

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended March 31, 2023 and 2022

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at March 31, 2023 and December 31, 2022*

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

As at March 31, 2023 and December 31, 2022

	<i>Note</i>	March 31, 2023 US\$	December 31, 2022 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	58,458,850	57,058,742
Right-of-use assets	10	1,110,155	1,302,488
<b>Total non-current assets</b>		<b>59,569,005</b>	<b>58,361,230</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	11	452,938	720,511
Inventories	12	32,025,097	31,552,877
Prepayments		2,131,188	1,905,736
Trade and other receivables	13	40,044,965	34,297,462
Cash		17,196,451	14,391,470
<b>Total current assets</b>		<b>91,850,639</b>	<b>82,868,056</b>
<b>Total assets</b>		<b>151,419,644</b>	<b>141,229,286</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		28,182,364	28,106,386
Share-based payment reserve		3,554,990	3,379,386
Retained earnings		80,352,149	75,589,126
Capital and reserves attributable to owners of Geodrill Limited		112,089,503	107,074,898
Non-controlling interests	14	(17,635)	(17,376)
<b>Total equity</b>		<b>112,071,868</b>	<b>107,057,522</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	3,869,317	3,267,679
Loans payable	15	1,323,485	1,980,303
Lease liabilities		458,026	591,458
<b>Total non-current liabilities</b>		<b>5,650,828</b>	<b>5,839,440</b>
<b>Current liabilities</b>			
Trade and other payables	16	23,700,686	22,136,451
Loans payable	15	6,627,273	2,627,273
Lease liabilities		579,693	620,037
Taxes payable	8(ii)	2,789,296	2,948,563
<b>Total current liabilities</b>		<b>33,696,948</b>	<b>28,332,324</b>
<b>Total equity and liabilities</b>		<b>151,419,644</b>	<b>141,229,286</b>
Contingency	24		

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

*For the three months ended March 31, 2023 and 2022*

	Note	March 31, 2023 US\$	March 31, 2022 US\$
Revenue		37,561,750	33,408,743
Cost of sales	7	(25,386,094)	(23,597,908)
<b>Gross profit</b>		<b>12,175,656</b>	<b>9,810,835</b>
Selling, general and administrative expenses	7	(4,506,700)	(3,151,182)
Foreign exchange gain / (loss)		377,009	(12,316)
Other (loss) / income		(71,562)	1,064,317
<b>Results from operating activities</b>		<b>7,974,403</b>	<b>7,711,654</b>
Finance costs		(111,578)	(161,418)
<b>Income before taxation</b>		<b>7,862,825</b>	<b>7,550,236</b>
Income tax expense	8(i)	(1,732,904)	(1,599,063)
<b>Income and total comprehensive income for the period</b>		<b>6,129,921</b>	<b>5,951,173</b>
<b>Income and total comprehensive income for the period is attributable to:</b>			
Owners of Geodrill Limited		6,130,180	5,952,483
Non-controlling interests		(259)	(1,310)
		<b>6,129,921</b>	<b>5,951,173</b>
<b>Earnings per share for income attributable to the ordinary equity holders of the Company</b>			
Basic	21(i)	\$0.13	\$0.13
Diluted	21(ii)	\$0.13	\$0.13

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

*For the three months ended March 31, 2023 and 2022*

	<u>Attributable to owners of Geodrill Limited</u>				
	Share Capital US\$	Share-based Payment Reserve US\$	Retained Earnings US\$	Non- controlling interests US\$	Total Equity US\$
Balance at January 1, 2023	28,106,386	3,379,386	75,589,126	(17,376)	107,057,522
Income and total comprehensive income for the period	-	-	6,130,180	(259)	6,129,921
Dividends (Note 22)	-	-	(1,367,157)	-	(1,367,157)
Exercise of stock options	75,978	(16,955)	-	-	59,023
Share-based payment expense	-	192,559	-	-	192,559
<b>Balance at March 31, 2023</b>	<b>28,182,364</b>	<b>3,554,990</b>	<b>80,352,149</b>	<b>(17,635)</b>	<b>112,071,868</b>
Balance at January 1, 2022	24,858,172	3,857,405	58,830,570	(19,612)	87,526,535
Income and total comprehensive income for the period	-	-	5,952,483	(1,310)	5,951,173
Dividends (Note 22)	-	-	(1,069,391)	-	(1,069,391)
Exercise of stock options	363,984	(81,654)	-	-	282,330
Share-based payment expense	-	34,456	-	-	34,456
<b>Balance at March 31, 2022</b>	<b>25,222,156</b>	<b>3,810,207</b>	<b>63,713,662</b>	<b>(20,922)</b>	<b>92,725,103</b>

