combinations, and correspondingly affect its share price.

Sales of a large number of Ordinary Shares by The Harper Family Settlement or Dave Harper in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair Geodrill's ability to raise capital through future sales of Ordinary Shares.

Dilution

The Company may raise additional funds in the future by issuing equity securities. Holders of Ordinary Shares will have no pre-emptive rights in connection with such further issues. Additional Ordinary Shares may be issued by the Company in connection with the exercise of options. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Ordinary Shares.

Dividend Payments

The Company paid two semi-annual dividends in 2022 of CAD\$0.03, totalling CAD\$0.06 (2021: two semi-dividends of CAD\$0.01, totalling CAD\$0.02). Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including Geodrill's earnings, operating results, financial condition and current and anticipated cash needs.

COVID-19 (the novel Coronavirus)

In 2022 and 2021, COVID-19 did not severely impact the Company's operations as the Company was able to return to normal operations. In 2020, COVID-19 had an adverse impact on global economic conditions which impacted the Company's drilling activities during the first nine months of the year. From the onset

of the pandemic, management provided a bi-monthly COVID-19 brief to the Board of Directors, outlining 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.

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 December 31, 2022 and 2021.

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for managing risk, methods used to measure the risks and the Group's management of capital.

Risk management framework

The Board of directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's management team is responsible for developing and monitoring the Group's risk management policies. The team meets periodically to discuss corporate plans, evaluate progress reports and establish action plans to be taken. The day-to-day implementation of the Board's decisions rests with the CEO.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash.

Trade and other receivables

The Group's exposure to credit risk is minimized as customers are given 30 to 60 day credit periods for services rendered.

As at December 31, 2022, three customers individually contributed 10% or more to the Group's trade receivables. One customer contributed 18%, one customer contributed 11% and one customer contributed 10%.

As at December 31, 2021, one customer individually contributed 10% or more to the Group's trade receivables. That customer contributed 30%.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

The maximum exposure to credit risk for trade and other receivables at the reporting dates by type was:

	2022	2021
	US\$	US\$
Trade and other receivables	34,297,462	23,707,433
Cash	14,391,470	9,275,316
	<hr/> 48,688,932	<hr/> 32,982,749

	2022	2021
	US\$	US\$
Mining and exploration companies	33,508,572	22,782,167
Others	788,890	925,266
	<hr/> 34,297,462	<hr/> 23,707,433

The ageing of trade receivables due from mining and exploration companies at the reporting dates was:

	2022	2021
	US\$	US\$
Less than 30 days	11,278,003	8,944,272
31 - 60 days	10,629,948	7,279,133
61 - 90 days	5,274,693	3,285,566
91 days and greater	6,325,928	3,273,196
	<hr/> 33,508,572	<hr/> 22,782,167

(ii) Liquidity risk

Liquidity risk is the risk that the Group either does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due, or can access them only at excessive cost. The Group's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due by monitoring and scheduling cash in bank movements and reinvesting profits earned.

The Group's obligation and principal repayments on its financial liabilities are presented in the following table:

	Total US\$	Within One Year US\$	Greater than One Year US\$
December 31, 2022			
Non-derivative financial liability			
Trade and other payables	19,332,154	19,332,154	-
Loans payable	4,607,576	2,627,273	1,980,303
Lease liabilities	1,211,495	620,037	591,458
Balance at December 31, 2022	25,151,225	22,579,464	2,571,761

December 31, 2021

Non-derivative financial liability			
Trade and other payables	15,808,964	15,808,964	-
Loans payable	6,901,515	3,960,606	2,940,909
Lease liabilities	708,651	302,828	405,823
Balance at December 31, 2021	23,419,130	20,072,398	3,346,732

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns. Management regularly monitors the level of market risk and considers appropriate strategies to mitigate those risks. Sensitivity analysis relating to key market risks has been provided below.

(a) Foreign currency risk

The Group is exposed to currency risk on cash, financial assets at fair value through profit and loss, trade receivables, trade payables and taxes payable that are denominated in currencies other than the functional currency. The other currencies in which these transactions are denominated are EURO, Ghana Cedis (GHS), British Pound (GBP), Central African Franc (CFA), Australian Dollar (AUD), Canadian Dollar (CAD), Zambian Kwacha (ZMW), Egyptian Pound (EGP), Brazilian Real (BRL), Peruvian Sol (PEN) and Chilean Peso (CLP).