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

*For the three months ended March 31, 2023 and 2022*

	<b>March 31, 2023 US\$</b>	<b>March 31, 2022 US\$</b>
<b>Cash flows from operating activities</b>		
Income before taxation	7,862,825	7,550,236
<i>Adjustments for:</i>		
Depreciation expense	2,475,942	2,639,979
Movement in expected lifetime credit losses	339,740	(98,715)
Change in provision for inventory obsolescence	(45,768)	(985)
Equity-settled share-based payment expense	192,559	34,456
Finance costs	111,578	161,418
Loss / (gains) on financial assets at fair value through profit and loss	71,562	(1,064,317)
Unrealized foreign exchange (loss) / gain	(383,329)	257,679
	<b>10,625,109</b>	<b>9,479,751</b>
Change in financial assets at fair value through profit and loss	196,011	2,959,231
Change in inventories	(426,452)	(296,327)
Change in prepayments	(225,452)	(375,634)
Change in trade and other receivables	(6,087,245)	(7,905,204)
Change in trade and other payables	(34,121)	4,535,737
	<b>4,047,850</b>	<b>8,397,554</b>
Finance costs paid	(84,121)	(136,791)
Income taxes paid	(1,290,533)	(647,162)
<b>Net cash generated from operating activities</b>	<b>2,673,196</b>	<b>7,613,601</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3,075,307)	(4,201,709)
<b>Net cash used in investing activities</b>	<b>(3,075,307)</b>	<b>(4,201,709)</b>
<b>Financing activities</b>		
Loans received	4,000,000	3,000,000
Loan payments	(656,818)	(490,151)
Cash received on exercise of options	59,025	282,330
Lease liabilities payments	(201,435)	(268,838)
<b>Net cash generated from financing activities</b>	<b>3,200,772</b>	<b>2,523,341</b>
<b>Effect of movement in exchange rates on cash</b>	<b>6,320</b>	<b>(245,363)</b>
<b>Net increase in cash</b>	<b>2,804,981</b>	<b>5,689,870</b>
Cash at beginning of the period	14,391,470	9,275,316
<b>Cash at end of the period</b>	<b>17,196,451</b>	<b>14,965,186</b>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**1. GENERAL INFORMATION**

Geodrill Limited (the “Company” or “Geodrill”) is a company registered and domiciled in the Isle of Man. The address of the Company’s registered office is Ragnall House, 18 Peel Road, Douglas, Isle of Man, IM1 4LZ. The unaudited condensed interim consolidated financial statements of the Company for the periods ended March 31, 2023 and 2022 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Ltd, Geodrill Mauritius Limited, Geodrill Cote d’Ivoire SARL, Drilling Services Malta Limited, Vannin Resources, Unipessoal Limitada, Geodrill Sondagens LTDA, Silver Back Egypt for Mining and Drilling Services S.A.E., Geodrill for Leasing and Specialized Services Freezone LLC, Geodrill Leasing Company Limited, Geodrill Zambia Limited being Geodrill Limited’s registered foreign Zambian operating entity, Geodrill BF being Geodrill Cote d’Ivoire SARL’s registered foreign Burkina Faso operating entity, Geodrill Mali being Geodrill Cote d’Ivoire SARL’s registered foreign Mali operating entity, Geodrill Mauritius Limited Egypt being Geodrill Mauritius Limited’s registered foreign Egypt operating entity, Recon Drilling S.A.C. of which the Company owns a 95% shareholding, Recon Drilling Chile SPA of which the Company owns a 95% shareholding and Geo-Drill SARL of which the Company owns a 95% shareholding, GTS Drilling Ltd a company under common control, collectively referred to as the “Group”.