The Group's exposure to foreign currency risk was as follows based on foreign currency amounts.

December 31, 2022	EURO	GHS	GBP	CFA	AUD	CAD	ZMW	PEN	EGP	BRL	CLP
Cash	6,127	3,647,880	52,573	2,539,476,782	179,550	91,808	6,400	124,086	401,870	15,600	64,805,313
Financial assets at fair value through profit and loss	-	-	257,250	-	195,434	387,823	-	-	-	-	-
Trade and other receivables	-	1,204,611	-	8,715,084,542	-	-	-	-	636,084	-	-
Trade payables	(4,211)	(14,621,931)	(41,692)	(867,408,710)	(3,675,937)	(1,354,221)	(133,401)	(55,019)	(8,092,913)	(10,858)	(301,501,054)
Taxes payable	-	-	-	(1,169,121,423)	-	-	-	-	(17,522,967)	-	-
Gross exposure	1,916	(9,769,440)	268,131	9,218,031,191	(3,300,953)	(874,589)	(127,001)	69,067	(24,577,926)	4,742	(236,695,741)
December 31, 2021											
Cash	8,497	1,049,003	60,302	2,567,796,007	1,512	7,254	11,081	525,081	14,248	20,851	-
Financial assets at fair value through profit and loss	-	-	2,200,438	-	537,444	882,979	-	-	-	-	-
Trade and other receivables	-	-	-	6,276,126,236	-	-	12,000	-	383,631	-	-
Trade payables	(610,623)	(9,073,049)	(22,214)	(767,488,800)	(3,232,656)	(698,955)	(20,790)	(11,419)	(1,292,811)	(10,000)	-
Taxes payable	-	-	-	(389,686,816)	-	-	-	-	(244,291)	-	-
Gross exposure	(602,126)	(8,024,046)	2,238,526	7,686,746,627	(2,693,700)	191,278	2,291	513,662	(1,139,223)	10,851	-

The following significant exchange rates applied during the years:

US\$1=	2022		2021	
	Reporting Rate	Average Rate	Reporting Rate	Average Rate
EURO	0.9338	0.9456	0.8815	0.8403
GHS	10.1866	8.5112	6.1071	5.8800
GBP	0.8261	0.8051	0.7400	0.7263
CFA	612.5573	620.2870	578.2319	551.1881
AUD	1.4663	1.4346	1.3769	1.3257
CAD	1.3541	1.2947	1.2697	1.2537
ZMW	18.0647	16.8239	16.6372	20.3250
PEN	3.7675	3.8169	3.9585	3.8127
BRL	5.2820	5.1958	5.5700	5.3526
EGP	24.7236	18.4199	15.6796	15.6826
CLP	847.4950	923.7744	N/A	N/A

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening US\$ against all other currencies on equity and profit or loss. This sensitivity analysis indicates the potential impact on equity and profit or loss based upon the foreign currency exposures, (see “foreign currency risk” above) and it does not represent actual or future gains or losses. The sensitivity analysis is based on a change of 10% in the closing exchange rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the US\$, by the rates shown in the table, against the following currencies would have increased/decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As at December 31,		2022			2021		
	% Change	Profit or Loss impact before tax		% Change	Profit or Loss impact before tax		
		US\$	Equity US\$		US\$	Equity US\$	
EURO	±10	±205	±205	±10	±68,307	±68,307	
GHS	±10	±95,905	±95,905	±10	±131,389	±131,389	
GBP	±10	±32,457	±32,457	±10	±302,504	±302,504	
CFA	±10	±1,504,844	±1,504,844	±10	±1,329,354	±1,329,354	
AUD	±10	±225,121	±225,121	±10	±195,635	±195,635	
CAD	±10	±64,588	±64,588	±10	±15,065	±15,065	
ZMW	±10	±703	±703	±10	±14	±14	
PEN	±10	±1,833	±1,833	±10	±12,976	±12,976	
EGP	±10	±99,411	±99,411	±10	±7,266	±7,266	
BRL	±10	±90	±90	±10	±195	±195	
CLP	±10	±27,929	±27,929	±10	N/A	N/A	

(b) Interest rate risk

The Group is exposed to interest rate risk on its bank balances and loans.