The Group is primarily a provider of mineral exploration drilling services. These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill on May 8, 2023.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 have been prepared in accordance with IAS 34, Interim Financial Reporting, on a basis consistent with the accounting policies as presented in Note 2 disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2022. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) has been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited 2022 annual consolidated financial statements of the Company. A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**GEODRILL LIMITED**

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

*For the three months ended March 31, 2023 and 2022*

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

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

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2022.

**(e) Impairment testing**

As at March 31, 2023, there was no indicator of potential impairment of the carrying value of the Group's property, plant and equipment. As this was the case, no recoverable amount analysis was completed at March 31, 2023.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2022.

**4. DETERMINATION OF FAIR VALUES**

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

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

**(a) Trade and other receivables**

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

**(b) Cash**

Cash consists of cash at bank and cash on hand. The fair value of cash approximates its carrying values due to its short term nature.

**(c) Trade and other payables**

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

**(d) Loans payable**

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



## **GEODRILL LIMITED**

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

*For the three months ended March 31, 2023 and 2022*

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

##### **(e) Share-based payment transactions**

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

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

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

#### **5. SEASONALITY OF OPERATIONS**

The operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season, however the first quarter of 2023 was busy and not affected by the shutdown. The second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week. The wet season occurs (in some geographical areas where the Group operates, particularly in Mali and Burkina Faso) normally in the third quarter, but in recent years the global weather pattern has become somewhat erratic. The Group has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

#### **6. SEGMENT REPORTING**

The primary format of operating segments is based on the Company's management and internal reporting structure, which is submitted to the Chief Executive Officer (CEO) who is the Chief Operating Decision Maker. Due to the integrated nature of the Company's operations and re-deployment of drill rigs within Africa, the Company maintains only one operating segment. The Company has operations in South America, however, this is not material to the Company's operations and therefore not considered to be a reportable segment.

For the three months ended March 31, 2023, two customers individually contributed 10% or more to the Group's revenue. One customer contributed 14% and one customer contributed 13%.

For the three months ended March, 2022, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 19%, one customer contributed 14% and one customer contributed 10%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**7. EXPENSES BY NATURE**

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

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Expenses</b>		
Wages and employee benefits	11,226,674	10,572,674
Drill rig expenses	9,095,656	7,547,586
External services, contractors and others	5,494,383	4,804,688
Depreciation	2,475,942	2,639,979
Repairs and maintenance	1,260,399	1,282,878
Expected lifetime credit losses / (recovery)	339,740	(98,715)
	<u>29,892,794</u>	<u>26,749,090</u>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	25,386,094	23,597,908
Selling, general and administrative expenses	4,506,700	3,151,182
	<u>29,892,794</u>	<u>26,749,090</u>

**8. TAXATION**

**(i) Income tax expense**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Current tax expense (iii)	1,131,266	1,267,897
Deferred tax expense (iv)	601,638	331,166
	<u>1,732,904</u>	<u>1,599,063</u>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Mar. 31 US\$
2023	2,948,563	(1,290,533)	1,131,266	2,789,296
2022	999,847	(647,162)	1,267,897	1,620,582

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

	March 31, 2023 US\$	March 31, 2022 US\$
Income before tax	7,862,825	7,550,236
Corporate tax at 25%	1,965,706	1,887,559
Add:		
Effect of differing tax rates	(1,353,039)	(1,144,771)
Adjustments for current tax of prior years	173,785	-
Deferred tax liability on undistributed profits of subsidiary	675,000	450,000
Tax effect of amounts that are not deductible in calculating taxable income	115,106	16,848
Tax expense before withholding tax	1,576,558	1,209,636
	20.1%	16.0%
Add:		
Withholding tax	156,346	389,427
Total tax expense	1,732,904	1,599,063
Effective tax rate	22.0%	21.2%

During the three months ended March 31, 2023, the Group recognized a deferred tax in the amount of US\$675,000 (March 31, 2022: US\$450,000) in relation to undistributed profits at certain subsidiaries.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	3,267,679	3,381,671
Expense / (recovery) for the period	601,638	(113,992)
Balance at end of the period	<u>3,869,317</u>	<u>3,267,679</u>

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

Deferred tax assets and liabilities are attributable to the following:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	2,523,015	2,211,822
Deferred tax asset not recognized (2)	(2,523,015)	(2,211,822)
Deferred tax on undistributed profits	(675,000)	-
Property, plant and equipment	(3,576,146)	(3,643,725)
Movement in expected lifetime credit losses	245,910	241,370
Provision for inventory obsolescence	135,919	134,676
Total	<u>(3,869,317)</u>	<u>(3,267,679)</u>

(1) The Group has tax losses in numerous jurisdictions that are available for the years December 31, 2023 through December 31, 2027.

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

**(vi) Tax, Customs and Transfer Pricing audits**

The Group is subject to certain tax, customs and transfer pricing audits in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending assessments (either alone or combined) would not materially affect the Group's operations, liquidity or financial position taken as a whole. However, the ultimate outcome of these audits is uncertain.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2023</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2023	11,468,172	31,476,900	75,706,489	7,873,539	11,010,796	137,535,896
Additions	-	-	-	-	3,676,015	3,676,015
Reclassifications from CWIP	315,561	1,338,956	659,575	39,992	(2,354,084)	-
Assets retired during the period	(9,000)	(320,699)	(590,503)	-	-	(920,202)
<b>Balance at March 31, 2023</b>	<b>11,774,733</b>	<b>32,495,157</b>	<b>75,775,561</b>	<b>7,913,531</b>	<b>12,332,727</b>	<b>140,291,709</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2023	8,639,853	25,545,523	42,452,897	3,838,881	-	80,477,154
Charge for the period	256,653	514,684	1,311,539	193,031	-	2,275,907
Assets retired during the period	(9,000)	(320,699)	(590,503)	-	-	(920,202)
<b>Balance at March 31, 2023</b>	<b>8,887,506</b>	<b>25,739,508</b>	<b>43,173,933</b>	<b>4,031,912</b>	<b>-</b>	<b>81,832,859</b>
<b>Carrying amounts at March 31, 2023</b>	<b>2,887,227</b>	<b>6,755,649</b>	<b>32,601,628</b>	<b>3,881,619</b>	<b>12,332,727</b>	<b>58,458,850</b>

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

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>2022</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2022	10,137,793	28,899,347	71,540,790	5,692,392	9,272,044	125,542,366
Additions	-	-	-	-	17,161,846	17,161,846
Reclassifications from CWIP	1,578,877	3,171,816	8,451,405	2,220,996	(15,423,094)	-
Assets retired during the year	(248,498)	(594,263)	(4,285,706)	(39,849)	-	(5,168,316)
<b>Balance at December 31, 2022</b>	<b>11,468,172</b>	<b>31,476,900</b>	<b>75,706,489</b>	<b>7,873,539</b>	<b>11,010,796</b>	<b>137,535,896</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2022	7,989,295	23,957,606	41,159,378	3,350,930	-	76,457,209
Charge for the year	899,056	2,182,180	5,579,225	527,800	-	9,188,261
Assets retired during the year	(248,498)	(594,263)	(4,285,706)	(39,849)	-	(5,168,316)
<b>Balance at December 31, 2022</b>	<b>8,639,853</b>	<b>25,545,523</b>	<b>42,452,897</b>	<b>3,838,881</b>	<b>-</b>	<b>80,477,154</b>
<b>Carrying amounts at December 31, 2022</b>	<b>2,828,319</b>	<b>5,931,377</b>	<b>33,253,592</b>	<b>4,034,658</b>	<b>11,010,796</b>	<b>57,058,742</b>

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

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

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

Depreciation has been charged in comprehensive income as follows:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	2,082,875	2,287,209
Selling, general and administrative expenses	193,030	116,884
	<u>2,275,905</u>	<u>2,404,093</u>

As at March 31, 2023, property, plant and equipment with a carrying amount of US\$20,507,476 (December 31, 2022: US\$20,974,019) have been pledged as security for certain loans (Note 15).

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cost</b>		
Balance at January 1,	3,345,828	2,035,908
Additions	7,702	1,379,472
Disposals	-	(66,107)
Movement in foreign exchange	-	(3,445)
<b>Balance at the end of the period</b>	<u><b>3,353,530</b></u>	<u><b>3,345,828</b></u>
<b>Accumulated Depreciation</b>		
Balance at January 1,	2,043,340	1,224,237
Charge for the period	200,035	841,139
Assets expired in the period	-	(22,036)
<b>Balance at the end of the period</b>	<u><b>2,243,375</b></u>	<u><b>2,043,340</b></u>
<b>Carrying amounts at the end of the period</b>	<u><b>1,110,155</b></u>	<u><b>1,302,488</b></u>

The amount of depreciation recognized as an expense in the three months ended March 31, 2023 was US\$200,035 (March 31, 2022: US\$235,886).