Profile

At the reporting dates, the interest rate profiles of the Group's interest-bearing financial instruments were:

	2022	2021
	US\$	US\$
Variable rate instruments		
Bank balances	14,391,470	9,162,620
Fixed rate instruments		
Loans	4,607,576	6,901,515

Sensitivity analysis for variable rate instruments

A change of 200 basis points in the interest rate at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022 and 2021.

As at December 31,	2022			2021		
	Profit or Loss impact			Profit or Loss impact		
	%	before tax	Equity	%	before tax	Equity
	Change	US\$	US\$	Change	US\$	US\$
Bank balances	±2%	±287,829	±287,829	±2%	±183,252	±183,252

(iv) Capital management

The Group manages its capital structure and makes adjustments to it to effectively support the Group's operations. In the definition of capital the Group includes, as disclosed on its consolidated statement of financial position: share capital, retained earnings, reserves and loans. The Group's capital at December 31, 2022 and 2021 is as follows:

Capital Management	2022	2021
	US\$	US\$
Loans payable	4,607,576	6,901,515
Share capital	28,106,386	24,858,172
Share-based payment reserve	3,379,386	3,857,405
Retained earnings	75,589,126	58,830,570
	111,682,474	94,447,662

(c) Equity price risk

The Group holds equity investments and is exposed to equity price risk. The equity investments are held for sale and not held for strategic purposes.

If equity prices had been 10% higher or lower and all other variables were held constant, the Groups equity and profit or loss for the year ended December 31, 2022 would increase/decrease by US\$72,051 (2021: US\$425,312).

RELATED PARTY TRANSACTIONS

Related party	Relationship	Location	2022	2021
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%
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%
Geodrill for Leasing and Specialized Services Freezone LLC	Subsidiary	Egypt	100%	-
Geodrill Leasing Company Limited	Subsidiary	Isle of Man	100%	-
Recon Drilling S.A.C.	Subsidiary	Peru	95%	95%
Geo-Drill SARL	Subsidiary	Mali	95%	95%
Recon Drilling Chile SPA	Subsidiary	Chile	95%	-
Geodrill BF	Branch	Burkina Faso	100%	100%
Geodrill Mali	Branch	Mali	100%	100%
Geodrill Limited Zambia	Branch	Zambia	100%	100%
Geodrill Mauritius Limited Egypt	Branch	Egypt	100%	-
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-
GTS Drilling Ltd	Common Control	Ghana	-	-

(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, 2022, 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\$230,000 per annum and rent for the Accra property of US\$93,000 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, 2024; 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 year ending December 31, 2022, the right-of-use assets relating to the properties above was US\$530,148 (December 31, 2021: US\$199,773) and the related lease liabilities were US\$534,780 (December 31, 2021: US\$209,104).

The Group has paid fees to Clearwater Limited during the year ended December 31, 2022 of US\$36,677 (2021: US\$18,510 paid to Clearwater Limited). One of the directors of Clearwater Limited is also a director of Geodrill Limited.

The Group has paid fees to MS Risk Limited during the year ended December 31, 2022 of US\$34,250 (2021: US\$11,000). One of the directors of MS Risk Limited is also a director of Geodrill Limited.

(ii) Key management personnel and directors' transactions

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of

the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Group and other management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

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

	2022	2021
	US\$	US\$
Short-term benefits	6,023,343	5,474,094
Share-based payment arrangements	261,699	228,297
	<hr/> 6,285,042	<hr/> 5,702,391

SIGNIFICANT ACCOUNTING POLICIES

The Company's audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The significant accounting policies are described in the audited financial statements for the years ended December 31, 2022 and 2021.

NEW AND FUTURE ACCOUNTING STANDARDS

a. Adoption of new and amended accounting pronouncements

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022:

2022 Amendments to IAS 16, IFRS 3, IAS 37 and Annual Improvements to IFRS standards 2018-2020.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

Additional Information

Additional information relating to Geodrill, including the Company's Annual Information Form can be found on SEDAR at www.sedar.com.