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2023 and 2022***11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

	<b>March 31, 2023</b> <b>US\$</b>	<b>December 31, 2022</b> <b>US\$</b>
Balance at January 1,	720,511	4,253,119
Additions	-	40,103
Disposals	(196,011)	(3,820,638)
(Loss) / gain through profit and loss	(71,562)	247,927
<b>Balance at end of the period</b>	<b>452,938</b>	<b>720,511</b>

**12. INVENTORIES**

	<b>March 31, 2023</b> <b>US\$</b>	<b>December 31, 2022</b> <b>US\$</b>
Inventories on hand	31,982,035	31,342,809
Inventories in transit	956,622	1,169,396
Provision for obsolescence	(913,560)	(959,328)
	<b>32,025,097</b>	<b>31,552,877</b>

The amount of inventories recognized as expense in the three months ended March 31, 2023 is US\$10,597,171 (three months ended March 31, 2022: US\$8,936,202).

**13. TRADE AND OTHER RECEIVABLES**

	<b>March 31, 2023</b> <b>US\$</b>	<b>December 31, 2022</b> <b>US\$</b>
Trade receivables	41,505,345	34,898,206
Expected life time credit losses	(1,729,374)	(1,389,634)
Net trade receivables	39,775,971	33,508,572
Sundry receivables	268,994	788,890
	<b>40,044,965</b>	<b>34,297,462</b>

As at March 31, 2023, trade receivables with a carrying amount of US\$14,848,552 (December 31, 2022: US\$8,762,966) have been pledged as security for certain loans (Note 15).



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

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	1,389,634	716,642
Movement in expected lifetime credit losses in the period	5,776	322,414
Specific provisions made in the period	333,964	350,578
<b>Balance at end of period</b>	<b>1,729,374</b>	<b>1,389,634</b>

**14 NON-CONTROLLING INTERESTS**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Recon Drilling S.A.C. (5%)	(25,496)	(10,749)
Recon Drilling Chile SPA (5%)	971	(12,225)
Geo-Drill SARL (5%)	6,890	5,598
<b>Balance at end of period</b>	<b>(17,635)</b>	<b>(17,376)</b>

**15. LOANS PAYABLE**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
US\$6.0M Medium Term Loan (i)	2,450,758	2,940,910
US\$4.0M Medium Term Loan (ii)	1,500,000	1,666,666
US\$10M Revolving Line of Credit (iii)	4,000,000	-
<b>Total</b>	<b>7,950,758</b>	<b>4,607,576</b>
Current portion of loans	6,627,273	2,627,273
Non-current portion of loans	1,323,485	1,980,303

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

During 2022, the Group renewed the US\$6.0M Medium Term Loan (the “US\$6.0M Medium Term Loan”) with Ecobank Ghana Limited until August 31, 2023. Multiple drawings are permitted under the US\$6.0M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$6.0M Medium Term Loan bears interest at a rate of 7.5% per annum and is subject to periodic review in line with market conditions. The US\$6.0M Medium Term Loan is secured by certain assets of the Group (Note 9 and Note 13). The US\$6.0M Medium Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$6.0M Medium Term Loan is 8.1%. The US\$6.0M Medium Term Loan is subject to, and as at March 31, 2023, the Group was in compliance with normal course covenants. As at March 31, 2023, the Group had drawn US\$5.5M on the US\$6.0M Medium Term Loan.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2023 and 2022***15. LOANS PAYABLE (CONTINUED)****(ii) US\$4.0M Medium Term Loan**

During 2022, the Group renewed the US\$4.0M Medium Term Loan (the “US\$4.0M Medium Term Loan”) with Ecobank Ghana Limited until August 31, 2023. Multiple drawings are permitted under the US\$4.0M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$4.0M Medium Term Loan bears interest at a rate of 7.5% per annum and is subject to periodic review in line with market conditions. The US\$4.0M Medium Term Loan is secured by certain assets of the Group (Note 9 and Note 13). The US\$4.0M Medium Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$4.0M Medium Term Loan is 8.1%. The US\$4.0M Medium Term Loan is subject to, and as at March 31, 2023, the Group was in compliance with normal course covenants. As at March 31, 2023, the Group had drawn US\$2.0M on the US\$4.0M Medium Term Loan.

**(iii) US\$10.0M Revolving Line of Credit**

During 2022, the Group renewed the US\$10.0M Revolving Line of Credit (the “US\$10.0M Revolving Line of Credit”) with Ecobank Ghana Limited until August 31, 2023. Interest is repayable monthly and principal is repayable one year after drawdown. The US\$10.0M Revolving Line of Credit bears interest at a rate of 7.5% per annum on any utilized portion and is subject to periodic review in line with market conditions. The US\$10.0M Revolving Line of Credit is secured by certain assets of the Group (Note 9 and Note 13). The US\$10.0M Revolving Line of Credit may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The US\$10.0M Revolving Line of Credit is subject to, and as at March 31, 2023, the Group was in compliance with normal course covenants. As at March 31, 2023, the Group had US\$4.0M drawn on the US\$10.0M Revolving Line of Credit.

**16. TRADE AND OTHER PAYABLES**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	9,335,523	9,437,336
Other creditors and accrued expenses	12,090,425	9,894,818
VAT liability	2,274,738	2,804,297
	<hr/> 23,700,686	<hr/> 22,136,451

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The carrying values of cash, trade and other receivables, trade and other payables and related party payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of loans payable approximates their fair value as the fixed rate loans have been acquired recently and their carrying value continues to reflect fair value. The fair value of financial assets held at fair value through profit and loss are measured using quoted market prices.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at March 31, 2023 and December 31, 2022.

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2023 and 2022***18. RELATED PARTY TRANSACTIONS**

<b>Related party</b>	<b>Relationship</b>	<b>Location</b>	<b>2023</b>	<b>2022</b>
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Geodrill Ghana Ltd	Subsidiary	Ghana	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
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%	100%
Geodrill Leasing Company Limited	Subsidiary	Isle of Man	100%	100%
Recon Drilling S.A.C.	Subsidiary	Peru	95%	95%
Geo-Drill SARL	Subsidiary	Mali	95%	95%
Recon Drilling Chile SPA	Subsidiary	Chile	95%	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%	100%
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-
GTS Drilling Ltd	Common Control	Ghana	-	-

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

**(i) Transactions with related parties**

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

The Harper Family Settlement owns 37.3% (December 31, 2022: 37.4%) 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 period ending March 31, 2023, the right-of-use assets relating to the properties above was US\$454,413 (December 31, 2022: US\$530,148) and the related lease liabilities were US\$462,747 (December 31, 2022: US\$534,780).

The Group has paid fees to MS Risk Limited during the three month period ended March 31, 2023 of US\$Nil (March 31, 2022 of US\$8,500). 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 period comprised:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Short-term benefits	1,635,184	1,816,690
Share-based payment arrangements	192,559	34,456
	<u>1,827,743</u>	<u>1,851,146</u>

**19. COMMITMENTS**

As at March 31, 2023, the Group had capital commitments of US\$415,000 relating to the balance of the purchase of a new drill rig (December 31, 2022: US\$830,000).

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**20. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

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

<b>Share capital</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Shares issued and fully paid	46,876,400	46,836,400
Shares reserved for share option plan	4,687,640	4,683,640
<b>Total shares issued and reserved</b>	<b>51,564,040</b>	<b>51,520,040</b>

**Reconciliation of changes in issued shares**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Shares issued at January 1,	46,836,400	45,316,400
Stock options exercised	40,000	1,520,000
<b>Shares issued at end of period</b>	<b>46,876,400</b>	<b>46,836,400</b>

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

During the period ended March 31, 2023, the Company did not re-purchase nor cancel any shares under its NCIB (for the year ended December 31, 2022, the Company did not re-purchase nor cancel any shares under its NCIB).

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

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

The share-based payment expense for the three month period ended March 31, 2023 amounted to US\$192,559 (March 31, 2022: US\$34,456) and was included in selling, general and administrative expenses in the Condensed Interim Consolidated Statements of Comprehensive Income.

**(iii) Retained earnings**

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

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2023 and 2022*

**21. EARNINGS PER SHARE**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the three month period ended March 31, 2023 was based on the income attributable to ordinary shareholders of US\$6,130,180 (2022: US\$5,952,483) and on the weighted average number of ordinary shares outstanding of 46,858,647 (2022: 45,335,897), calculated as follows:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	6,130,180	5,952,483
<hr/>		
<b>Weighted average number of ordinary shares</b>		
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Shares</b>	<b>Shares</b>
Issued ordinary shares	46,858,647	45,335,897
<hr/>		
Earnings per share	\$0.13	\$0.13

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**21. EARNINGS PER SHARE (CONTINUED)**

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three month period ended March 31, 2023 was based on the income attributable to ordinary shareholders of US\$6,130,180 (2022: US\$5,952,483) and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 47,829,338 (2022: 46,081,781), calculated as follows:

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	6,130,180	5,952,483

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

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares - basic	46,858,647	45,335,897
Effect of share options in issue	970,691 <sup>(1)</sup>	745,884 <sup>(2)</sup>
	<u>47,829,338</u>	<u>46,081,781</u>
Diluted earnings per share	\$0.13	\$0.13

(1) For the three months ended March 31, 2023, 2,560,000 options in issue were dilutive and were included in the calculation of the diluted earnings per share, however, they did not have an effect on the diluted earnings per share amount.

(2) For the three months ended March 31, 2022, 3,275,000 options in issue were dilutive and were included in the calculation of the diluted earnings per share, however, they did not have an effect on the diluted earnings per share amount.

**22. DIVIDENDS**

The Company declared a semi-annual dividend in the three months ended March 31, 2023 of CAD\$0.04 (2022: two semi-annual dividends of CAD\$0.03, totalling CAD\$0.06).

**GEODRILL LIMITED**  
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**23. EQUITY-SETTLED SHARE-BASED PAYMENTS**

**Share Option Plan (“SOP”)**

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

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

	<b>March 31, 2023</b>		<b>December 31, 2022</b>	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	2,600,000	CAD\$1.89	3,450,000	CAD\$1.93
Total granted in the period	780,000	CAD\$3.05	780,000	CAD\$2.20
Total exercised in the period	(40,000)	CAD\$2.00	(1,520,000)	CAD\$2.12
Total cancelled in the period	-		(110,000)	CAD\$2.14
<b>Balance ending</b>	<b>3,340,000</b>	<b>CAD\$2.16</b>	<b>2,600,000</b>	<b>CAD\$1.89</b>

The following table summarizes the options outstanding at March 31 2023:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 16, 2018	CAD\$2.00	50,000	2 mos	50,000
Granted on May 15, 2019	CAD\$1.36	290,000	1 Yrs & 2 mos	290,000
Granted on March 9, 2020	CAD\$1.71	750,000	2 Yrs	600,000
Granted on March 15, 2021	CAD\$1.94	690,000	3 Yrs	570,000
Granted on May 16, 2022	CAD\$2.20	780,000	4 Yrs & 2 mos	260,000
Granted on March 13, 2023	CAD\$3.05	780,000	5 Yrs	260,000



## GEODRILL LIMITED

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

For the three months ended March 31, 2023 and 2022

#### 23. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)

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

Granted on	May 16, 2018	May 15, 2019	March 9, 2020	March 15, 2021	May 16, 2022	March 13, 2023
Risk free interest rate	1.04%	1.54%	0.53%	1.02%	2.73%	2.90%
Expected dividend yield	0%	0%	0%	1%	3%	3%
Stock price volatility	40%	42%	43%	40%	38%	39%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	30%	30%	30%	30%	30%	30%

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

#### 24. CONTINGENCY

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

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

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.

**GEODRILL LIMITED**

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

*For the three months ended March 31, 2023 and 2022*

**24. CONTINGENCY (CONTINUED)**

The Burkina Faso tax authorities have appealed the administrative court ruling and Geodrill is awaiting to receive the notice of appeal to understand the nature of the appeal. As at May 8, 2023, the administrative court of appeal has not provided the notice of appeal.

**25. SUBSEQUENT EVENTS**

During April, 2023 the Group purchased a used drill rig. The Group expects the drill rig to be received and available for use in the second quarter of 2023.